

2014

Annual Financial Report



**Raiffeisen
CENTROBANK**

Annual Financial Report 2014: An Overview

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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.

The Company

Key Data 2014 of Raiffeisen Centrobank

in € thousand / in per cent	1/1-31/12/2014	1/1-31/12/2013	Change
Income Statement			
Net interest income	3,807	3,315	14.8%
Net fee and commission income	(393)	999	>100%
Trading profit	44,183	46,226	(4.4%)
General administrative expenses	(36,942)	(41,484)	(10.9%)
Profit after tax from continued operations	8,354	8,532	0.0%
Profit after tax from discontinued operations	72	2,723	>100%
Group net profit	8,894	12,422	(28.4%)
Balance Sheet			
Loans and advances to credit institutions	377,361	269,111	40.2%
Loans and advances to customers	83,697	98,925	(15.4%)
Trading assets	2,137,495	2,033,716	5.1%
Liabilities to credit institutions	71,354	106,672	(33.1%)
Liabilities to customers	221,241	117,237	88.7%
Trading liabilities	2,283,134	2,119,104	7.7%
Equity incl. group net profit	102,219	106,258	(3.8%)
Total assets	2,730,676	2,510,575	8.8%
Key ratios			
Return on equity before tax (from continued operations)	9.2%	11.2%	-
Cost/income ratio (from continued operations)	81.1%	79.6%	-
Bank-specific indicators pursuant to the Austrian Banking Act			
Eligible own funds	87,740	89,115	(1.5%)
Total own funds requirement	54,639	57,436	(4.9%)
Resources			
Employees as of reporting date (from continued operations)	204	217	(6.0%)
Employees as of reporting date (from discontinued operations)	103	122	(15.6%)

Preface by the Chairman of the Supervisory Board



After an in-depth analysis as part of the Fit for Future 2016 efficiency enhancing program of Raiffeisen Centrobank's parent Raiffeisen Bank International (RBI), the future orientation of Raiffeisen Centrobank was decided in the summer of 2014. Going forward, Raiffeisen Centrobank will focus on its existing core business areas: equities trading and sales, and certificates. The decision was also made to restructure the Equity Capital Markets / Mergers & Acquisitions and Private Banking segments and the commodity trading subsidiaries.

Raiffeisen Centrobank's new orientation will also bring changes in the Management Board. Starting in January 2015, the former director of the core business areas, Wilhelm Celeda, will assume the function of CEO. Markus Kirchmair will assume the function of Chief Financial and Chief Risk Officer. Given the combination of the measures for the restructuring of Raiffeisen Centrobank and the continued turbulent market conditions, the employees delivered exceptional performance in the reporting period. Raiffeisen Centrobank remained the largest player on the Austrian stock market with a share of 9.2 per cent of the spot market on the Vienna Stock Exchange, expanded its share of the institutional investor market here to 10.2 per cent, and also achieved the largest trading volume of any market maker at over 19 per cent. A large

number of market maker mandates were won for Austrian and Eastern European blue chips on the Eurex Frankfurt. Activities were also successfully expanded on foreign exchanges including the Warsaw Stock Exchange and the Bucharest Stock Exchange. The Structured Products department closed the year with a record result. In the Equity Capital Markets segment, Raiffeisen Centrobank defended its position on the Vienna Stock Exchange and also concluded a large number of equity transactions in relevant European markets together with the RBI network banks. The performance of the M&A business segment was below expectations.

In the name of the Supervisory Board, I would like to thank exiting Management Board members Eva Marchart, Michael Spiss, and Gerhard Grund for their good work over the past years – these efforts laid the foundation for the successful growth of Raiffeisen Centrobank.

I would also like to thank everyone who contributed to the good results of the past year, and wish the new Management Board all the best and much success.

Klemens Breuer
Chairman of the Supervisory Board

CEO Editorial



**Ladies and Gentlemen,
dear Reader,**

Financial year 2014 was an exciting period of change and stability, growth and reduction for Raiffeisen Centrobank. The concentration on the core business areas of equity trading and sales and on issuance and market making for structured products is the most important element of continuity and growth at Raiffeisen Centrobank. At the same time, the decision was made to dispose of our commodity trading subsidiaries and the Private Banking segment. The Mergers & Acquisitions and Equity Capital Markets segment will also be carved out of Raiffeisen Centrobank and integrated into the existing Investment Banking division of our Group parent, Raiffeisen Bank International, in 2015. The restructuring of Raiffeisen Centrobank also brought changes in the Management Board. Eva Marchart, Michael Spiss, and Gerhard Grund, who were responsible for the successful development of the Bank for many years, left the Board to take on other duties. Markus Kirchmair and I are now directing the operations of the bank together and will do our utmost to fulfill our responsibilities professionally and with the greatest possible care and vision.

The fundamental restructuring of Raiffeisen Centrobank is not only setting the stage for the future of our Bank, it is also pointing us towards a major goal: raising our profile on the basis of our strengths, offering our customers even greater service and product quality, steadily expanding our market shares, and equipping ourselves as best as possible for the coming years. The Raiffeisen Centrobank team is working in concert to attain this goal – with the energy and commitment that has long set it apart. This is also again reflected in the result for the 2014 financial year, including all-time high structured product sales and the impressive result from securities activities overall – despite the persistently challenging business conditions. The numerous national and international awards taken by Raiffeisen Centrobank over the past year are also a testament to the outstanding quality of our work.

For further details about the development of business in 2014, please see the Management Board interview on the following pages, the management report, and the notes to the consolidated financial statements. I wish you an interesting review of the financial year!

Sincerely,

Wilhelm Celeda
CEO of Raiffeisen Centrobank AG


Corporate Bodies

Management Board	Eva Marchart Alfred Michael Spiss Gerhard Grund Wilhelm Celeda	(Chief Executive Officer until 31 December 2014) (Deputy Chief Executive Officer until 31 December 2014) (Member of the Management Board until 31 December 2014) Chief Executive Officer as of 1 January 2015 (Member of the Management Board until 31 December 2014) Member of the Management Board as of 1 January 2015
	Markus Kirchmair	
Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman
	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman (until 31 December 2014)
	Karl Sevelde Chief Executive Officer, Raiffeisen Bank International AG, Vienna	1st Deputy Chairman (since 1 January 2015) 2nd Deputy Chairman (until 31 December 2014)
	Johann Strobl Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna,	Member (until 29 April 2014))
	Hannes Mösenbacher Division Head, Raiffeisen Bank International AG, Vienna	Member (since 29 April 2014)
	Werner Kaltenbrunner Division Head, Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker, Tamara Els	

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management Board

„Going forward, we will be further increasing our focus on our core business areas“

Wilhelm Celeda (Chief Executive Officer) and Markus Kirchmair (Chief Financial Officer/Chief Risk Officer) have been the new Management Board of Raiffeisen Centrobank (RCB) since 1 January 2015. In this interview, they talk about the restructuring of the Bank that was announced in 2014, challenging overall conditions, and the development of the markets and course of business in 2014.



Restructuring was a central theme of financial year 2014 for Raiffeisen Centrobank (RCB). As part of a comprehensive strategic review, Raiffeisen Centrobank thoroughly assessed its future orientation and position within the Group. You announced concrete changes for the Bank in November 2014. What can we look forward to?

Celeda: Going forward, we will be further increasing our focus on our core business areas. We have an outstanding market position in Austria and in our extended core markets in Central and Eastern Europe, and intend to further expand this position in the coming years.

Kirchmair: In other words, Raiffeisen Centrobank will be focusing on its core business areas of equities and derivatives trading, brokerage, equity analysis, and the issue and trading of certificates. Raiffeisen Centrobank's three other business areas are currently undergoing comprehensive restructuring.

We will be selling our commodity trading activities after a detailed assessment. The Private Banking segment will be carved out of Raiffeisen Centrobank by the middle of 2015 and integrated into Kathrein Privatbank AG, a sister company of Raiffeisen Centrobank.

We are pursuing a similar strategy for our investment banking activities. In the past, ECM and M&A advisory services were offered in numerous Eastern European markets by Raiffeisen Centrobank and by the network banks of Raiffeisen Centrobank's Group parent, Raiffeisen Bank International (RBI). In the future, these activities will be integrated into the investment

banking unit of Raiffeisen Bank International, thereby eliminating redundancies, ensuring direct access to the Raiffeisen Bank International customer platform, and making the best possible use of the existing service structures for corporates and institutional customers throughout the entire network.

Celeda: All in all, the coming changes are aimed at leveraging synergies in the field of investment banking with our Group parent Raiffeisen Bank International and at placing Raiffeisen Centrobank's future focus squarely on equities and certificates. As specialists in this area, we at Raiffeisen Centrobank will work hard on refining exactly these products and on boosting our service quality so as to further improve the effectiveness and efficiency of our Bank.

How have these changes been received by employees and customers?

Celeda: The year 2014 was definitely a challenging time for the employees of Raiffeisen Centrobank. There was a sense of insecurity that was not unjustified from the announcement of the evaluation process for the future orientation in the summer until the decision was made about the concrete reorientation in the autumn. The fact that our employees continued to fulfill their duties consistently and with great commitment and achieved a respectable result for the year despite the difficult conditions is more than impressive in my eyes. I would like to express my gratitude for this again here! Since then, the drive has grown further among the Raiffeisen Centrobank team to continue developing our core areas of business together. As

” We experienced growing revenue in all of our core business areas, both for certificates and stocks. We also defended or expanded our market shares.

far as our customers are concerned, we informed them at an early stage and comprehensively about the coming changes. I think we were able to effectively communicate the advantages that this new structure will bring for our customers: increased synergies at the Bank and Group level, the focusing of core competences and resources in dedicated units, and the resulting further improvement of customer service.

How would you sum up the course of business in 2014

Celeda: In general, the year was very satisfactory overall. I think that we marketed the asset classes of equities and certificates as best as was possible given the prevailing lack of investment alternatives and the interest rate conditions and that we communicated the advantages of these assets to even more private and institutional investors. We experienced growing revenue in all of our core business areas, both for certificates and stocks. We also defended or expanded our market shares. With a share of 9.2 per cent of the Vienna Stock Exchange's spot market, we were again the largest player on the domestic stock market, for example. Raiffeisen Centrobank also generated the greatest sales of any market maker and specialist on the Vienna Stock Exchange. A particular highlight was the impressive success of our structured products team, which surpassed the pre-crisis years of 2006/2007 with absolute record certificate sales. Equity Capital Markets (ECM) activities also developed encouragingly. Here, we were involved in numerous capital market transactions in Europe. Of all areas, only our M&A activities suffered losses because of the difficult economic conditions that resulted from the tensions between Ukraine and Russia. The closing of some M&A offices in Central and Eastern Europe also caused negative one-off effects. All in all, I can say that Raiffeisen



Centrobank did what it stands for over the past year, namely enabling its customers to exploit market opportunities.

What will Raiffeisen Centrobank focus on in 2015?

Kirchmair: In addition to the concentration on our core areas of business as discussed above and the associated restructuring of the company, we see the following strategic focuses: continued growth in securities business, the expansion of Raiffeisen Centrobank as the Group-wide competence center for equities and certificates, efficiency increases especially in the management and support functions, and the proactive implementation and fulfillment of supervisory regulations. The current and expected tightening of the regulatory provisions not only entails high own funds requirements, but also requires continuous and extensive adaptations in our processes and systems.

What do you expect from the current financial year?

Celeda: I think we will see a positive year for equities. The continued low interest rate level alone will leave investors little alternative to stocks. However, it is not a given that private investors will shift more to individual stocks. MiFID II (the EU's Markets in Financial Instruments Directive) will make it increasingly difficult to actively recommend individual investments in stocks. For this reason, private investors are often better off investing through certificates with lower risk or through other index forms. MiFID II affects certificates differently. The directive brings greater product transparency and disclosure. We believe that this will eventually reduce the range of preferred

certificates and increase the product quality. This should have a positive effect on demand for and the sale of certificates, including in Eastern Europe – though the conditions vary from country to country in some cases. Regulatory changes will continue at the level of individual products and at the level of banks and the entire industry. In short, 2015 will be a year of opportunity and challenging conditions for us and for our customers.

Kirchmair: The geopolitical environment will remain tense, especially in Russia and Ukraine. A few months ago, the ECB announced that it would be conducting an extensive bond purchasing program. The long-term effects that this quantitative easing will have are unclear at this point, but we expect positive economic effects over the short term. The increasing signs of economic recovery in the Eurozone also make us optimistic. The robust economic growth seen in the new EU member states in the East in 2014 will continue. All of this is cause for us to anticipate good things for the current financial year. In particular, we expect our restructuring to be successful and to meet our ambitious earnings and cost targets.



” *I expect our restructuring to be successful and to meet our ambitious earnings and cost targets.*

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 2014).

Management Board

The Management 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 Management Board; this department creates an auditing plan and reports regularly to the Board on the results of its activities.

Rules for Proprietary Trading

The Management Board makes its decisions on the basis of the members' professional expertise and irrespective of any personal interests. Members of the Management 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 Management 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 Management 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 Management 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 Management 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 Management Board

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

The Management 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 Management 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 Management 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 Management Board that could cause a material conflict of interests and that could therefore influence the behaviour of the Board member.

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 Management Board and Compliance, as well as institutionalized reporting to the Management 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.

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.

In 2014, the Compliance Office of Raiffeisen Centrobank focused on further implementing FATCA regulations (registration of RCB at the Internal Revenue Service (IRS), initiating FATCA reporting implementation phase, etc.).

In the reporting period Raiffeisen Centrobank's Compliance Office focused on analyzing implications of regulatory as well as civil and tax-law related issues listed below and will concentrate on implementing these regulations in the forthcoming years:

Implementation of the 4th Anti-Money Laundering Directive (GWRI) - provisions relating to anti-money laundering and terrorist financing have been amended in their contents and have been tightened up (e.g. definition of beneficial owner, including domestic Politically Exposed Persons, etc.).

MiFID II/MiFIR (Markets in Financial Instruments Directive II/Markets in Financial Instruments Regulation) based on MiFID I is designed to amend and tighten up standards for equity trading and investment advisory services (e.g. stricter rules for OTC transactions, comprehensive customer information requirements, etc.).

PRIP regulations (Packaged Retail and Insurance-based Investment Products/Key Information Document) extend customer information obligations for PRIP issuers (by means of standardized KIDs - Key Information Documents).

Implementing MAD II/MAR (Market Abuse Directive II/Market Abuse Regulation) - extension of MAD contents (including additional equities and derivatives, amendments relating to public disclosures, director's dealings, etc.).

AEOI (Automatic Exchange of Information; = "EU-FATCA") is a EU-wide information exchange project (analogue to US FATCA) to fight tax-evasive EU citizens.



Gerald Deimel

Director Legal, Compliance & Tax
Compliance Officer

Group Management Report of Raiffeisen Centrobank AG as of 31 December 2014, 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 Conditions

The macroeconomic conditions made for a very challenging business environment in 2014. The situation in Europe was driven by the conflict between Russia and Ukraine and the associated economic sanctions imposed by the EU Commission, continued low interest rates, and the stagnating economy. The Eurozone saw economic highs and lows in 2014. These were reflected above all in the sentiment indicators, which climbed at the beginning of the year but then lost ground again in the second half of the year. While the economic upswing continued to steam ahead in the USA, the Eurozone fell behind the expectations as it stagnated at only 0.8 per cent annualized growth, with private consumption and a recovery in exports preventing a slide into negative territory. Nevertheless, a series of factors pointed to the possible positive development of the Eurozone economy over the medium term. These especially include the expansive monetary policy of the European Central Bank, good prospects for the export industry thanks to the weak euro, and the burgeoning US and British economies. The low oil price, which is not only boosting consumer purchasing power but also decreasing costs for companies, is also good news. The Austrian economy steadily lost momentum over the course of 2014. The third quarter brought a low point, when the real gross domestic product contracted by 0.3 per cent in annualized terms between July and September. This weak recovery was above all the result of declining private investment activity. The Russia-Ukraine conflict remained one of the primary risk factors, especially for investment decisions in the Eurozone. In contrast, the USA entered a self-sustaining upswing that will likely last through 2015. The economy there was more robust than it has been since 1980 with few exceptions.

Financial Markets

While the Federal Reserve decided to end its bond purchasing program in October 2014, taking an important step towards normalizing its monetary policy, the European Central Bank (ECB) decided to expand its securities purchases to include government bonds in response to the threat of deflation in the Eurozone. According to the ECB, the key interest rates will go no lower. The yield difference between two-year German and American government bonds remained the key determinant of the EUR/USD exchange rate. This yield difference widened to the benefit of the US dollar between the summer and end of 2014. The EUR/USD rate was at just under 1.20 at the end of the year. Little is expected to change in the diverging monetary policies of the Fed and ECB in 2015.

On the equity markets, the USA showed the best performance. Driven by the strong economic expansion and the resulting corporate earnings growth, the S&P 500 rose by 15 per cent, showing the highest gains of any developed market. The Nikkei 225 also rose by 7.1 per cent, buoyed by the capital being pumped into the system by the Japanese National Bank. Developments in Europe varied widely. While Germany's DAX managed to climb by 2.7 per cent, the regional Eastern Europe index of the Vienna Stock Exchange (CECE) lost 6 per cent, Britain's FTSE 2.7 per cent, and Austria's ATX 15 per cent. The negative performance of the ATX can be attributed to the Russia-Ukraine crisis, the generally weak economic development of the Eurozone, and profit warnings from some companies. Russia's MICEX gained ground again over the course of the year. However, these gains must be viewed in the context of the massive devaluation of the Russian ruble, which lost more than half of its value against the euro.

Commodity Markets

Starting at a closing price for the year of USD 2265/t (Singapore Exchange: TSR 20), natural rubber prices fell substantially in January, then stabilized to a certain extent, and rose again starting at the end of February (USD 1790/t) to reach USD 2006/t. The subsequent price decline lasted until the end of April (USD 1646/t). The subsequent sideways trend was interrupted by a brief jump at the end of June (USD 1795/t), and prices then fell steadily until the beginning of October (USD 1387/t). After reaching USD 1600/t at the end of October, the closing price for 2014 was USD 1522/t. The price fell to around USD 1400/t in the middle of January 2015. Supply continued to exceed demand, which was reflected in the low price level.

The olefins that are traded by Centrotech Chemicals correlate with the oil price. This was below USD 110/bbl for the majority of the first half of the year, and rose to around USD 115/bbl at the end of June due to the unrest in Iraq. This climb was only brief, and was wiped out by a drastic slide in the second half of the year (especially starting in September). The closing price for the year was roughly USD 56/bbl.

Development of Business and Earnings in 2014

In the 2014 financial year, the realignment of Raiffeisen Centrobank was examined and the competent bodies decided to focus the core business areas on equity trading and sales and on certificates.

Following this re-alignment the Equity Capital Markets (ECM), Mergers & Acquisitions (M&A) business segments including the subsidiaries and the commodity trading subsidiaries are stated separately in the notes. They are reflected as discontinued operations in the income statement as at 31 December 2014 pursuant to IFRS 5 and in the balance sheet as assets or liabilities held for sale.

Despite the continued challenging market environment, Raiffeisen Centrobank Group generated a group net profit of € 8,894 million, falling short of the 2013 result by roughly 28 per cent or € 3,528 million, thereof € 0,072 million (2013: € 2,723 million) relate to discontinued operations and € 0.468 million (2013: € 1,166 million) to the share of profit due to non-controlling interests.

The profit after tax from continued operations marginally declined compared to the previous year period from € 8,532 million to € 8,354 million.

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, fell by roughly 9 per cent or € 4.348 million to € 46.125 million (2013: € 50.473 million).

The marginal rise in net interest income by € 0.492 million to € 3.807 million (2013: € 3.315 million) is mainly due to higher deposits with banks. Interest expenses slightly rose to € 1.261 million (2013: € 1.193 million).

The decrease in net fee and commission income by € 1.392 million to € minus 0.393 million (2013: € 0.999 million) is primarily attributable to higher fee and commission expenses in the certificates business. In the 2014 financial year, fee and commission expenses came up to € 16,677 million, recording a rise compared to 2013 (€ 14,336 million) by 16.3 per cent (€ 2,341 million).

The trading profit came to € 44.183 million, € 2.043 million less than in the previous year (2013: € 46.226 million). Despite an increase in the certificate business, the profit contribution from trading activities was lower than in the 2013 financial year in absolute terms.

The net income from financial investments records a loss of € 1.490 million in 2014 (2013: € minus 0.083), with the major negative effect being attributable to valuation loss of Austrian government bonds and to provisions for potential losses in equity participations.

General administrative expenses were reduced compared to the comparative period 2013 and declined by 10.9 per cent or € 4.542 million to € 36.943 million (2013: 41.484 million.). Staff expenses and other administrative expenses recorded a decrease by € 2.599 million to € 20.746 million, and by € 1.951 million to € 14.665 million, respectively. The decline in staff expenses is mainly due to a decrease in provisions for bonus payments, which were partly set off by higher provisions for severance payments. In other administrative expenses, sundry expenses declined following a decrease in staff expenses charged. Legal, advisory and consultancy services declined as well whereas expenses for communication recorded an increase.

The other operating result dropped by € 2.243 million to € minus 0.555 million (2013: € 1.689 million), which is due to the doubling of the bank levy (from € 1,077 million in 2013 to € 2,060 million in 2014) as well as to a special effect in the 2013 financial year in the amount of € 2,000 million relating to the repurchase of a subordinated bond from Raiffeisen Malta Bank plc., Sliema prior to maturity.

Thus, the profit before taxes comes up to € 8.628 million (2013: € 10.662 million).

Income taxes changed compared to the previous year period from minus € 2,129 million to minus € 0.275 million. The decline is primarily attributable to the settlement of the group charge for the years 2005 to 2007 and a resulting tax income in the amount of € 1,132 million following a tax audit at the group parent.

The net result from discontinued operations relates to the segments Equity Capital Markets (ECM), M&A (including subsidiaries) and commodity trading subsidiaries and comes up to € 0,072 million (2013: € 2,723 million). The decline is mainly due to lower operating income in the M&A business.

Including the share of profit due to non-controlling interests (only relating to discontinued operations) in the amount of € 0.468 million (2013: € 1,166 million), the 2014 group net profit comes up to € 8,894 million compared to € 12,422 million in 2013.

The balance sheet as of 31 December 2014 showed a year-on-year rise in total assets by roughly 9 per cent or € 220.102 million to € 2,730.676 million. On the assets side, the greatest change was seen in "Trading assets" (roughly 78 per cent of the balance sheet total on 31 December 2014 and roughly 81 per cent on 31 December 2013), which rose by € 103.779 million to € 2,137.495 million. This rise can be attributed to a volume-related increase in time and sights deposits for trading purposes. This effect is partly compensated by a decline in notes of credit institutions. Tradable money market deposits in the trading book were assigned to Raiffeisen Bank International AG and serve primarily as hedges for the guarantee products issued by Raiffeisen Centrobank. The equities, options and futures that are also reported under "Trading assets" serve hedges for the issued certificates, options and short-sales together with the bonds, or are part of the Bank's market maker activities.

"Securities and financial investments" recorded an increase. This item includes Austrian government bonds summing up to roughly € 31 million, held to comply with the liquidity cover ratio towards the supervising authorities, which increased in particular by this amount compared to the previous year period.

"Loans and advances to credit institutions" (roughly 14 per cent of the balance sheet total on 31 December 2014 and roughly 11 per cent on 31 December 2013) posted a rise by € 108.250 million to € 377.361 million. This increase is mainly related to higher money market deposits and a higher giro and clearing business.

"Loans and advances to customers" (roughly 3 per cent of the balance sheet total on 31 December 2014 and roughly 4 per cent on 31 December 2013) declined by € 15.228 million to € 83.697 million. This was primarily caused by increased repayments of lendings to corporate customers.

The increase in "Other assets" (roughly 0.3 per cent of the balance sheet total on 31 December 2014 and roughly 0.2 per cent on 31 December 2013) by € 1.744 million to € 7.583 million was primarily due the rise in loans and advances to the tax authorities.

Assets held for sale relate to discontinued operations and come up to € 64.729 million as at 31 December 2014 and to € 73.782 million as at 31 December 2013.

On the equity and liabilities side of the balance sheet, the most notable change was as well seen in "Trading liabilities" (roughly 84 per cent of the balance sheet total on 31 December 2014 and roughly 84 per cent on 31 December 2013), which rose by € 164,029 million to € 2,283.134 compared to the year-end 2013. This rise can be attributed to an increase in trading certificates and certificates with option character, whereas the volume of short-selling of trading assets decreased. "Trading liabilities" consist mainly of structured guarantee products issued by Raiffeisen Centrobank, including blue chip certificates, warrants and other certificates such as turbo certificates on indices and single shares. The item also includes liabilities from short-selling in connection with the Bank's market making activities. Please see also the comments on the development of "Trading assets" and the hedging relationships between these items.

"Liabilities to credit institutions" (roughly 3 per cent of the balance sheet total on 31 December 2014 and roughly 4 per cent on 31 December 2013) declined by € 35.319 million to € 71.354 million in annual comparison. This was the result of repaying money market deposits of domestic credit institutions.

"Liabilities to customers" (roughly 8 per cent of the balance sheet total on 31 December 2014 and roughly 5 per cent on 31 December 2013) posted an increase by € 104.003 million to € 221.241 million due to higher deposits from foreign customers.

Liabilities held for sale relate to discontinued operations and come up to € 30.862 million as at 31 December 2014 and € 38.548 million as at 31 December 2013.

Including the group net profit for 2014 of € 8.894 million and the dividend payment for the 2013 financial year in the amount of € 13.755 million, equity decreased by € 4.039 million from € 106.258 million at the end of 2013 to € 102.219 million. The "Share of profit due to non-controlling interests" on 31 December, 2014 amounted to minus € 0.506 million (31 December 2013: minus € 0.329 million).

Segment Reporting

In the 2014 financial year, it was decided to restructure the business model of Raiffeisen Centrobank and to focus the core areas of business on equity trading and sales as well as on certificates. Following these decisions, the Equity Capital Markets (ECM), Mergers & Acquisitions (M&A) business segments including the subsidiaries and the commodity trading subsidiaries will be sold or closed or will be transferred to Raiffeisen Bank International or the respective network banks. Furtheron, the business segments of Raiffeisen Centrobank are divided into continued and discontinued operations.

Continued operations of Raiffeisen Centrobank

Securities Trading & Sales and Treasury

Raiffeisen Centrobank is the largest player in certificates and equities trading and holds a key position on the markets in Central and Eastern Europe.

Trading volume on the Vienna Stock Exchange rose by an impressive 23 per cent in annual comparison, but liquidity on other markets that are relevant for Raiffeisen Centrobank contracted further in general (Warsaw Stock Exchange minus 6 per cent, and the exchanges in Prague and Budapest fell by roughly 20 per cent each). The development of the relevant equity indices was also not uniform. Larger western European indices posted slight gains in annual comparison, while the ATX fell substantially (minus 15 per cent) and other indices in the region less substantially (such as the WIG20 at minus 3.5 per cent).

Due to the margin pressure and continued low trading volumes in long-term comparison, gross income in customer business with stocks continued to suffer, as did market making and proprietary trading in general. We are happy to report that Raiffeisen Centrobank was again the largest market participant on the Austrian equity market in 2014 with a share of 9.2 per cent of the Vienna Stock Exchange's spot market. Raiffeisen Centrobank also generated the greatest sales of any market maker and specialist on the Vienna Stock Exchange.

The pre-tax profit of the Securities Trading & Sales and Treasury segment decreased compared to the previous year from € 11.324 million to € 7.881 million. The decline is attributable to lower income from trading and an increase in the bank levy, which could not be offset by higher income generated in the certificates business.

Institutional Equity Sales

The share of the Austrian equity market in the customer business segment was increased from 8.9 to 10.2 per cent.

The marketing activities were continued at the same high level as last year:

- 33 research roadshows
- 74 corporate roadshows
- 21 institutional lunches for Austrian institutional investors
- 5 reverse roadshows
- 27 transaction roadshows

In addition to the traditional investor conference in Zürs with a new record number of participants (60 companies, 150 investors, 1,100 one-on-one meetings), a successful investor conference was also organized in Warsaw (14 companies, 29 investors, 121 one-on-one meetings).

Business with Polish investors was increased significantly through the fruitful collaboration with Raiffeisen Poland (plus 250 per cent). Significant de-

mand for the primary market transactions we completed in the period (Raiffeisen Bank International, PORR, Telekom Austria, Electrica S.A.) was also generated through local brokers.

The successful conclusion of the RBI order routing project again highlighted the central position that Raiffeisen Centrobank plays as the equity house of the RBI Group. Electronic sales trading was expanded significantly and offers considerable growth potential for 2015 as well.

Trading/Market Making

Raiffeisen Centrobank again defended its market leadership in the Vienna Stock Exchange's market making segment in 2014. In the prime market, Raiffeisen Centrobank received 37 of the 39 total market maker and/or specialist mandates and was the largest market maker on the Vienna Stock Exchange with a share of 19.3 per cent.

With the transfer of the derivative instruments from the OeTOB Vienna to the Eurex Frankfurt, Raiffeisen Centrobank assumed a large number of market maker mandates for Austrian and Eastern European blue chips on the Eurex Frankfurt. In addition to the Eurex, Raiffeisen Centrobank expanded its equities, certificates, and derivatives market making activities on various foreign exchanges such as the Warsaw Stock Exchange and the Bucharest Stock Exchange by winning new mandates and expanding its market making to new product classes.

Structured Products

The very positive course of business for the Structured Products department from the prior years continued with another record result in 2014. Certificates are taking on an increasingly important role as a fixed part of a modern portfolio. Raiffeisen Centrobank saw significant growth in all of its core markets and customer groups. The outstanding market volume for Raiffeisen Centrobank certificates rose again to an all-time high of € 3.1 billion, even far surpassing the level achieved in 2006/2007. This enabled Raiffeisen Centrobank to extend its leadership on the domestic certificate market and to increase its market share by 27 per cent (corresponds to 15 per centage points). Total turnover for 2014 came to € 1.4 billion, an increase of over 10 per cent in annual comparison. With a share of over 70 per cent, bonus and guarantee certificates were the most popular product categories by far. Attractive yield potential with (partial) protection is in high demand in the current low-interest environment. This (partial) protection mechanisms offers lower risk than an investment in equities combined with a higher possible yield than is possible from an investment in bonds – an ideal combination for many investors under the current conditions. As an Austrian issuer, activity focused not only on products based on the traditionally important home market, but also on major European and global indices such as the Euro Stoxx 50 and STOXX Global Select Dividend 100 and on Eastern European blue chips.

In addition to return and security, a growing number of investors are also focusing on socially responsible investing. Raiffeisen Centrobank addressed this trend with corresponding new issues. All in all, Raiffeisen Centrobank issued 3,256 products in 2014, bringing the total of its publicly offered issues to a new record of over 4,300 as of the end of the year. In addition to the Vienna Stock Exchange, all Raiffeisen Centrobank certificates are listed on the leading European certificate exchanges in Stuttgart (EUWAX) and Frankfurt. The Eastern European exchanges in Warsaw, Prague, Budapest, and Bucharest are also becoming more important in terms of the number of listed Raiffeisen Centrobank products and turnover for these products. Another record result was achieved on the core markets in Eastern Europe. Revenue here rose by nearly 20 per cent in annual comparison. Raiffeisen Centrobank is currently active in nine countries in Central and Eastern Europe and further intensified its collaboration with the local network banks there. In addition to the record revenue and highest le-

vel of outstanding certificates ever (plus 26 per cent), more issues (subscriptions and private placements) and education measures were completed than ever before. A particular highlight during the year were successful transactions with Slovakia Tatra banka. Among other achievements, a single Bonus Certificate issue worth over € 40 million was concluded and placed in the local private banking segment. After coming out on top in 2007, 2010, and 2012, Raiffeisen Centrobank was named the best certificate house in CEE for the fourth time at the Structured Products Europe Awards 2014.

Increasing volumes of certificates are also being sold by the Raiffeisen banks in Austria. Records were set in terms of revenue and subscription volume. Numerous training measures and customer events not only increased the Bank's presence, but also improved advisor and customer knowledge about certificates. Under the continued challenging conditions, especially with regards to the regulatory framework, Raiffeisen Centrobank feels that the dissemination of knowledge and information is one of the most important sales measures for ensuring long-term success. The sustainability of Raiffeisen Centrobank's certificate business is unique in Austria and Central and Eastern Europe. The issuer is the only complete Austrian provider, both in terms of certificate types and underlyings. In addition to offering a broad product spectrum, Raiffeisen Centrobank boasts many years of active presence, extensive investor services, and innovative product ideas, and has long played a pioneering role in certificates in CEE. This high level of excellence was recognized by independent experts at the Certificate Awards Austria for the eighth time in a row. Raiffeisen Centrobank was named the best issuer in Austria.

The results of the securities department are included in the report for the Securities Trading & Sales and Treasury segment.

Company Research

The Company Research department published 349 company updates in 2014. This is an increase of 32 company updates compared with the previous year. A total of 226 company updates were prepared for Eastern European companies, 223 company updates for Austrian. At the end of the year, the coverage list included 138 companies in total – 37 stocks from Austrian and 101 stocks from Eastern European companies. The analysis universe was also expanded during the past year. The following companies were added: PORR, BUWOG, and FACC in Austria; PKP Cargo, Bank Handlowy, Capital Park, and Altus in Poland; Electrica in Romania; and Rosseti and MOESK in Russia.

The focus in the first half of 2014 was primary market activity. Transaction research including extensive investor education for European investors was prepared for the second public offering of BUWOG and the IPO of the Polish company Altus. Company Research assisted the local research team in Bucharest in connection with the IPO of the Romanian utility Electrica S.A.

The increase in direct contact between the analysts and investors was reflected in very extensive roadshow activity. Sector reports and roadshows on the sectors of oil and gas, IT and technology, telecommunications, banks, Russian utilities, and Polish retailers and real estate, and on country strategies for Poland, Russia, and the entire Central and Eastern Europe region were actively marketed. The destinations of the roadshows were Vienna, London, Zurich, Frankfurt, Warsaw, Prague, Helsinki, Stockholm, and Tallinn. Reverse roadshows were also organized for investors in Vienna.

Strategy Austria & CEE was prepared together with Raiffeisen Research every quarter as usual.

Company Research was also closely involved in the organization of the investor conferences in Zürs and Warsaw. Separate company updates or fact sheets were prepared for all participating companies. The analysts were also booked for intensive one-on-one meetings.

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

Discontinued operations of Raiffeisen Centrobank

Equity Capital Markets (ECM)

While prices in Europe trended up for the most part during the first half of 2014, geopolitical tensions in Ukraine and Russia brought substantially higher levels of volatility in the second half of the year, and most European equity markets closed the year unchanged or up slightly compared with the end of 2013. Some key exchanges in CEE including Russia and Poland failed to keep pace with the markets in western Europe. The Vienna Stock Exchange followed the CEE equity markets downward, especially in the second half of 2014, and closed the year at a loss of around 15 per cent.

Europe saw a total of 67 initial public offerings (IPOs) with an offer volume of over € 200 million each in 2014. Activity on the transaction market slowed somewhat in the second half of the year.

Raiffeisen Centrobank defended its strong position on the Vienna Stock Exchange in the Equity Capital Markets segment again in 2014 and also conducted a total of ten equity transactions in the relevant European markets together with the Raiffeisen Bank International network banks.

Highlights included the capital increase of Raiffeisen Bank International AG, the largest stock issue of the year on the Vienna Stock Exchange with a total volume of € 2.8 billion. Raiffeisen Centrobank was the joint global coordinator and joint bookrunner. This transaction was the largest stock issue on the Vienna Stock Exchange since the start of the financial crisis and significantly increased the free float to just under 40 per cent. Further highlights included the bookrunner positions for the capital increase of Porr AG (€ 119 million) and participation in the capital increase of Telekom Austria AG (€ 1 billion).

The Bank was also involved in transactions on the Romanian and Polish equity markets, including the largest initial public offering in the history of the Romanian capital market, the IPO of Electrica S.A. on the exchanges in Bucharest and London.

On the Vienna Stock Exchange, Raiffeisen Centrobank assisted BUWOG AG with its public offering through a spin-off from Immofinanz AG. Aside from the pure stock issues, Raiffeisen Centrobank acted as lead manager for a convertible bond from Warimpex Finanz- und Beteiligungs AG.

Russia, the largest market in CEE, fell well behind the performance of previous years and the expectations due to the geopolitical tensions. Issue activity in Poland was also lower than in previous years. The IPO of the asset manager Altus TFI S.A. with a volume of PLN 175 million was one of the largest issues of the year on the Warsaw Stock Exchange and underscored the increase in Equity Capital Markets (ECM) activity in the region. The Romanian equity market again saw a robust level of transactions, from which Raiffeisen profited as the market leader in the country's transaction business. The Bank was involved in two transactions with a total volume of roughly € 450 million.

In addition to the transactions in Austria and CEE, Raiffeisen Centrobank was a consortium member for two large capital market transactions in western Europe. These were the capital increase of Deutsche Bank AG, the largest stock issue in Europe with a volume of € 6.4 billion, and the largest IPO in Europe, that of NN Group N.V. on the Amsterdam Stock Exchange. Alongside numerous successfully fulfilled mandates, some planned transactions were not concluded in 2014 due to the market conditions.

Raiffeisen Centrobank is also one of the leading payment offices for Austrian companies, and currently provides these services for 19 entities.

Mergers & Acquisitions (M&A)

Market conditions in CEE's M&A segment were very challenging in Europe in 2014. The transaction volume in the region fell by around 34 per cent to € 27.4 billion, and the number of completed deals decreased by roughly 37 per cent.

Despite the difficult environment, Raiffeisen Centrobank concluded 19 transactions with a deal volume of € 2.8 billion, including

- Mandate as a financial advisor for Orkla for the sale of Rieber Foods Polska S.A. (Delecta) to an investment fund managed by Innova Capital.
- Raiffeisen Centrobank advised Raiffeisen Leasing in the sale of REE Windparks to KELAG and Energie AG.
- Raiffeisen Centrobank was an advisor in the sale of the famous coffee brand Amigo of Panfoods Co.Ltd. (UK) / Cia. Iguacu de Cafe Soluvel (Brazil) to Strauss Coffee B.V.
- Raiffeisen Centrobank advised OMV and E.On regarding the sale of shares in Congaz to Gaz de France.
- Together with its international partner Lazard, Raiffeisen Centrobank acted as the financial advisor for KKR for the acquisition of Serbia Broadband (SBB), the largest cable and satellite provider in the former Yugoslavia.
- Together with Lazard and the local Raiffeisen network bank, Raiffeisen Centrobank advised Panasonic Corporation in the acquisition of a 90 per cent share in Viko, a Turkish manufacturer of electrical equipment.
- The Bank also advised Agrokor Group, the largest food and retail conglomerate in the Balkan states, in the sale of its fruit juice division to Bosnian Stanic Group.

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 operating companies closed the year positively overall, but fell well short of the budget. In the rubber group, a solid latex division was unable to compensate for the weaker result from the dry rubber segment. The pending, not yet realized transactions improved substantially, which was encouraging given the difficult market conditions.

The olefins division developed solidly, but at a low level because of the economic conditions (oil, commodities), and posted a profit that was clearly below the budget target.

The annual profit from discontinued operations is stated separately in the consolidated financial statements as at 31 December 2014.

Performance Indicators

Financial performance indicators

	2014	2013
Return on equity before taxes (in per cent) from continued operations	9.2	11.2
Cost-income ratio (in per cent) from continued operations	81.1	79.6
Earnings per share in euros from continued operations	13.58	18.97
Earnings per share in euros from discontinued operations	0.82	5.93

The lower pre-tax profit from continued operations resulted in a decline in the Return on Equity before tax from 11.2 per cent to 9.2 per cent at lower average own funds. Because the operating income (net interest income before provisioning, net fee and commission income, the trading profit, the result from financial investments, and the other operating result) fell more substantially relative to the administrative expenses, the cost-income ratio rose from 79.6 per cent in 2013 to 81.1 per cent in 2014.

Non-financial performance indicators

	2014	2013
Average number of employees (from continued operations)	211	215
Average number of employees (from discontinued operations)	110	124
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,256	3,326

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.

Risk Management 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 Management Board with the management of the Bank's overall risk.

In its interdepartmental and intercompany role, Risk Management is also responsible for the refinement of the risk identification, measurement, and management methods and for maintaining and updating the relevant rules.

In addition to ongoing measures for compliance with regulatory requirements, Risk Management also made substantial progress in 2014 in the assessment and measurement of market, credit, and operational risks. One example is the implementation of the scenario matrix method for measuring non-delta risks.

In operational terms, the department focused on automating daily routines to reduce operational risks, assessing cross-unit processes, and improving the quality of the data used to value derivatives.

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 Management 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 EU Regulation no 575/2013 (Capital Requirements Regulation, "CRR") and 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 its Group Financial Reporting department. The qualitative elements are prepared internally by the Controlling and Regulatory 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 a restrictive system of user permissions.

The financial data submitted by the Group units of Raiffeisen Centrobank are then checked by Raiffeisen Centrobank's Controlling and Regulatory 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 intragroup profits, which generally only arise from transactions between the commodity trading subsidiaries, are eliminated through intragroup 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 Regulatory Reporting 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 Management 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 claims, and the impairment of equity holdings and supplies. In some cases, external experts are involved or publicly available information sources used to minimize the risk of incorrect estimates.

In addition to the Management Board, the general control framework also includes higher 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 Management Board. RZB Group's group 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 Management Board before they are submitted to the Supervisory Board. Analyses are also prepared for the management in connection with the consolidated financial statements.

Human Resources

Following the re-alignment of Raiffeisen Centrobank the number of employees was adjusted accordingly. As at 31 December 2014 the staff at Raiffeisen Centrobank from continued operations came to 204 persons (31 December 2013: 217), whereas the number of employees from discontinued operations amounted to 103 as at 31 December 2014 (31 December 2013: 122).

Outlook 2015

The smoldering conflict between Russia and Ukraine and the expansion of asset purchases by the ECB will remain key driving factors for the development of the Eurozone economy. In the USA, the robust development of the labor market should spur the Fed to begin hiking its key interest rate in 2015. This will likely result in a longer period of diametrical monetary policies in the USA and Eurozone. This will also have an impact on the capital markets. While US yields have some upside potential, the purchases of the ECB could cause government bond yields to fall further. Even with an increase in the risk of setbacks, equity investments will enjoy higher demand because of a lack of alternatives.

Most exchanges should see clearly positive development in 2015, which makes Raiffeisen Centrobank optimistic about its core business areas of equity trading and sales and certificates. Market conditions will remain challenging because of planned regulatory changes, but business in these areas is expected to develop positively in general. The restructuring of Raiffeisen Centrobank that was announced at the end of 2014 will also have a key impact during the current financial year. The goal will be to dispose of the traditional private banking activities and the commodity subsidiaries in the first half of 2015. Work is also under way on the integration of the Mergers & Acquisitions and Equity Capital Markets segments into the Investment Banking division of the Group parent RBI. The latter measure is aimed at increasing synergies and further improving the service provided to customers within the Group.

Further to the re-alignment of Raiffeisen Centrobank and the implementation of the related measures, the result of business year 2015 is expected to be slightly lower than the result generated in 2014.

Events after the Balance Sheet Date

In the course of implementing an exit strategy as set out by Raiffeisen Bank International regarding the Centrottrade subsidiaries, a share purchase agreement was signed in January 2015 to sell the four rubber trading companies. The closing is expected for mid-2015.

Research and Development

Raiffeisen Centrobank engages in no research and development 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.

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 Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, April 15, 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management Board

Supervisory Board Report

The annual financial statements for 2014 that were audited and approved without qualification by the elected financial auditor – KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellan-gasse 51, A-1090 Vienna – were presented to the 42nd ordinary Annual General Meeting on 29 April 2015, and acknowledged.

KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft audited the consolidated annual financial statements for the 2014 financial year in April 2015 and awarded its unqualified audit opinion. The Supervisory Board scrutinized and approved the consolidated annual financial statements for the 2014 financial year that were audited by KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Vienna, April 2015



Klemens Breuer
Chairman of the Supervisory Board

Consolidated Financial Statements of Raiffeisen Centrobank AG as at 31 December 2014 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.

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.

Statement of comprehensive income

Income statement

in € thousand	Notes	1/1-31/12/2014	1/1-31/12/2013	Change
Interest income		5,068	4,508	12.2%
Interest expenses		(1,261)	(1,193)	5.1%
Net interest income	(2)	3,807	3,315	14.8%
Net allocation to provisioning for impairment losses	(3)	18	16	11.9%
Net interest income after provisioning		3,825	3,331	14.8%
Fee and commission income		16,284	15,335	6.2%
Fee and commission expenses		(16,677)	(14,336)	16.3%
Net fee and commission income	(4)	(393)	999	>100%
Trading profit	(5)	44,183	46,226	(4.4%)
Valuation result from derivative financial instruments	(6)	0	0	0.0 %
Net income from financial investments	(7)	(1,490)	(83)	>100%
General administrative expenses	(8)	(36,942)	(41,484)	(10.9%)
Other operating result	(9)	(555)	1,689	>100%
Net income from disposal of group assets		0	(16)	100%
Profit before tax		8,628	10,662	(19.1%)
Income taxes	[10]	(275)	(2,129)	(87.1%)
Profit after tax from continued operations		8,354	8,532	(2.1%)
Profit after tax from discontinued operations	[11]	72	2,723	(97.3%)
Profit after tax		8,426	11,255	(25.1%)
Share of profit due to non-controlling interests		468	1,166	(59.9%)
Group net profit		8,894	12,422	(28.4%)

Based on a strategic decision, the re-alignment of Raiffeisen Centrobank was implemented. The competent bodies decided to focus the activities of Raiffeisen Centrobank on the core areas of business equity trading and sales and structured products. The business segments Equity Capital Markets (ECM), M&A including the subsidiaries and the commodity trading subsidiaries were classified as assets held for sale as at 31 December 2014 and are shown in the income statement as discontinued operations.

Assets and liabilities as well as income and expenses (including previous year data) relating to these business segments are depicted separately in the balance sheet, as assets and liabilities held for sale as well as profit after tax from discontinued operations. Thus cash flow statement and notes were adjusted.

Other comprehensive income and total comprehensive income

in € thousand	Total		Group equity		Non-controlling interests	
	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013
Profit after tax from continued operations	8,354	8,532	8,354	8,532	0	0
Profit after tax from discontinued operations	72	2,723	540	3,889	(468)	(1,166)
Profit after tax	8,426	11,255	8,894	12,421	(468)	(1,166)
Items which are not reclassified to profit and loss	(537)	334	(537)	334	0	0
Remeasurements of defined benefit plans	(715)	445	(715)	445	0	0
Deferred taxes on items which are not reclassified to profit and loss	179	(111)	179	(111)	0	0
Items that may be reclassified subsequently to profit or loss	1,711	(743)	1,417	(654)	294	(89)
Exchange differences	1,711	(743)	1,417	(654)	294	(89)
hereof unrealized net gains (losses) of the period	1,711	(743)	1,417	(654)	294	(89)
Other comprehensive income	1,174	(409)	880	(320)	294	(89)
Total comprehensive income	9,600	10,846	9,774	12,101	(174)	(1,255)

Other comprehensive income

Exchange differences derived especially from changes in Euro, US dollar and Russian rouble.

Retained earnings

The following components of retained earnings developed as follows:

in € thousand	Remeasurements reserve	Exchange differences	Deferred taxes
Balance as at 1/1/2013	(541)	(2,867)	140
Net change during the reporting year	445	(654)	(111)
Balance as at 31/12/2013	(96)	(3,521)	29
Net change during the reporting year	(715)	1,417	179
Balance as at 31/12/2014	(811)	(2,104)	208

Earnings per share

in € thousand	2014	2013	Veränderung
Earnings per share from continued operations	12.75	13.03	(0.28)
Earnings per share from discontinued operations	0.82	5.93	(5.11)

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

Balance sheet

Assets in € thousand	Notes	31/12/2014	31/12/2013	Change
Cash reserve	[14,34]	2,898	4,337	(33.2%)
Loans and advances to credit institutions	[15,34,49]	377,361	269,111	40.2%
Loans and advances to customers	[16,34,49]	83,697	98,925	(15.4%)
Impairment losses on loans and advances	[17,34]	(75)	(93)	(19.6%)
Trading assets	[18,34]	2,137,495	2,033,716	5.1%
Derivative financial instruments	[19,34]	186	42	>100.0%
Securities and financial investments	[20,34]	46,847	14,923	>100.0%
Intangible fixed assets	[21,23]	115	199	(42.2%)
Tangible fixed assets	[22,23]	9,840	9,795	0.5%
Assets held for sale (IFRS 5)	[25]	64,729	73,782	(12.3%)
Other assets	[24]	7,583	5,839	29.9%
Total assets		2,730,676	2,510,575	8.8%

Equity and liabilities in € thousand	Notes	31/12/2014	31/12/2013	Change
Liabilities to credit institutions	[26,34,49]	71,354	106,672	(33.1%)
Liabilities to customers	[27,34,49]	221,241	117,237	88.7%
Provisions	[28,34]	14,596	17,059	(14.4%)
Trading liabilities	[29,34]	2,283,134	2,119,104	7.7%
Derivative financial instruments	[30]	398	292	36.4%
Liabilities held for sale (IFRS 5)	[32]	30,862	38,548	(19.9%)
Other liabilities	[31,34]	6,872	5,403	27.2%
Equity	[33]	102,219	106,258	(3.8%)
Consolidated equity		93,831	94,166	(0.4%)
Group net profit		8,894	12,422	(28.4%)
Non-controlling interests		(506)	(329)	54.0%
Total equity and liabilities		2,730,676	2,510,575	8.8%

Based on a strategic decision, the re-alignment of Raiffeisen Centrobank was implemented. The competent bodies decided to focus the activities of Raiffeisen Centrobank on the core areas of business equity trading and sales and structured products. The business segments Equity Capital Markets (ECM), M&A including the subsidiaries and the commodity trading subsidiaries were classified as assets held for sale.

Assets and liabilities relating to these business segments are depicted separately in the balance sheet and in the notes. Following the classification as discontinued operations, previous year data were reclassified pursuant to IFRS 5.

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 1/1/2013	47,599	6,651	41,595	12,170	846	108,862
Capital paid-in	0	0	0	0	0	0
Transferred to retained earnings	0	0	(1,585)	1,585	0	0
Dividend payments	0	0	0	(13,755)	0	(13,755)
Comprehensive income	0	0	(320)	12,422	(1,255)	10,846
Other Changes	0	0	225	0	80	305
Equity as at 31/12/2013	47,599	6,651	39,915	12,422	(329)	106,258
Equity as at 1/1/2014	47,599	6,651	39,915	12,422	(329)	106,258
Capital paid-in	0	0	0	0	0	0
Transferred to retained earnings	0	0	(1,333)	1,333	0	0
Dividend payments	0	0	0	(13,755)	0	(13,755)
Comprehensive income	0	0	880	8,894	(174)	9,600
Other changes	0	0	119	0	(3)	116
Equity as at 31/12/2014	47,599	6,651	39,581	8,894	(506)	102,219

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 (33) "Equity".

Cash flow statement

in € thousand	2014	2013
Group net profit	8,426	11,255
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial investments	1,725	1,884
Net provisions for liabilities and charges and impairment losses	624	8,084
Gains/losses from disposals of tangible fixed assets and financial investments	846	(1,110)
Other adjustments (net)	(35,703)	108,153
Subtotal	(24,082)	128,266
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to credit institutions and customers	(91,335)	(58,559)
Trading assets/trading liabilities (net)	91,533	4,672
Other assets/other liabilities (net)	(31,946)	16,203
Liabilities to credit institutions and customers	68,060	(62,499)
Cash flow from operating activities	12,230	28,083
Proceeds from the sale of:		
Financial investments and equity participations	100	4,051
Tangible and intangible fixed assets	3	2
Payments for the acquisition of:		
Tangible and intangible fixed assets	(19)	(1,031)
Cash flow from investing activities	84	3,022
Kapitaleinzahlungen	0	0
Inflows/outflows of subordinated capital	0	(18,516)
Dividends paid	(13,755)	(13,755)
Cash flow from financing activities	(13,755)	(32,271)

in € thousand	2014	2013
Cash and cash equivalents at the end of the previous period	4,375	5,541
Net cash from operating activities	12,230	28,083
Net cash from investing activities	84	3,022
Net cash from financing activities	(13,755)	(32,271)
Cash and cash equivalents at the end of the period	2,934	4,375
Cash and cash equivalents from discontinued operations	(36)	(38)
Cash and cash equivalents at the end of the period from continued operations	2,898	4,337

No separate depiction of the cash flow pursuant to IFRS 5 from discontinued operations pursuant to activities is provided for reasons of materiality.

Cash flows for taxes, interest and dividends	2014	2013
Interest received	4,573	4,194
Dividends received	182	1,082
Interest paid	(1,145)	(1,053)
Income taxes paid	(1,045)	(1,993)

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 to 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

Segments of Raiffeisen Centrobank

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 Management 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 recognition 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
- Other Departments

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 depicted in the result from discontinued operations.

The segment "Other Departments" includes the "Private Banking" and "Countertrade" departments of Raiffeisen Centrobank and from the business year 2014 on the former segment "Credit Department" for reasons of materiality as well as business transactions by Raiffeisen Centrobank that cannot be allocated to one of the other segments.

The following business segments are no longer shown as separate segments from the 2014 financial year on, as they have been classified as "discontinued operations":

The segment "Equity Capital Markets" which comprised 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.

The segment "Commodity Trading", which included the results of the fully consolidated commodity trading subsidiaries of the Raiffeisen Centrobank Group engaged in rubber and olefin trading, was excluded from the segment "Other Departments"

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).

1/1-31/12/2014 in € thousand	Securities Trading & Sales and Treasury	Other Departments	Transition	Total
Net interest income	2,664	1,579	(436)	3,807
Provisioning for impairment losses	0	0	18	18
Net interest income after provisioning	2,664	1,579	(418)	3,825
Net fee and commission income	(1,902)	1,510	(1)	(393)
Trading profit	43,692	637	(146)	44,183
Valuation result from derivative financial instruments	0	0	0	0
Net income from financial investments	(1,490)	0	0	(1,490)
General administrative expenses	(33,048)	(4,046)	151	(36,942)
Other operating result	(2,035)	1,089	391	(555)
Net income from disposal of group assets	0	0	0	0
Profit/loss before tax	7,881	769	(22)	8.628
Basis of assessment (credit and market risk)	431,152	107,590	0	431,152
Average assets	2,528,985	100,392	13,863	2,528,985
Average liabilities	2,381,370	175,383	12,080	2,381,370
Average number of staff	177	26	0	177
Cost/income ratio	80.7%	84.0%	-	81.1%
Average equity	73,621	15,323	1,583	90,526
Return on equity (ROE) before tax	10.7%	5.0%	-	9.5%

1/1-31/12/2013 in € thousand	Securities Trading & Sales and Treasury	Other Departments	Transition	Total
Net interest income	1,257	2,382	(324)	3,315
Provisioning for impairment losses	0	0	16	16
Net interest income after provisioning	1,257	2,382	(308)	3,331
Net fee and commission income	(634)	1,635	(2)	999
Trading profit	46,277	(37)	(13)	46,226
Valuation result from derivative financial instruments	135	(135)	0	0
Net income from financial investments	(83)	0	0	(83)
General administrative expenses	(36,551)	(5,085)	152	(41,484)
Other operating result	923	514	252	1,689
Net income from disposal of group assets	0	0	(16)	(16)
Profit/loss before tax	11,324	(727)	65	10.662
Basis of assessment (credit and market risk)	434,263	134,013	0	568,275
Average assets	2,504,249	103,505	13,053	2,620,807
Average liabilities	2,403,802	133,885	18,026	2,555,713
Average number of staff	183	33	0	216
Cost/income ratio	76.6%	148.9%	-	79.6%
Average equity	69,588	19,394	1,408	90,389
Return on equity (ROE) before tax	16.3%	-	4.6%	11.8%

Net interest income in the segment "Other Departments" includes a dividend payment relating to a company not included into consolidation in the amount of € 1.000 million.

For reasons of comparability, adjustments of "discontinued operations" were made in the 2013 figures.

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 Tegethoffstrasse 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 Lexus 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). Based on a strategic decision, the realignment of Raiffeisen Centrobank was implemented. The competent bodies decided to focus the activities of Raiffeisen Centrobank on the core areas of business equity trading and sales and structured products.

The business segments Equity Capital Markets, Mergers & Acquisitions including the subsidiaries and the commodity trading subsidiaries were classified as assets held for sale as at 31 December 2014 and are shown in the income statement as discontinued operations. Assets and liabilities as well as income and expenses relating to these business segments are depicted separately in the balance sheet and in the notes. Following the classification as discontinued operations, previous year data were reclassified in the income statement and cash flow statement pursuant to IFRS 5.

The consolidated financial statements were approved by the Management Board on 15 April 2015 and subsequently submitted to the Supervisory Board for examination and approval.

Principles underlying the preparation of financial statements

Principles underlying the consolidated financial statements

The consolidated financial statements for the 2014 financial year and the comparative amounts for the 2013 financial year were prepared in accordance 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 stan-

dards published by the IASB to be applied to the financial statements 2014 and adopted by the EU have been applied. The consolidated financial statements were prepared in accordance with § 245a of the Austrian Commercial Code in connection with § 59a of the Austrian Banking Act regarding exempting consolidated financial statements pursuant to international accounting standards, IAS 11, 20, 23, 29, 31, 40 and 41 as well as IFRS 2, 4, 6 and 11 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. Revenue is recognized if the conditions of IAS 18 are met and if it is probable that the economic benefits will flow to Raiffeisen Centrobank and the amount of revenue can be measured reliably.

Foreign currency translation

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

The fully-consolidated companies prepared in foreign currencies were translated into Euros employing the modified current rate method in accordance with IAS 21. 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 and are shown in "Other comprehensive income".

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 (retained earnings) and not recognized in the income statement and are shown as other changes in the statement of changes in equity.

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

The following exchange rates were used for foreign currency translation:

Exchange rate in local currency per €	2014		2013	
	Balance sheet date	Average for the year	Balance sheet date	Average for the year
Polish Zloty (PLN)	4.273	4.191	4.154	4.203
Malaysian Ringgit (MYR)	4.247	4.348	4.522	4.208
Romanian Leu (RON)	4.483	4.441	4.471	4.417
Russian Rouble (RUB)	72.337	51.424	45.325	42.444
Turkish Lira (TRY)	2.832	2.899	2.961	2.551
US Dollar (USD)	1.214	1.326	1.379	1.330

Critical accounting judgments and key sources of estimation uncertainty

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

Risk provisions for loans and advances

At each reporting date, all financial assets not measured at fair value through profit or loss are subject to an impairment test to determine whether an impairment loss is to be recognized through profit or loss. In particular, it is required to determine whether there is objective evidence of impairment as a result of a loss event occurring after initial recognition and to estimate the amount and timing of future cash flows when determining an impairment loss. Risk provisions are described in detail in note (41) "Risk report", in the section on credit risk.

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the Group takes into account certain features of the asset or liability (e.g. condition and location of the asset or restrictions in the sale and use of an asset) if market participants would also take account of such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible. Under certain circumstances, valuation adjustments are necessary in order to account for model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – Recognition and measurement. In addition, the fair values of financial instruments is shown in note (39) "Fair value of financial instruments".

Deferred tax assets

Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profit will be available against which those unused tax losses, unused tax credits or deductible temporary differences can be utilized. This assessment requires significant management judgments and assumptions.

Deferred taxes are not reported separately in the income statement and balance sheet. Details are provided in the statement of comprehensive income and in notes (10) "Income taxes", (24) "Other assets", and (28) "Provisions".

Provisions for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The interest rate used to discount the Group's defined benefit obligations is determined on the basis of the yields obtained in the market at the balance sheet date for top-rated fixed-income corporate bonds. Considerable discretion has to be exercised in this connection in setting the criteria for the selection of the corporate bonds representing the universe from which the yield curve is derived. The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not taken into account. Mercer's recommendation is used to determine the interest rate. Assumptions and estimates used for the defined benefit obligation calculations are described in the section Provisions for pensions and similar obligations following the termination of the employment. Quantitative data relating to long-term provisions for staff expenses are shown in item (28) "Provisions".

Impairment of non-financial assets

Certain non-financial assets, including goodwill, are subject to an annual impairment review. Goodwill and other intangible assets are tested more frequently if events or changes in circumstances, such as an adverse change in business climate, indicate that these assets may be impaired. The determination of the recoverable amount requires judgments and assumptions to be made by management. The carrying amounts of goodwill were reclassified to item (25) "Assets held for sale" pursuant to IFRS 5.

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	2014	2013
Net gains (losses) on financial assets and liabilities held for trading	42,565	44,437
Financial assets and liabilities at fair value through profit and loss	130	104
Net interest income	929	167
Gains (losses) on financial assets and liabilities at fair value through profit and loss	(800)	(64)
Available-for-sale financial assets	(691)	981
Net interest income	0	1,000
Impairment losses on available for sale financial assets	(691)	(19)
Loans and advances	4,157	3,357
Net interest income	4,138	3,340
Impairment losses on financial assets not measured at fair value through profit and loss	18	16
Financial liabilities at amortized cost	(1,158)	(1,018)
Interest expenses	(1,158)	(1,018)
Derivatives (hedging)	(103)	(175)
Net interest income	(103)	(175)
Net revaluations from exchange differences	1,617	1,788
Other operating income/expenses	(37,889)	(38,813)
Profit before tax from continued operations	8,628	10,662

(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	2014	2013
Total interest and interest-like income	5,068	4,508
Interest income	5,068	3,508
from deposits with central banks	3	10
from loans and advances to credit institutions	1,571	1,113
from loans and advances to customers	2,565	2,217
from securities	929	167
Current interest-like income	0	1,000
from shares in affiliated companies	0	1,000
Total Interest and interest-like expenses	(1,261)	(1,193)
Interest expenses	(1,261)	(1,193)
for liabilities to credit institutions	(1,051)	(537)
for liabilities to customers	(107)	(145)
for subordinated capital	0	(336)
for derivative financial instruments (non-trading) net	(103)	(175)
Net interest income	3,807	3,315

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

in per cent	2014	2013
Interest margin (total assets)	0.15	0.13
Interest margin (risk assets for credit risk)	1.95	1.69

(3) Provisioning for impairment losses

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

in € thousand	2014	2013
Individual loan loss provisions	18	16
Release of provisions for impairment losses	18	16
Total	18	16

Detailed information on provisions is presented in note (17) "Impairment losses on loans and advances".

(4) Net fee and commission income

in € thousand	2014	2013
Payment transfers	(17)	(29)
Loan administration and guarantee business	1	(160)
Securities business	(375)	1,213
Other banking services	(1)	(26)
Total	(393)	999

Fee and commission income totaled € 16,284 thousand for the reporting year (2013: € 15,335 thousand), while fee and commission expenses amounted to € 16,677 thousand (2013: € 14,336 thousand).

The decrease in net fee and commission income is mainly attributable to income from investment and pension fund management and to volume-related higher expenses in the securities business.

(5) Trading profit

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

in € thousand	2014	2013
Interest-based transactions	1,556	(12,124)
Currency-based transactions	(2,751)	(337)
Equity/index-based transactions	45,378	58,686
Total	44,183	46,226

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	2014	2013
Valuation result from derivative hedging instruments (IAS 39, fair value hedges)	0	0
Changes in the present value of derivative financial instruments	(1)	(135)
Changes in the present value of the underlying transaction	1	135
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	2014	2013
Net income from equity participations	(691)	(19)
Net valuations of equity participations	(691)	(19)
Net income from securities at fair value through profit and loss	(800)	(64)
Net valuations from the sale of securities	(800)	(64)
Total	(1,490)	(83)

Net income from securities at fair value through profit and loss results mainly from the valuation of Austrian government bonds held to comply with the liquidity cover ratio towards the supervising authorities in 2014.

(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	2014	2013
Staff expenses	(20,746)	(23,345)
Wages and salaries	(15,312)	(16,661)
Social security costs and staff-related taxes	(3,689)	(3,827)
Voluntary social expenses	(425)	(459)
Expenses for defined contribution pension plans	(571)	(520)
Expenses for defined benefit pension plans	(3)	(16)
Expenses for other post-employment benefits	(475)	(952)
Expenses for other long-term employee benefits	0	(6)
Deferred bonus payments	(271)	(905)
Other administrative expenses	(14,665)	(16,616)
Office space expenses	(1,096)	(1,128)
IT costs	(1,713)	(1,845)
Communication expenses	(4,011)	(3,361)
Legal, advisory and consulting expenses	(905)	(1,338)
Advertising, PR and promotional expenses	(910)	(1,079)
Office supplies	(177)	(162)
Car expenses	(446)	(346)
Security expenses	(26)	(31)
Travelling expenses	(215)	(257)
Training expenses for staff	(188)	(178)
Sundry administrative expenses	(4,977)	(6,890)
Depreciation on tangible and intangible fixed assets	(1,531)	(1,523)
Tangible fixed assets	(1,366)	(1,274)
Intangible fixed assets	(165)	(249)
Total	(36,942)	(41,484)

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 € 281 thousand (2013: € 290 thousand) and the fee for other consulting services amounted to € 41 thousand (2013: € 40 thousand).

The decrease in "Sundry administrative expenses" is primarily attributable to lower provisions for bonus payments.

Expenses on severance payments and retirement benefits

in € thousand	2014	2013
Members of the Management Board	(273)	607
Other employees	2,034	734
Total	1,761	1,341

Expenses for severance payments for members of the Management Board in the amount of € 16 thousand (2013: € 500 thousand) were paid out.

(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	2014	2013
Net result arising from non-banking activities	(4)	(86)
Sales revenues from non-banking activities	44	129
Expenses from non-banking activities	(48)	(215)
Net proceeds from disposal of tangible and intangible fixed assets	3	0
Other taxes	(2,060)	(1,077)
thereof: special bank levy	(2,060)	(1,077)
Net result from the allocation and release of other provisions	0	418
Net result from the repurchase of subordinated capital	0	2,000
Other operating income	1,956	1,413
Other operating expenses	(449)	(979)
Total	(555)	1,689

The decline in "Other operating result" is attributable to a change in the amount of the stability fee pursuant to the law modifying taxes (Abgabenänderungsgesetz) 2014. In 2013 the item recorded a positive result further to income from the repurchase of a subordinated bond.

(10) Income taxes

Income taxes are comprised of the following:

in € thousand	2014	2013
Current income taxes	(249)	(2,095)
Austria	(249)	(2,095)
Deferred taxes	(25)	(34)
Total	(275)	(2,129)

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

in € thousand	2014	2013
Profit before tax	8,628	10,662
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	(2,157)	(2,665)
Effect of divergent foreign tax rates	(14)	(14)
Tax deductions due to tax-exempt income from equity participations and other income	1,799	2,204
Tax increases due to non-deductible expenses	(225)	(225)
Income from group charge previous year	1,136	0
Other changes	(814)	(1,429)
Effective tax burden	(275)	(2,129)
Tax rate in per cent	9.85%	19.97%

The item "Other changes" also includes tax savings from the Group taxation scheme in Austria in the amount of € 324 thousand (2013: € 791 thousand).

(11) Profit after tax from discontinued operations

in € thousand	2014	2013	Change
Interest income	218	127	72.1%
Interest expenses	(264)	(173)	52.1%
Net interest income	(46)	(47)	(1.9%)
Net interest income after provisioning	(46)	(47)	(1.9%)
Fee and commission income	12,509	19,416	(35.6%)
Fee and commission expenses	(2,429)	(4,737)	(48.7%)
Net fee and commission income	10,080	14,679	(31.3%)
Trading profit	(1,357)	(131)	>100.0%
Valuation result from derivative financial instruments	(2,223)	1,003	>100.0%
General administrative expenses	(16,921)	(21,476)	(21.2%)
Other operating result	10,839	9,325	16.2%
Profit before tax	373	3,352	(88.9%)
Income taxes	(301)	(630)	(52.2%)
Profit after tax from discontinued operations	72	2,723	(97.3%)

The decline in "Net fee and commission income" is primarily due to a reduction in the Equity Capital Markets (ECM)/M&A business. The rise in "Other operating result" from € 9,325 thousand to € 10,839 thousand is mainly attributable to the release of other provisions in the M&A segment.

The "Other operating result" includes the net income from non-banking activities relating to the commodity trading subsidiaries and breaks down as follows:

in € thousand	2014	2013
Sales revenues from non-banking activities	257,071	311,761
Expenses from non-banking activities	(247,313)	(301,868)
Net income from non-banking activities	9,758	9,893

The decline in "General administrative expenses" from € 21,476 thousand in 2013 to € 16,921 thousand is mostly due to a reduction in staff expenses. In 2014 staff expenses came to € 12,095 thousand and declined by € 3,463 compared to 2013 (2013: € 15,558 thousand). "Other administrative expenses" declined by € 1,050 thousand to € 4,632 thousand in 2014 compared to € 5,682 thousand in 2013.

(12) Earnings per share

in € thousand	2014	2013
Profit after tax from continued operations	8,354	8,532
Profit after tax from discontinued operations ¹	540	3,889
Average number of ordinary shares outstanding	655,000	655,000
Earnings per share in € from continued operations	12.75	13.03
Earnings per share in € from discontinued operations	0.82	5.93

¹ includes non-controlling interests which have been entirely allocated to discontinued operations.

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

Notes to the Balance Sheet

(13) Balance sheet according to measurement category

The following table shows the carrying amount of the measurement categories as defined in IAS 39 of continued operations. Assets and liabilities held for sale are netted:

Assets by measurement category in € thousand	2014	2013
Cash reserve	2,898	4,337
Trading assets	2,137,680	2,033,725
Positive fair values of derivative financial instruments	109,739	119,046
Structured products	139,539	159,024
Shares	296,951	338,453
Bonds, notes and other fixed-interest securities	410,661	597,643
Call/time placements for trading purposes	1,180,790	819,559
Financial assets measured at fair value through profit and loss	41,693	9,770
Bonds, notes and other fixed-interest securities	41,693	9,770
Available-for-sale financial assets (financial investments)	5,154	5,153
Shares in other affiliated companies	19	19
Other interests	5,135	5,135
Loans and advances	468,566	373,782
Loans and advances to credit institutions	377,361	269,111
Loans and advances to customers	83,697	98,925
Other non-derivative financial assets	7,583	5,839
Impairment losses on loans and advances	(75)	(93)
Derivatives (hedging)	0	33
Positive fair values of derivatives (hedging)	0	33
Assets held for sale	64,729	73,782
Other assets	9,955	9,994
Intangible and tangible fixed assets	9,955	9,994
Total assets	2,730,676	2,510,575

Equity and liabilities by measurement category in € thousand	2014	2013
Trading liabilities	2,283,532	2,119,174
Negative fair values of derivative financial instruments	1,165,778	995,970
Short-selling of trading assets	424,838	497,847
Issued certificates	692,916	625,357
Financial liabilities	299,467	229,312
Liabilities to credit institutions	71,354	106,672
Liabilities to customers	221,241	117,237
Other non-derivative financial liabilities	6,872	5,403
Derivatives (hedging)	0	222
Negative fair values of derivatives in fair value hedge	0	222
Provisions	14,596	17,059
Liabilities held for sale	30,862	38,548
Equity	102,219	106,258
Total equity and liabilities	2,730,676	2,510,575

(14) Cash reserve

in € thousand	2014	2013
Cash in hand	214	192
Deposits with central banks	2,685	4,144
Total	2,898	4,337

(15) Loans and advances to credit institutions

in € thousand	2014	2013
Giro and clearing business	154,219	99,993
Money market business	223,141	169,118
Total	377,361	269,111

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

in € thousand	2014	2013
Austria	258,931	202,629
Other countries	118,430	66,482
Total	377,361	269,111

(16) Loans and advances to customers

in € thousand	2014	2013
Corporate customers - large	49,447	61,482
Retail customers - private individuals	34,249	37,443
Total	83,697	98,925

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	2014	2013
Austria	30,150	46,326
Other countries	53,547	52,599
Total	83,697	98,925

(17) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report on page 54 ff.. Impairment losses on loans and advances are allocated to the following asset classes:

in € thousand	2014	2013
Retail customers - private individuals	75	93
Total	75	93

(18) Trading assets

Trading assets comprise the following securities and derivative financial instruments:

in € thousand	2014	2013
Bonds, notes and other fixed-interest securities	410,661	597,643
Bonds and notes issued by credit institutions	375,917	560,538
Bonds and notes of public issuers	33,885	32,454
Bonds and notes of non-bank issuers	859	4,650
Shares and other variable-yield securities	296,951	338,453
Shares and comparable securities	270,682	319,274
Mutual funds	26,269	19,179
Structured products	139,539	159,024
Positive fair values from derivative financial instruments	109,554	119,037
Interest-based transactions	0	699
Currency-based transactions	74	7
Equity/index-based transactions	109,480	118,331
Call/time placements for trading purposes	1,180,790	819,559
Total	2,137,495	2,033,716

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 included embedded derivatives.

"Bonds, notes and other fixed-interest securities" records a decrease compared to December 2013. 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.

(19) Derivative financial instruments

in € thousand	2014	2013
Positive fair values of derivatives in fair value hedges IAS 39	0	1
Interest-based transactions	0	1
Positive fair values of derivatives in cash flow hedges IAS 39	0	32
Currency-based transactions	0	32
Positive fair values of other derivative financial instruments	186	9
Currency-based transactions	186	9
Total	186	42

This item shows the positive fair values of derivative financial instruments not held for trading purposes. As long as the conditions for hedge accounting according to IAS 39 are fulfilled, derivative financial instruments are measured at their fair values (dirty prices) in their function as hedging instruments. The hedged items in connection with fair value hedges are loans and advances to customers and liabilities to credit institutions which are to be hedged against interest rate risks. In addition, IAS 39 provides for the application of cash flow hedge accounting for derivatives to hedge the risk of changes in future cash flows. This item also includes the positive fair values of derivative financial instruments that are neither held for trading nor constitute fair value hedging instruments under IAS 39.

(20) 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	2014	2013
Bonds, notes and other fixed-interest securities	41,693	9,770
Bonds and notes of public bodies eligible for refinancing	8,220	7,238
Other bonds and notes of public bodies	33,473	2,532
Equity participations	5,154	5,153
Shares in affiliated companies	19	19
Other interests	5,135	5,135
Total	46,847	14,923

The item "Other bonds and notes of public bodies" relates to an Austrian government bond with a countervalue of roughly € 31 million held to comply with the liquidity coverage ratio towards the supervising authorities.

Disclosures relating to associated companies pursuant to IAS 28:

In its annual financial statements for the year ended 31 December 2014 Syrena Immobilien Holding AG reports a balance sheet total of € 32,107 thousand (31/12/2013: € 32,042 thousand), equity of € 29,614 thousand (31/12/2013: € 29,550 thousand) and net profit for the year of € 64 thousand (2013: € 75 thousand).

(21) Intangible fixed assets

in € thousand	2014	2013
Software	115	199
Total	115	199

(22) Tangible fixed assets

in € thousand	2014	2013
Land and buildings used by the Group for own purposes	6,617	6,773
Office furniture and equipment as well as other tangible fixed assets	3,223	3,022
Total	9,840	9,795

(23) Development of fixed assets

The following table shows the development of intangible fixed assets and tangible fixed assets during 2014:

Cost of acquisition or production in € thousand	Balance as at 1/1/2014 from continued operations	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as at 31/12/2014 from continued operations
Intangible fixed assets	3,801	0	0	76	(4)	0	3,873
Goodwill	0	0	0	0	0	0	0
Software and miscellaneous	3,801	0	0	76	(4)	0	3,873
Tangible fixed assets	25,806	0	0	1,365	(518)	0	26,652
Land and buildings used by the Group for own purposes	9,481	0	0	0	0	0	9,481
thereof value of developed land	2,066	0	0	0	0	0	2,066
Other tangible fixed assets	16,325	0	0	1,365	(518)	0	17,171
Total	29,606	0	0	1,441	(522)	0	30,525

Write-ups, amortization, depreciation and impairment in € thousand	Cumulative	Revaluations	Depr./amort.	Carrying amount as at 31/12/2014 from continued operations	Carrying amount as at 31/12/2014 from discontinued operations
Intangible fixed assets	(3,758)	0	(165)	115	115
Goodwill	0	0	0	0	91
Software and miscellaneous	(3,758)	0	(165)	115	24
Tangible fixed assets	(16,812)	0	(1,366)	9,840	301
Land and buildings used by the Group for own purposes	(2,864)	0	(156)	6,617	0
thereof value of developed land	0	0	0	2,066	0
Other tangible fixed assets	(13,948)	0	(1,210)	3,223	301
Total	(20,570)	0	(1,531)	9,955	416

The following table shows the development of intangible fixed assets and tangible fixed assets during 2013:

Cost of acquisition or production in € thousand	Balance as at 1/1/2013	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as at 31/12/2013
Intangible fixed assets	4,168	0	(17)	142	0	0	4,292
Goodwill	139	0	(10)	0	0	0	128
Software and miscellaneous	4,029	0	(7)	142	0	0	4,164
Tangible fixed assets	28,834	0	(74)	890	(6)	0	29,644
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	19,697	0	(74)	890	(6)	0	20,507
Total	33,002	0	(91)	1,032	(6)	0	33,936

in € thousand	Write-ups, amortization, depreciation and impairment			Carrying amount as of 31/12/2013	Carrying amount as of 31/12/2013 from continued operations	Carrying amount as of 31/12/2013 from discontinued operations
	Cumulative	Revaluations	Depr./amort.			
Intangible fixed assets	(3,979)	0	(257)	314	199	115
Goodwill	(43)	0	0	85	0	85
Software and miscellaneous	(3,936)	0	(257)	229	199	30
Tangible fixed assets	(19,367)	0	(1,501)	10,276	9,795	482
Land and buildings used by the Group for own purposes	(2,364)	0	(156)	6,773	6,773	0
thereof value of developed land	0	0	0	2,006	2,006	0
Other tangible fixed assets	(17,003)	0	(1,346)	3,503	3,021	482
Total	(23,346)	0	(1,758)	10,591	9,994	597

For reasons of materiality, no detailed overview of implications of IFRS 5 on the development of fixed assets is provided for 2013.

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

(24) Other assets

in € thousand	2014	2013
Tax assets	5,619	2,625
Current tax assets	5,110	1,186
Deferred tax assets	509	1,439
Loans and advances arising from non-banking activities	64	1,080
Prepayments and other deferrals	1,201	1,491
Clearing claims from securities and payment transfer business	126	0
Current assets	572	525
Any other business	0	118
Total	7,583	5,839

Deferred taxes break down as follows:

in € thousand	2014	2013
Deferred tax assets	509	1,439
Total (net)	509	1,439

Der Saldo latenter Steuern stammt aus folgenden Posten:

in € thousand	2014	2013
Tangible and intangible fixed assets	0	999
Provisions	516	327
Other liabilities	0	56
Other balance sheet items	4	124
Deferred tax assets	519	1,507
Loans and advances to customers	0	56
Trading assets	11	12
Deferred tax liabilities	11	68
Net deferred taxes	509	1,439

(25) Assets held for sale

in € thousand	2014	2013
Cash reserve	35	38
Loans and advances to credit institutions	6,245	8,069
Loans and advances to customers	32	1,317
Derivative financial instruments	242	0
Securities and financial investments	2,628	3,837
Intangible fixed assets	115	115
Tangible fixed assets	302	482
Other assets	55,130	59,925
Total	64,728	73,782

"Other assets" include inventories of the commodity trading subsidiaries, which marginally declined compared to the previous year period further to a decline in demand and the general economic situation.

(26) Liabilities to credit institutions

in € thousand	2014	2013
Giro and clearing business	23,864	13,943
Money market business	47,490	92,729
Total	71,354	106,672

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

in € thousand	2014	2013
Austria	37,630	75,608
Other countries	33,724	31,065
Total	71,354	106,672

(27) Liabilities to customers

in € thousand	2014	2013
Sight deposits	191,145	107,172
Time deposits	30,095	10,065
Total	221,241	117,237

Liabilities to customers are comprised of the following:

in € thousand	2014	2013
Corporate customers - large	32,593	34,791
Retail customers - private individuals	188,647	82,446
Total	221,241	117,237

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	2014	2013
Austria	37,513	41,394
Other countries	183,727	75,843
Total	221,241	117,237

(28) Provisions

in € thousand	Balance as at 1/1/2014 from continued operations	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/12/2014 from continued operations	Balance as at 31/12/2014 from discontinued operations
Severance payments	3,845	0	1,183	(15)	(551)	0	4,463	692
Retirement benefits	0	0	0	0	0	0	0	487
Taxes	189	0	0	(117)	(71)	0	0	301
Current	189	0	0	(117)	(71)	0	0	155
Deferred	0	0	0	0	0	0	0	146
Pending legal issues	3,526	0	606	0	0	0	4,132	0
Overdue vacation	1,327	0	38	0	0	0	1,365	341
Other	8,172	0	4,977	(1,531)	(6,984)	0	4,635	1,995
Total	17,059	0	6,805	(1,662)	(7,606)	0	14,596	3,815

in € thousand	Balance as at 1/1/2013	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/12/2013	Balance as at 31/12/2013 from continued operation	Balance as at 31/12/2013 from discontinued operations
Severance payments	5,044	0	653	0	(1,425)	(4)	4,267	3,845	422
Retirement benefits	449	0	14	0	0	0	462	0	462
Taxes	1,027	0	157	(542)	(318)	(71)	252	189	64
Current	995	0	157	(542)	(287)	(70)	252	189	64
Deferred	32	0	0	0	(31)	(2)	0	0	0
Pending legal issues	3,247	0	279	0	0	0	3,526	3,526	0
Overdue vacation	1,671	0	162	(124)	(37)	(3)	1,668	1,327	341
Other	11,587	0	9,647	(2,143)	(7,599)	(168)	11,323	8,172	3,150
Total	23,026	0	10,911	(2,810)	(9,380)	(247)	21,500	17,059	4,440

For reasons of immateriality no detailed description of the implication of IFRS 5 for the 2013 financial year is provided.

(29) Trading liabilities

in € thousand	2014	2013
Negative fair values of derivative financial instruments	1,165,380	995,626
from trading in certificates with option character	1,000,862	885,881
from OTC options	150,431	82,708
from trading in warrants	2,525	1,819
from trading in OeTOB products	0	11,524
from trading in EUREX options	6,068	9,967
from trading in other options	5,494	3,727
Issued certificates (guarantee bonds)	424,838	497,847
Short-selling of trading assets	692,916	625,631
Total	2,283,134	2,119,104

Trading liabilities include structured guarantee products issued by Raiffeisen Centrobank such as the 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.

In the course of the termination of derivatives trading on the OeTOB in Vienna, transactions in derivatives were relocated to the European derivatives exchange EUREX.

(30) Derivative financial instruments

in € thousand	2014	2013
Negative fair value of derivatives in fair value hedges (IAS 39)	0	222
Interest-based transactions	0	222
Negative fair values of other derivative financial instruments	398	70
Currency-based transactions	398	70
Total	398	292

This item also 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.

(31) Other liabilities

in € thousand	2014	2013
Accruals and deferred items	331	194
Clearing claims from securities and payment transfer business	0	12
Any other business	6,541	5,197
Total	6,872	5,403

Other liabilities comprise primarily liabilities to the tax authorities.

(32) Liabilities held for sale

in € thousand	2014	2013
Liabilities to credit institutions	11,072	10,573
Liabilities to customers	2,108	2,626
Provisions	3,815	4,440
Derivative financial instruments	0	52
Other liabilities	13,867	20,856
Total	30,862	38,548

(33) Equity

in € thousand	2014	2013
Consolidated equity	93,831	94,166
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	39,581	39,915
Group net profit	8,894	12,422
Non-controlling interests	(506)	(329)
Total	102,219	106,258

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 26.

"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 Management Board will propose to the Annual General Meeting that a dividend of € 11.00 per ordinary share be distributed from the balance sheet profit in the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2014, amounting to € 10,268 thousand. This represents a total dividend payment of € 7,205 thousand. An amount of € 3,000 thousand will be allocated to free reserves and the remaining amount of € 63 thousand will be carried forward to the new balance sheet.

Disclosures to financial instruments

(34) Breakdown of the remaining terms to maturity

2014 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	2,898	0	0	0	0
Loans and advances to credit institutions	154,219	48,077	175,064	0	0
Loans and advances to customers	55,472	7,188	955	12,080	8,002
Impairment losses on loans and advances	(75)	0	0	0	0
Trading assets	296,951	200,329	350,818	1,100,882	188,515
Securities and financial investments	5,154	0	41,693	0	0
Available-for sale financial assets	7,086	57,733	0	0	0
Other assets	8,399	7,175	2,026	33	0
Total assets	530,104	320,503	570,557	1,112,995	196,517
Liabilities to credit institutions	23,864	46,450	1,039	0	0
Liabilities to customers	191,145	10,468	19,627	0	0
Trading liabilities	424,837	100,086	323,054	1,119,629	315,527
Liabilities held for sale	11,298	19,405	0	0	0
Other liabilities	10,135	10,711	1,180	0	0
Subtotal	661,279	187,120	344,901	1,119,629	315,527
Equity	102,219	0	0	0	0
Total equity and liabilities	763,498	187,120	344,901	1,119,629	315,527

2013 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	4,337	0	0	0	0
Loans and advances to credit institutions	100,743	153,970	14,398	0	0
Loans and advances to customers	48,415	6,911	13,330	14,749	15,519
Impairment losses on loans and advances	(93)	0	0	0	0
Trading assets	338,453	246,674	193,311	1,122,072	133,207
Securities and financial investments	5,153	0	9,770	0	0
Available-for-sale financial assets	8,836	53,773	11,174	0	0
Other assets	14,729	1,145	0	0	0
Total assets	520,573	462,472	241,983	1,136,821	148,726
Liabilities to credit institutions	16,977	89,050	645	0	0
Liabilities to customers	107,172	1,612	8,452	0	0
Trading liabilities	0	0	0	0	0
Liabilities held for sale	497,847	157,276	234,614	950,802	278,566
Subordinated capital	10,905	28,137	0	0	0
Other liabilities	19,861	2,382	1	15	0
Subtotal	652,764	278,457	243,713	950,817	278,566
Equity	106,258	0	0	0	0
Total equity and liabilities	759,022	278,457	243,713	950,817	278,566

(35) Foreign currency volumes

Continued operations consist of the following volumes of assets and liabilities denominated in foreign currency:

in € thousand	2014	2013
Assets	642,128	474,834
Liabilities	590,608	421,291

(36) Assets pledged as collateral

The Group pledges assets as collateral mainly for securities lending transactions and for margining purposes on derivative liabilities.

The subsequent chart includes assets from securities lending transactions accepted as collateral for liabilities.

in € thousand	2014	2013
Loans and advances	1,506	1,875
Total	1,506	1,875

The subsequent chart depicts assets from derivatives and stock exchange transactions with other restrictions on disposal accepted as collateral for liabilities.

in € thousand	2014	2013
Loans and advances	135,123	91,429
Trading assets	33,405	75,783
Securities and financial investments	9,989	9,065
Total	178,517	176,278

The subsequent table shows liabilities from derivatives and stock exchange transactions with other restrictions on disposal accepted as collateral for liabilities.

in € thousand	2014	2013
Other liabilities	188,645	168,267
Total	188,645	168,267

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

in € thousand	2014	2013
Securities and other financial assets accepted as collateral	1,193	2,705

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

Significant Restrictions regarding access to or usage of Group assets

Statutory, contractual or regulatory requirements might restrict the ability of the Group to access and transfer assets freely to or from other Group entities and settle liabilities.

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

in € thousand		2014 Otherwise restricted with liabilities		2013 Otherwise restricted with liabilities
	Pledged		Pledged	
Loans and advances	1,506	135,123	1,875	91,429
Trading assets	0	33,405	0	75,783
Securities and financial investments	0	9,989	0	9,065
Total	1,506	178,517	1,875	176,278

(37) Offsetting of financial assets and liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in Raiffeisen Centrobank's balance sheet or are subject to a legally enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the balance sheet.

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

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

2014 Assets in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet Financial instruments	Related amounts not set off in the balance sheet Cash collateral received	Net amount
Derivatives	54,726	0	54,726	32,222	22,039	465
Reverse purchase, securities lending & similar agreements	1,193	0	1,193	1,193	0	0
Total	55,919	0	55,919	33,415	22,039	465

In 2014, assets which were not subject to legally enforceable netting agreements amounted to € 2,674,757 thousand (2013: € 2,473,001 thousand). Moreover, liabilities which are not subject to legally enforceable netting agreements totaled € 2,484,447 thousand in 2014 (2013: € 2,328,991 thousand).

2014 Liabilities in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet Financial instruments	Related amounts not set off in the balance sheet Cash collateral pledged	Net amount
Derivatives	143,504	0	143,504	32,222	105,324	5,959
Reverse purchase, securities lending & similar agreements	0	0	0	0	0	0
Total	143,504	0	143,504	32,222	105,324	5,959

2013 Assets in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet Financial instruments	Related amounts not set off in the balance sheet Cash collateral received	Net amount
Derivatives	35,781	0	35,781	25,111	10,272	399
Reverse purchase, securities lending & similar agreements	1,793	0	1,793	0	1,793	0
Total	37,574	0	37,574	25,111	12,065	399

2013 Liabilities in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet Financial instruments	Related amounts not set off in the balance sheet Cash collateral pledged	Net amount
Derivatives	74,996	0	74,996	25,111	44,471	5,415
Reverse purchase, securities lending & similar agreements	0	0	0	0	0	0
Total	74,996	0	74,996	25,111	44,471	5,415

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

(38) Derivative financial instruments

The total volume of the unsettled derivative financial instruments in continued operations as at 31 December 2014 comprises the following:

2014 in € thousand	Nominal amount by maturity				Fair values	
	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	1,836,135	2,169,822	1,404,910	5,410,866	109,739	(1,165,778)
Interest rate contracts	26,300	200	0	26,500	0	(707)
OTC products						
Interest rate swaps	0	0	0	0	0	0
Options on interest-rate instruments	0	200	0	200	0	0
Products traded on stock exchange						
Interest rate futures	26,300	0	0	26,300	0	(707)
Foreign exchange and gold contracts	100,818	4,469	42,511	147,797	470	(14,998)
OTC products						
Forward exchange contracts	84,788	0	0	84,788	186	(398)
Gold contracts	0	2,969	0	2,969	41	0
Products traded on stock exchange						
Currency futures	16,030	0	0	16,030	210	0
Other currency contracts/gold contracts	0	1,500	42,511	44,011	34	(14,600)
Equity/index contracts	1,616,998	1,998,080	1,335,903	4,950,981	107,552	(1,026,044)
OTC products						
Equity-/index-based options – purchased	121,366	365,123	191,919	678,408	96,493	0
Equity-/index-based options – sold	158,758	802,928	605,392	1,567,078	0	(112,701)
Other equity-related contracts	16,777	19,000	0	35,777	163	0
Products traded on stock exchange						
Equity/index futures	626,012	55	0	626,067	1,081	(2,082)
Equity/index options	517,081	97,421	0	614,503	9,740	(13,463)
Other equity contracts	177,005	713,552	538,592	1,429,148	75	(897,797)
Commodities transactions	77,833	146,652	14,338	238,823	1,569	(99,388)
Precious metals transactions	14,186	20,422	12,158	46,765	148	(24,640)

Derivative financial instruments from continued operations show a positive fair value of € 242 thousand as at 31 December 2014 and relate exclusively to foreign exchange contracts.

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 from continued operations, as at 31 December 2013 comprises the following:

31/12/2013	Nominal amount by maturity				Fair values	
in € thousand	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	1,765,862	1,542,738	706,417	4,015,017	119,079	(995,918)
Interest rate contracts	46,624	15,924	0	62,548	1,439	(296)
OTC products						
Interest rate swaps	5,624	15,724	0	21,348	699	(232)
Options on interest-rate instruments	0	200	0	200	1	0
Products traded on stock exchange						
Interest rate futures	41,000	0	0	41,000	739	(64)
Foreign exchange and gold contracts	110,506	0	14,737	125,243	48	(25,888)
OTC products						
Forward exchange contracts	70,286	0	0	70,286	41	(70)
Gold contracts	11,835	0	0	38,391	0	0
Products traded on stock exchange						
Currency futures	16,566	0	0	16,566	0	(774)
Other currency contracts/gold contracts	11,819	0	14,737	26,556	7	(25,044)
Equity/index contracts	1,454,297	1,386,871	668,079	3,509,247	114,587	(846,785)
OTC products						
Equity-/index-based options –purchased	64,143	295,092	178,066	537,301	87,254	0
Equity-/index-based options –sold	170,754	473,137	283,725	927,616	0	(73,230)
Other equity/index contracts	0	35,762	0	35,762	549	0
Products traded on stock exchange						
Equity/index futures	762,250	597	0	762,847	16,567	(28,598)
Equity/index options	319,036	63,351	0	382,387	9,237	(8,366)
Other equity contracts	138,114	518,932	206,288	863,334	980	(736,591)
Commodities transactions	107,031	127,219	11,415	245,666	2,962	(105,634)
Precious metals transactions	47,403	12,724	12,186	72,313	43	(17,315)

Derivative financial instruments from discontinued operations show a negative fair value of € 52 thousand as at 31 December 2013 and relate exclusively to foreign exchange contracts.

(39) Fair value of financial instruments

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

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

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

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

Fair value of financial instruments reported at fair value

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

In Raiffeisen Centrobank, well-known valuation techniques are used to measure OTC derivatives. For example, interest rate swaps, cross currency swaps or forward rate agreements are measured using the customary discounted cash flow model for these products. OTC options, such as equity foreign exchange options or caps and floors, are based on valuation models which are in line with market standards. For plain vanilla options (American and European exercise) the Black Scholes model and binominal model pursuant to Cox, Ross and Rubinstein are applied. Asian options are calculated with the Curran approximation, barrier options with the Heynen-Kat model and spread options with the Kirk model.

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

For OTC derivatives, credit value adjustments (CVA) are used to cover expected losses from lending business. The CVA will depend on the expected future exposure (expected positive exposure) and the probability of default of the contractual partner. A further element of the CVA involves determining a probability of default for each counterparty. Where direct credit default swap (CDS) quotations are available, Raiffeisen Centrobank calculates the market-based probability of default and, implicitly, the loss-given-default (LGD) for the respective counterparty. The probability of default for counterparties which are not actively traded on the market is calculated by assigning a counterparty's internal rating to a sector and rating-specific CDS curve. The valuation result due to changed credit risk of the counterparty is disclosed under note (5) Net trading income, interest-based transactions.

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

in € thousand	31/12/2014			31/12/2013		
	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	428,814	1,708,682	0	470,983	1,562,742	0
Positive fair values of derivative financial instruments ¹	60,890	48,664	0	59,472	59,574	0
Structured products	0	139,539		0	159,024	0
Shares and other variable-yield securities	296,571	380	0	337,431	1,022	0
Bond, notes and other fixed-interest securities	71,353	339,309	0	74,080	523,563	0
Call/time placements for trading purposes	0	1,180,790	0	0	819,559	0
Financial assets at fair value through profit and loss	41,693	0	0	9,770	0	0
Shares and other variable-yield securities	0	0	0	0	0	0
Bonds, notes and other fixed-interest securities	41,693	0	0	9,770	0	0
Derivatives (hedging)	0	0	187	1	32	0
Positive fair values of derivatives in fair value hedges (IAS 39)	0	0	187	1	32	0

¹ Including other derivatives

in € thousand	31/12/2014			31/12/2013		
	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	557,300	1,699,480	26,752	594,400	1,494,258	30,568
Negative fair values of other derivative financial instruments ¹	132,914	1,014,008	18,856	96,607	875,827	23,314
Short selling of trading assets	424,386	453		497,793	54	
Issued certificates (guarantee bonds)	0	685,020	7,896	0	618,377	7,254
Derivatives (hedging)	0	0	0	222	0	0
Negative fair values of derivatives in fair value hedges (IAS 39)	0	0	0	222	0	0

¹ Including other derivatives

In assets held for sale reported at fair value derivative financial instruments (31 December 2014: € 242 thousand, 31 December 2013: € 0 thousand) are classified as level II. Item "Securities and financial investments" (31 December 2014: € 2,682 thousand, 31 December 2013: € 3,837 thousand) include exclusively securities of Level III.

In liabilities held for sale reported at fair value include derivative financial instruments (31 December 2014: € 0 thousand, 31 December 2013: € 52 thousand) classified as Level II.

Movements between Level I and Level II

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

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

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

In 2014, mainly derivative financial instruments on the equity and liabilities side were transferred between Level I and Level II driven by a reduced market liquidity of individual products.

Movements to and from Level III

In the reporting year, there were no movements to and from Level III.

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 1/1/2014	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2014
Derivatives (hedging)	0	0	0	187	0	0	0	0	0	187
in € thousand	As at 1/1/2014	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2014
Trading liabilities	30.568	0	0	0	0	(3.816)	0	0	0	26.752

in € thousand	As at 1/1/2013	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2013
Trading liabilities	33.634	0	0	0	0	(3.065)	0	0	0	30.568

Gains and losses resulting from financial instruments of the level III hierarchy amounted in 2014 to minus € 3,816 thousand (2013: minus € 3,065 thousand).

Qualitative information for the measurement of level III financial instruments

Financial assets in € thousand	Type	Fair value	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contract	187	Discounted cash flow method	Interest rate	10-30%
Total		187			

Financial liabilities in € thousand	Type	Fair value	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of derivative financial instruments	OTC-options	18,856	Option model	Closing period	2 - 16%
				Currency risk	0 - 5%
				Volatility	0 - 3%
				Index-category	0 - 5%
Structured products (guarantee bonds)	Certificates	7,896	Option model	Closing period	0 - 3%
				Bid/ask spread	0 - 3%
				Volatility	0 - 3%
				Index-category	0 - 2.5%
Total		26,752			

Fair value of financial instruments not reported at fair value

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

31/12/2014 in € thousand	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	0	2,898	0	2,898	2,898	0
Loans and advances to credit institutions	0	377,361	0	377,361	377,361	0
Loans and advances to customers	0	55,498	28,224	83,697	83,697	0
Equity participations	0	0	5,154	5,154	5,154	0
Liabilities						
Liabilities to credit institutions	0	71,354	0	71,354	71,354	0
Liabilities to customers	0	221,241	0	221,241	221,241	0

31/12/2013 in € thousand	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	0	4,337	0	4,337	4,337	0
Loans and advances to credit institutions	0	269,111	0	269,111	269,111	0
Loans and advances to customers	0	48,415	50,510	98,925	98,925	0
Equity participations	0	0	5,153	5,153	5,153	0
Liabilities						
Liabilities to credit institutions	0	106,672	0	106,672	106,672	0
Liabilities to customers	0	117,237	0	117,237	117,237	0

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

The subsequent tables relate exclusively to continued operations:

in € thousand	2014	2013
Contingent liabilities	447	447
Other guarantees	447	447
Credit risks	0	1,053
Irrevocable credit lines/standby facilities	0	1,053
Up to 1 year	0	1,053

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

in € thousand	2014	2013
Revocable credit lines/standby facilities	2,368	5,098
Up to 1 year	2,368	5,098

(41) Risk report

Principles

In 2014, Raiffeisen Centrobank again pursued a prudent risk strategy. Business opportunities and earnings potential are realized based on active risk management by taking risk in a targeted and controlled manner. The Bank has a system of risk instruments in place for measuring and monitoring risks. In all relevant areas of risk efficient monitoring and controlling instruments are available enabling the competent bodies to react to market opportunities and specific banking business risks.

As a subsidiary of Raiffeisen Bank International, Raiffeisen Centrobank is integrated into the risk management process of the RZB Credit Institution Group, safeguarding that all major risks are identified, measured and controlled on Group-level and ensuring that transactions are concluded exclusively if particular risk/reward relations are complied with.

Risk governance

The Management Board of Raiffeisen Centrobank is responsible for all risks of the Bank as well as for implementing a risk strategy. The Management Board is supported in implementing these tasks by an independent risk management unit, which is clearly separated from the front offices.

Risk management at Raiffeisen Centrobank is split into three categories:

- Credit Risk & ICAAP (counterparty and country risk, overall bank management)
- Market risk (market and liquidity risk)
- Operational risk

The central risk management units are responsible for the adequate and appropriate implementation of the Bank's risk management process. These units are the Risk Management Committee (RMK), the Internal Limit Committee (ILC), the Operational Risk Management Committee (ORMK) and the Asset and Liability Committee (ALCO).

The RMK, which meets weekly, addresses all issues and regulations in the area of risk management of the Bank and the commodity trading subsidiaries focusing in particular on credit risk market risk and operational risk. Overdrafts overdue loans and advances and necessary value adjustments are reported in due course and recommendations for the Management Board are developed.

The ILC, which meets every second week, decides within its competency (depending on type and amount of the limit) on counterparty, country and market risk limits. Large exposures require the approval of the Supervisory Board. Once a year, the aggregate of large exposures is reported to the Supervisory Board.

The ORMK, which meets once a quarter, establishes an appropriate framework for operational risk management and defines and approves an adequate risk strategy. Moreover, risk assessments, scenario analyses and risk indicators are discussed and approved and material events of default and resulting measures to be taken are analyzed.

The ALCO, which meets once a month, continuously evaluates the macroeconomic environment and controls and assesses interest rate risk, liquidity risk and balance sheet structural risk.

In November 2014, the Risk Committee pursuant to §39d Austrian Banking Act met. The risk management reported on the major risks and the risk situation of Raiffeisen Centrobank.

Risk management system at Raiffeisen Centrobank

Raiffeisen Centrobank employs a comprehensive risk management system taking into account all legal, business and regulatory requirements. The applied processes and models are subject to ongoing review and further development. The key components of the risk management systems are compliance with regulatory capital requirements pursuant to Basel III, limiting specific banking risks and providing an adequate risk coverage sums as well as permanent supervision and control of litigation risks within a comprehensive Internal Control System.

1. Capital requirements to limit market risk, credit risk and operational risk

To secure capital adequacy for credit risk, market risk and operational risk pursuant to Basel III, Raiffeisen Centrobank applies the standard approach. To calculate option-related non-linear risks the scenario matrix method is employed.

Details on capital requirements per risk category are depicted in item (47).

2. Identifying and limiting specific banking business risks (ICAAP)

Within ICAAP (Internal Capital Adequacy Assessment Process) Raiffeisen Centrobank has implemented a process to determine the overall banking risk potential and risk-bearing capacity. The risk-bearing capacity is analyzed quarterly for both the going concern (VaR with a confidence level of 95 per cent and three months retention period) and liquidation scenario (VaR with a confidence level of 99.9 per cent, three months retention period) and supports the Management Board in managing the overall banking risk. As a subordinate company of Raiffeisen Zentralbank, Raiffeisen Centrobank is integrated into the ICAAP of Raiffeisen Zentralbank and Raiffeisen Bank International on a consolidated basis.

3. Internal Control System

Raiffeisen Centrobank has implemented a Group-wide modern Internal Control System that meets the requirements of the Company. All banking processes and immanent risks are documented and respective controls are set up and reviewed. Process descriptions, risks and monitoring are reviewed semi-annually and are continuously optimized.

The Internal Audit at Raiffeisen Centrobank regularly reviews the efficiency and correctness of the overall risk management including the Internal Control System. The results are reported in writing to the Management Board and the Chairman of the Supervisory Board. Moreover, quarterly meetings are held with the Management Board and the senior management to discuss current review reports and the status of applied actions.

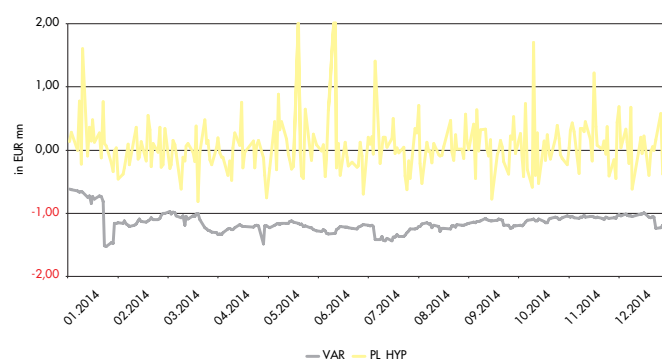
Major risks

Market risk

The Company defines market risk as the risk of possible losses arising from changes in market prices (equity and commodity prices, changes in interest rates and exchange rates). As the main focus of the business activities of Raiffeisen Centrobank is in securities trading and the issue of equity-index based derivatives and structured products (certificates and guarantee bonds), the top priority of Raiffeisen Centrobank is to counteract market risk. Raiffeisen Centrobank measures, monitors and manages all market risks by setting a variety of limits set up by the Management Board in accordance with the Group-wide Market Risk Committee. The multi-level differentiated limit system includes volume, position and sensitivity limits (delta,

gamma, vega and basis point value) as well as stop-loss limits, depending on the type of transaction.

In market risk management, the VaR is employed, which furnishes forecasts on potential 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 above chart depicts the performance of VaR (VAR) and theoretical P&L (PL_HYP - profit and loss that would have occurred in a constant portfolio and actually recorded market movements) in 2014.

In addition to VaR, Raiffeisen Centrobank uses back tests to evaluate market risk. Back tests simulate the performance of the portfolio under abnormal market situations and atypical price movements.

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 (counterparty credit risk).

The major credit risks of Raiffeisen Centrobank result from positions of purchased debt instruments, tradable money market deposits and OTC options serving primarily to hedge issued certificates and structured products as well as from margin positions relating to OTC and stock exchange transactions. This affects primarily members of the RZB Credit Institution Group and to a limited extent other financial institutions. 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 (financing (commodity trading) subsidiaries, lombard loans, other loans to private and corporate customers).

Credit risk management is based on counterparty-related nominal limits which are comprehensively monitored by the Internal Control System for credit risks. The limits are approved- depending on type and size- by the respective hierarchical competence authority scheme. Credit decisions are taken depending on the assessment of the counterparty credit risk taking into account the rating and applicable credit risk mitigating measures like financial collaterals (e.g. cash or equity). In the Group-wide default and rating data base customers are registered and evaluated and events of default are documented. The whole lending decision corresponds to regulatory requirements and RZB Group Directives.

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

in € thousand	Balance as at 1/1/2014	Changes in consolidation range	Allocation	Release	Use	Transfer. exchange differences	Balance as 31/12/2014
Individual loan loss provisions	93	0	0	- 18	0	0	75
Loans and advances to customers	93	0	0	- 18	0	0	75
thereof Austria	93	0	0	- 18	0	0	75
Total	93	0	0	- 18	0	0	75

in € thousand	Balance as at 1/1/2013	Changes in consolidation range	Allocation	Release	Use	Transfer. exchange differences	Balance as 31/12/2013
Individual loan loss provisions	110	0	0	- 16	0	0	93
Loans and advances to customers	110	0	0	- 16	0	0	93
thereof Austria	110	0	0	- 16	0	0	93
Total	110	0	0	- 16	0	0	93

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

2014 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	377,361	0	377,361	0	377,361
Corporate customers - large	49,428	0	49,428	0	49,428
Retail customers - private individuals	34,269	75	34,194	75	34,194
Total	461,058	75	460,983	75	460,983

2013 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	269,111	0	269,111	0	269,111
Corporate customers - large	60,952	0	60,952	0	60,952
Retail customers - private individuals	37,973	93	37,880	93	37,880
Total	368,036	93	367,943	93	367,943

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. No loans and advances to credit institutions, corporate customers and retail customers were overdue neither as at 31 December 2014 nor on 31 December 2013.

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:

31/12/2014 Impairments and collateral 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
Retail customers – private individuals	75	75	0	0	0
Total	75	75	0	0	0

31/12/2013 Impairments and collateral 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
Retail customers – private individuals	93	93	0	0	0
Total	93	93	0	0	0

The following table shows the maximum credit risk exposure and the fair value of collaterals:

2014	Maximum credit exposure		Fair value of collaterals
in € thousand	Net exposure	Commitments/ guarantees issued	Reselling/ repledging allowed
Credit institutions	377,361	275	275
Corporate customers – large	49,428	717	25,987
Retail customers – private individuals	34,194	1,823	30,166
Total	460,983	2,815	56,428

31.12.2013	Maximum credit exposure		Fair value of collaterals
in € thousand	Net exposure	Commitments/ guarantees issued	Reselling/ repledging allowed
Credit institutions	269,111	275	275
Corporate customers – large	60,952	5,311	30,089
Retail customers – private individuals	37,880	1,012	29,806
Total	367,943	6,599	60,171

Collateral ready to be sold or repledged in the absence of default of the debtor amounted to € 56,428 thousand (2013: € 60,171 thousand).

Operational risk

Operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. This risk category is analyzed and managed on the basis of the results of regular self-assessments, standardized key risk indicators, scenario analyses and internal historical data.

Events of default in operational risk are registered in the Group-wide data basis ORCA (Operational Risk Controlling Application) and are recognized separately by business segment and type of event. Measures taken are also documented and linked with the event of default.

Liquidity risk

Liquidity risk is calculated based on a liquidity model developed in cooperation with Raiffeisen Bank International. Daily balance sheet items of Raiffeisen Centrobank are separated by maturity bands and currencies, their inflows and outflows are modelled based on pre-defined factors. The liquidity requirement in different maturity bands is limited by means of regulatory limits as well as by limits determined by Raiffeisen Bank International.

2014 in € thousand	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	1,417,221	1,417,221	672,780	295,753	349,933	98,755
Liabilities to credit institutions	71,354	71,354	259	71,095	0	0
Liabilities to customers	221,241	221,241	191,146	30,095	0	0
Other liabilities	1,124,626	1,124,626	481,375	194,563	349,933	98,755
Derivative liabilities	1,165,778	1,165,778	36,267	143,091	782,993	203,426
Derivatives in the trading book	1,165,380	1,165,380	36,267	142,693	782,993	203,426
Other derivatives	398	398	0	398	0	0
Credit risks	0	0	0	0	0	0
Irrevocable credit commitments/ standby facilities	0	0	0	0	0	0

2013 in € thousand	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	1,352,738	1,418,745	661,710	220,994	477,823	58,218
Liabilities to credit institutions	106,672	110,300	2,199	108,101	0	0
Liabilities to customers	117,237	120,767	110,662	10,105	0	0
Other liabilities	1,128,829	1,187,678	548,849	102,788	477,823	58,218
Derivative liabilities	995,918	1,031,037	169,412	108,801	498,787	254,037
Derivatives in the trading book	995,626	1,030,745	169,342	108,579	498,787	254,037
Hedging derivatives	222	222	0	222	0	0
Other derivatives	70	70	70	0	0	0
Credit risks	1,053	1,053	0	1,053	0	0
Irrevocable credit commitments/ standby facilities	1,053	1,053	0	1,053	0	0

Moreover, regular liquidity stress tests are carried out and the time-to-all in the stress scenario is monitored in different currencies. Inflows need to surpass outflows for a period of at least 30 days in a crisis scenario (market crisis, name crisis and scenario of both). Calculations confirm an adequate liquidity surplus for the 2014 financial year.

In accordance with Group-internal directives, the minimum liquidity coverage ratio (LCR) was calculated on a monthly basis for internal controlling purposes and reported to the Austrian National Bank. In the financial year 2014 the LCR constantly exceeded 60 per cent.

The Net Stable Funding Ratio and Leverage Ratio were calculated and included into the monitoring in the 2014 financial year.

Overall bank management

For Raiffeisen Centrobank active risk management means the identification, measurement, monitoring and management of specific banking risks as well as the provision of adequate capital resources. In the course of monitoring the overall bank risk (ICAAP), Raiffeisen Centrobank has implemented a process to identify the overall bank risk potential and the risk bearing-capacity. This risk bearing capacity analysis is a top priority in risk management.

The risk appetite (overall bank VaR limit) comes up to 80 per cent of the risk coverage sum. The quarterly risk-bearing capacity analysis focuses on the going concern (VaR with a confidence interval of 95 per cent and 3 months retention period) and liquidation perspective (VaR with a confidence interval of 99.9 per cent, 3 months retention period).

Risk measurement uses the subsequent approaches:

Market risk: calculation of the VaR based on a historical Monte Carlo simulation with a time frame of 3 months

Credit risk and equity participation risk: determination of a VaR consistent risk value based on a modified IRB approach.

The equity participation risk includes not only carrying amounts in the banking book of (unlisted) equity participations but also loans to participations

Operational risk: calculation of a VaR based on regulatory capital requirements coupled with a modeling through generalized Pareto distribution.

Other risks (such as e.g. business risk, reputation risk, balance sheet risk). Coverage is effected by various risk buffers.

The subsequent table shows the distribution of risk relating to the economic capital (VaR) at the respective balance sheet date:

Going-concern-perspective	31/12/2014	31/12/2013	Liquidationperspective	31/12/2014	31/12/2013
1. Market risk	33.8 per cent	34.7 per cent	1. Market risk	10.3 per cent	11.1 per cent
2. Credit risk	13.7 per cent	16.4 per cent	2. Credit risk	19.3 per cent	19.5 per cent
3. Operational risk	12.7 per cent	12.2 per cent	3. Operational risk	33.6 per cent	33.5 per cent
4. Business risk	2.9 per cent	4.1 per cent	4. Business risk	0.9 per cent	1.3 per cent
5. Equity participation risk	25.2 per cent	20.3 per cent	5. Equity participation risk	12.1 per cent	10.6 per cent
6. Other risks	11.6 per cent	12.3 per cent	6. Other risks	23.8 per cent	23.9 per cent

As a subordinate company, Raiffeisen Centrobank is integrated into the ICAAP of RZB on a consolidated basis. Raiffeisen Centrobank is provided with monthly ICAAP reports. These analyses include a going concern perspective with a confidence interval of 95 per cent and a target rating perspective with a confidence interval of 99.95 per cent.

Other Disclosures

(42) Foreign assets/liabilities

Assets and liabilities with counterparties from continued operations outside Austria are as follows:

in € thousand	2014	2013
Assets	676,651	660,604
Liabilities	388,009	215,203

(43) Fiduciary business

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

in € thousand	2014	2013
Securities and financial investments	7,091	7,091
Fiduciary assets	7,091	7,091
Other fiduciary liabilities	7,091	7,091
Fiduciary liabilities	7,091	7,091

Fiduciary business from discontinued operations amounted to € 0 thousand as at 31 December 2014 (€ 2,000 thousand as at 31 December 2013).

(44) Operating lease

Future rental and lease payments from continued operations are as follows:

in € thousand	2014	2013
Up to 1 year	589	588
1 to 5 years	2,358	2,354
Total	2,947	2,942

Disclosures based on Austrian regulations

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

in € thousand	2014 Listed	2014 Unlisted	2013 Listed	2013 Unlisted
Bonds and notes issued by public bodies	64,912	0	32,454	0
Bonds, notes and other fixed-interest securities	239,352	0	340,119	0
Shares and other variable-yield securities	301,406	137,472	356,441	145,312

(46) Volume of the securities trading book

in € thousand	2014	2013
Securities	3,280,409	3,153,900
Other financial instruments	5,325,406	3,933,572
Total	8,605,815	7,087,472

(47) Capital management and own funds pursuant to CRR/CRD IV and Austrian Banking Act

Capital was and is an integral part of bank management. Regulatory values are defined for Raiffeisen Centrobank on an individual basis by the Austrian Banking Act (BWVG) based on adequate guidelines of the EU and on the applicable regulation of the European Parliament (CRR). Raiffeisen Centrobank uses target values for internal regulation, which comprise all risk types (including trading book, currency risk and operational risk). The current planning/budgeting is shaped by the developments in Basel and Brussels regarding the advancement and harmonizing of own funds regulations.

The main focus in the control is on the common equity tier 1 and total equity 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.

Current regulatory developments and passed capital measures

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

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

Moreover, the European Central Bank (ECB) took over supervision of large banks in the Eurozone, whose total assets exceed € 30 billion or 20 per cent of the country's economic performance in November 2014. As part of the RZB Credit Institution Group, Raiffeisen Centrobank partly falls under ECB supervision.

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

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

The impacts of regulatory requirements are displayed and analyzed in scenario calculations by Raiffeisen Centrobank on an ongoing basis. Possible effects are included in planning and steering, if necessary.

Calculation of eligible tier 1 was based on Part 2 and calculation of total own funds requirement was based on article 92 CRR. The own funds of Raiffeisen Centrobank break down as follows:

in € thousand and per cent	2014
Paid-in capital	47,599
Earned capital	44,721
Core capital (Tier 1 capital)	92,320
Deductions intangible fixed assets	(115)
Deductions from Tier 1 capital (prudent valuation)	(4,464)
Eligible Tier 1 capital (after deductions)	87,740
Total own funds	87,740
Total own funds requirement	54,639
Total Tier 1 ratio	12.8%
Own funds ratio in %	12.8%

in € thousand	2014
Risk-weighted assets (total RWA)	682,985
Total own funds requirement for credit risk	22,333
Standardized approach	20,860
CVA risk	1,473
Total own funds requirement for positions in bonds, equities, commodities and open currency positions	20,766
Total own funds requirement for operational risk	11,539
Total own funds requirement	54,639

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

in € thousand	2014
Risk-weighted assets according to standardized approach	260,754
Central governments and central banks	556
Public bodies	68
Institutions	112,167
Corporates	109,830
Equity participations	15,803
Positions with particularly high risk	3,582
Other positions	18,747
CVA risk	18,409
Total	279,163

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

in € thousand	2013
Paid-in capital	47,599
Earned capital	41,721
Intangible fixed assets	(205)
Core capital (tier- 1 capital)	89,115
Deductions from core capital	0
Eligible core capital (after deductions)	89,115
Long-term supplementary capital	0
Additional own funds (tier- 2 capital)	0
Deduction items	0
Eligible additional own funds (after deductions)	0
Total own funds	89,115
Total own fund requirement	57,436
Excess own funds	31,679
Excess cover ratio	155.2%
Core tier 1 ratio, credit risk	47.0%
Core tier 1 ratio, total	12.4%
Own funds ratio	12.4%

The total own funds requirement is composed as follows:

in € thousand	2013
Risk-weighted assets according to section 22 Austrian Banking Act	189,788
thereof 8 per cent own funds for the credit risk according to sections 22a to 22h Austrian Banking Act	15,183
Own funds requirement for position risk in bonds, equities and commodities	29,937
Own funds requirement for open currency positions	342
Own funds requirement for operational risk	11,974
Total own funds requirement	57,436

(48) Average number of staff

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

Average	2014	2013
Salaried employees	202	205
Wage employees	9	10
Total	211	215

Employees from discontinued operations come up on average to 110 persons as at 31 December 2014 (31 December 2013: 124)

Reporting date	2014	2013
Salaried employees	195	207
Wage employees	9	10
Total	204	217

Employees from discontinued operations come up as of reporting date to 103 persons as at 31 December 2014 (31 December 2013: 122).

(49) 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 are divided into the following categories:

- The parent companies are Raiffeisen Zentralbank Österreich Aktiengesellschaft, Raiffeisen Bank International AG, RZB 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 companies valued at equity.
- Other interests.

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

As at 31 December 2014 transactions from continued operations with related parties were as follows:

in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	230,536	3,289	2,737	0
Loans and advances to customers	0	0	514	0
Trading assets	1,544,445	104,703	0	0
Securities and financial investments	0	16	5,135	0
Other assets (incl. derivatives)	0	208	15	0
Liabilities to credit institutions	1	9,602	16	0
Liabilities to customers	0	85	8	0
Provisions	671	0	0	0
Trading liabilities	21,168	3,084	12,801	0
Other liabilities (incl. derivatives)	7,174	997	2	0

As at 31 December 2013 transactions from continued operations with related parties were as follows:

in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	171,949	4,178	3,094	0
Loans and advances to customers	0	0	514	0
Trading assets	1,371,389	119,792	796	0
Securities and equity participations	0	234	5,135	0
Other assets (incl. derivatives)	21	64	9	0
Liabilities to credit institutions	77,265	2,512	1,962	0
Liabilities to customers	0	740	1	0
Provisions	1,825	0	0	0
Trading liabilities	23,741	2,644	0	288
Other liabilities (incl. derivatives)	3,191	2,789	21	0

31/12/2014 in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Interest income	1,381	46	15	0
Interest expenses	(115)	(1)	(1)	0
Fee and commission income	10,933	1,327	270	0
Fee and commission expenses	(230)	(4,902)	(117)	0
Profit/loss due to non-inclusion of non-financial	0	1	0	0

31/12/2013 in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Interest income	978	59	12	0
Interest expenses	(194)	(336)	(1)	0
Fee and commission income	5,372	76	3,376	0
Fee and commission expenses	(269)	(2,933)	(179)	0

(50) Relations to key management

Remuneration of the Management Board

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

in € thousand	2014	2013¹
Current remuneration	2,416	2,697

¹ Adjustment of previous year data

There are no contractual obligations regarding remuneration to previous members of the Management Board.

The relations of members of the Management Board of Raiffeisen Centrobank AG to the Raiffeisen Centrobank Group are as follows:

in € thousand	2014	2013
Sight deposits	1,365	1,348

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

in € thousand	2014	2013
Sight deposits	65	105

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

Remuneration of the Supervisory Board

in € thousand	2014	2013
Remuneration Supervisory Board	95	110

The members of the Supervisory Board received attendance fees totaling € 95 thousand for the period 2014 (2013: € 110 thousand).

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

(51) Members of the Management Board, the Supervisory Board and State Commissioners

Management Board	Eva Marchart Alfred Michael Spiss Gerhard Grund Wilhelm Celeda	(Chief Executive Officer until 31 December 2014) (Deputy Chief Executive Officer until 31 December 2014) (Member of the Management Board until 31 December 2014) Chief Executive Officer as of 1 January 2015 (Member of the Management Board until 31 December 2014)
	Markus Kirchmair	Member of the Management Board as of 1 January 2015
Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman
	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman (until 31 December 2014)
	Karl Sevelda Chief Executive Officer, Raiffeisen Bank International AG, Vienna	1st Deputy Chairman (since 1 January 2015) 2nd Deputy Chairman (until 31 December 2014)
	Johann Strobl Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna,	Member (until 29 April 2014))
	Hannes Mösenbacher Division Head, Raiffeisen Bank International AG, Vienna	Member (since 29 April 2014)
	Werner Kaltenbrunner Division Head, Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker, Tamara Els	

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management Board

(52) Significant Events after the Balance Sheet Date

In realizing the exit strategy as defined by RBI with regard to the Centrote trade subsidiaries, a Share Purchase Agreement was signed in January 2015 relating to the sale of the four rubber trading subsidiaries. The closing is expected to take place in mid-2015.

(53) Group composition**Consolidation range**

Number of fully consolidated associated companies changed as follows:

Number of units	2014	2013
As at beginning of period	12	13
Excluded in the financial period	0	(1)
As at end of period	12	12
Hereof discontinued operations	11	11

List of fully-consolidated companies

Company, registered headquarters (country)	Subscribed capital in local in currency		Share in %	of which indirectly ¹	Type ²
Centrote trade Chemicals AG, Zug (CH)	5,000,000	CHF	100.0%		SU
Centrote trade Commodities Malaysia Sdn Bhd, Kuala Lumpur, (MY)	1,400,000	MYR	100.0%		SU
Centrote trade Deutschland GmbH, Eschborn (DE)	410,000	EUR	100.0%		SU
Centrote trade Holding AG, Vienna (AT)	3,000,000	EUR	100.0%		SU
Centrote trade Minerals & Metals Inc., Chesapeake (US)	2,000	USD	100.0%		SU
Centrote trade Singapore Pte. Ltd., Singapore (SG)	500,000	SGD	100.0%		SU
Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	100.0%		FI
Raiffeisen Investment Ltd., 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 LLC, Bucharest (RO)	159,130	RON	100.0%		FI
Raiffeisen Investment Financial Advisory Services Ltd. Co.	70,000	TRL	99.0%		FI
Raiffeisen Centrote bank AG, Vienna (AT)	47,599,000	EUR	100.0%		KI

Other companies not included in consolidation

Company, registered headquarters (country)	Subscribed capital in local in Währung		Share in %	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
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
RI Investments, Warsaw (PL)	500,000	PLN	100.0%		FI
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 in %	of which indirectly ¹	Type ²
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000	EUR	0.0%		KI
ACG Bor Glasworks, Bor City (RU)	418,956,270	RUB	7.4%	7.4%	SU
Cellmed Research GmbH, Krems (AT)	1,718,907.47	EUR	5.8%		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
RSC Raiffeisen Service Center, Vienna (AT)	2,000,000	EUR	0.1%		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

Structured units

The following table shows, by type of structured entity, the carrying amounts of Group's interest recognized in the balance sheet (exclusively funds) as well as the maximum exposure to loss resulting from these interests. The carrying amounts presented below do not reflect the true variability of returns because they do not take into account these effects of collateral or hedges.

2014 in € thousand	Loans and advances	Equities	Debt instruments	Derivatives
Funds	0	26,269	0	0
Total	0	26,269	0	0

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

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

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

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

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

Below is a description of the Group's involvements in non-consolidated structured entities by type:

Funds

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

Financial support

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

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

Categorization of financial assets and financial liabilities and their measurement

The measurement categories for financial instruments pursuant to IAS 39 do not equate to the principal line items in the statement of financial position. Relationships between the principal line items in the statement of financial position and the measurement standard applied are described in the table "Categories of financial instruments according to IFRS 7" and in the notes under (1) Income statement according to measurement categories and (13) Statement of financial position according to measurement categories.

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

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

a. Trading assets 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.

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 instruments are bonds, notes and other fixed-interest securities as well as shares and other variable-yield securities. These financial instruments are valued at fair value under IAS 39. 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".

The financial liabilities are mostly structured bonds. The fair value of these financial liabilities is calculated by discounting the contractual cash flows with a credit-risk-adjusted yield curve, which reflects the level at which the Group could issue similar financial instruments at the reporting date. The market risk parameters are evaluated according to similar financial instruments that are held as financial assets.

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. These financial instruments are mainly recorded under item "Loans and advances to credit institutions" and "Loans and advances to customers".

They are measured at amortized cost. If impairment occurs it is taken account of when determining the amortized cost. Impairment provisions and provisions for losses that have occurred but have not yet been identified are reported in the income statement under item "Impairment losses on loans and advances". Profits from the sale of impaired loans are recognized in the income statement under item "Provisioning for impairment losses".

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 or if the available-for-sale financial asset is sold.

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".

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

5. Financial liabilities

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

Derecognition of financial assets and liabilities

a. Derecognition of financial assets

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

b. Derecognition of financial liabilities

The Group derecognizes a financial liability if the obligations of the Group have been paid, expired or revoked.

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 2014 nor in 2013.

Offsetting of financial instruments

In the case of identity of borrower and lender, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instrument is provided in item (37) "Offsetting financial assets and liabilities".

Derivative financial instruments

Within the operating activity, Raiffeisen Centrobank carries out different transactions with derivative financial instruments for trading and hedging purposes. Raiffeisen Centrobank uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. Raiffeisen Centrobank applies derivatives in order to meet the requirements of the clients concerning their risk management, to manage and secure risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in trading profit or in valuation result from derivative financial instruments, 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 hedging relationship.

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

Additional information on derivatives is provided in the notes (38) "Derivative financial instruments".

Hedge accounting

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

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. Cash flow hedge

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

Fair value

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

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

Measurement method using observable parameters (level II)

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

Measurement 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.

Further information to measurement methods and quantitative information for determination of fair value is shown under Notes (39) Fair value of financial instruments.

Amortized cost

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

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			IAS 39 category
	Fair Value	Amortised Cost	Other	
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
Debt securities issued		X		Financial liabilities
Debt securities issued	X			Financial assets at fair value through profit and loss
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

Impairment losses on loans and advances

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

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

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

Credit 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.

Securities lending

Raiffeisen Centrobank concludes securities lending transactions with banks or customers in order to meet delivery obligations or to conduct security sale and repurchase agreements. Securities lending transactions are shown in the same way as genuine sale and repurchase agreements. This means loaned securities continue to remain in the securities portfolio and are valued according to IAS 39. Borrowed securities are not recognized and not valued. Cash collateral provided by Raiffeisen Centrobank for securities lending transactions are shown as a claim under "Loans and advances to credit institutions" or "Loans and advances to customers" while collateral received is shown as "Liabilities to credit institutions or "Liabilities to customers" in the balance sheet.

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".

Consolidation principles

Subsidiaries

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

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

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

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

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

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

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

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

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

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

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

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

Changes in the Group's participation quota of existing subsidiaries

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

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

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

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

Associated companies

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

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

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

Business combinations

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

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

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.

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. Impairment is shown in "Net income from financial investments".

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. They are shown under "General administrative expenses". 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.

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.

Non-current assets held for sale and discontinued operations

Non-current assets and discontinued operations are classified as held for sale when the related carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is only considered met if the sale is highly probable and the asset (or discontinued operation) is immediately available for sale and furthermore that the management has committed itself to a sale. Moreover, the sale transaction must be due to be completed within 12 months.

Non-current assets and discontinued operations classified as held for sale are valued at the lower amount of their original carrying value or fair value less costs to sell and are reported under other assets. Income from non-current assets held for sale and discontinued operations are reported under other operating income.

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

Other provision

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.

These types of provision are reported in the balance sheet under item "Provisions". Allocation to the various types of provision is performed by means of various items in the income statement. Restructuring provisioning, provisioning for legal risks and other employee benefits are recorded in "General administrative expenses". Provision allocations that are not assigned to a corresponding general administrative expense are as a matter of principle booked against other operating income.

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 an employee who has left the company. There are no pension commitments to people who are already retired. The actual calculation of the company's provisions for retirement benefits is based on the following assumptions:

in per cent	2014	2013
Discount rate	2.0	3.5
Expected increase in retirement benefits	0.0	2.0

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

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

in per cent	2014	2013
Discount rate	2.0	3.5
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.

Further details on "Provisions for pensions and similar obligations" are provided in the notes under item (28).

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.

Employee compensation plans

In Raiffeisen Centrobank variable compensation is based on a bonus pool that has fixed minimum and maximum levels and thus defines maximum payout values.

As of the fiscal year 2011, the general and specific principles for the allocation, the claim and the payment of variable remuneration (including the payment of the deferred portion of the bonus) for identified staff ("risk personnel") are applied:

- 60 per cent of the annual bonus will be paid
- 40 per cent of the annual bonus will be deferred over a period of five years (deferral period).

Raiffeisen Centrobank does not fulfill the obligation arising from Clause 11 of the Annex to Section 39b of the Austrian Banking Act (BWG) which stipulates that at least 50 per cent of the variable remuneration of risk personnel must be paid out in the form of shares or similar non-cash instruments.

For Management Board Members of Raiffeisen Centrobank AG, the stipulations pursuant to RZB Group Directive Total Rewards Management are applied, which provide for allocation, claim and payment of variable remuneration (including payment of the deferred portion of the bonus) for identified staff ("risk personnel").

- 60 per cent of the annual bonus will be paid out on a proportional basis as 50 per cent cash immediately (up-front), and 50 per cent through a phantom share plan (see details below), which will pay out after a holding period (retention period) of one year.
- 40 per cent of the annual bonus will be deferred over a period of five years (deferral period) and will be paid out on a proportionate basis as 50 per cent in cash and 50 per cent through a phantom share plan.

The allocation, the claim and the payment of the variable remuneration (including the payment of a portion of the deferred bonus) depend on the following criteria:

- earning a net profit,
- the achievement of the legally required core tier 1 ratio of Raiffeisen Centrobank and of the Raiffeisen Bank International Group
- the performance of the business area and the affected person.

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 Mergers & Acquisitions. 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 Advisory GmbH, 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 (24) "Other assets" or (31) "Other liabilities".

Current taxes and movements of deferred taxes are recognized in the income statement. In case that they are linked to items which are recognized in other comprehensive income, current and deferred taxes are also directly recognized in other comprehensive income.

Tax assets and tax liabilities of other Group companies are comprised in item (24) "Other assets" or item (28) "Provisions" respectively.

Other comprehensive income

Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. 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. Revaluations of defined benefit plans are reported in income and expenses recognized directly in equity that are not reclassified in the income statement.

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. Loan loss provisions for contingent liabilities and irrevocable loan commitments are reported under provisions for liabilities and charges.

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 activities 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 28ff.

Disclosures regarding the nature and scope of risks

In addition to the information pertaining to risks arising from financial instruments disclosures in the Notes, in particular section (41) "Risk Report" provides detailed explanations on the topics of market risks, credit risks, operational risks and liquidity 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 CRR/CRD IV and the Austrian Banking Act".

Application of new and revised standards

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

The amendments of IAS 32 clarify existing application issues relating to the offsetting of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right to set off” and “simultaneous realization and settlement”. The application of the revised version of IAS 32 has no material impact on the consolidated financial statements of Raiffeisen Centrobank.

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

The revised IAS 27 will only be relevant for separate financial statements. The application of the revised version of IAS 27 has no impact on the consolidated financial statements of Raiffeisen Centrobank.

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

Joint ventures are added to the scope of the revised IAS 28, since, under IFRS 11, joint ventures may only be included in the consolidated financial statements according to the equity method. The application of the revised version of IAS 28 has no impact on the consolidated financial statements of Raiffeisen Centrobank.

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

IFRS 10 replaces the parts of IAS 27 (Consolidated and Separate Financial Statements) that deal with consolidated financial statements. SIC-12 (Consolidation – Special Purpose Entities) is replaced by IFRS 10. In IFRS 10, there is only one basis for consolidation, namely control. Under IFRS 10, control exists if an investor has all three of the following elements: (a) controlling influence over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in the standard to deal with complex scenarios. The application of the revised version of IFRS 10 has no impact on the consolidated financial statements of Raiffeisen Centrobank.

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

IFRS 11 replaces IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). IFRS 11 deals with how a joint arrangement should be classified. Joint arrangements are classified as a contractual agreement in which two or more parties practice joint management. Joint management can extend to a joint venture or a joint operation. In contrast to IAS 31, accounting for jointly controlled assets is no longer addressed separately in IFRS 11; the rules for joint ventures are applied. The classification of a joint arrangement as joint operation or joint venture depends on the rights and obligations of the parties to the agreement. In addition, joint ventures under IFRS 11 must be accounted for using the equity method, whereas jointly controlled entities under IAS 31 can be accounted for using proportionate consolidation or the equity method. The application of IFRS 11 has no impact on the consolidated financial statements of Raiffeisen Centrobank.

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

IFRS 12 is a disclosure standard regarding statements in the notes and is applicable to entities that have interests in subsidiaries, joint arrangements (joint ventures or joint operations), associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are far more extensive than those in the current standards.

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

These amendments provide an exception to the consolidation requirements of subsidiaries in IFRS 10 (Consolidated Financial Statements). This applies if the parent company meets the definition of an “investment company” (for example, certain mutual funds). These entities measure their investments in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 (Financial Instruments) or IAS 39 (Financial Instruments: Recognition and Measurement). These amendments have no impact on the consolidated financial statements of Raiffeisen Centrobank.

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

As a result of these amendments, the transition guidance in IFRS 10, IFRS 11 and IFRS 12 is clarified and additional relief provided in all three standards. Adjusted comparative information is only required for the preceding comparative period. In addition, in connection with the disclosures in the notes on non-consolidated structured entities there is no obligation to provide comparative information for periods that precede the first-time application of IFRS 12.

Amendments to IAS 36 (Recoverable amount disclosures for non-financial assets; entry into force January 1, 2014)

The changes represent a correction of the disclosure rules that were changed more extensively than intended in connection with IFRS 13. These relate to impaired assets for which the recoverable amount is equivalent to fair value less costs of disposal. At present, the recoverable amount must be disclosed regardless of impairment. The correction now restricts the disclosure to actual impairments, but extends the disclosures to be made in such cases.

Amendments to IAS 39 (Novation of OTC derivatives and continuation of hedging relationship; entry into force January 1, 2014)

As a result of the amendments, derivatives remain designated as hedging instruments in existing hedging relationships despite novation. Novation refers to cases in which the original parties to a derivatives contract agree that a central counterparty shall replace their original counterparty to become the counterparty to each of the original parties. The fundamental requirement is that the use of a central counterparty is required by law or regulation. Moreover, changes to contractual arrangements must be limited to those that are necessary for novation. The objective of the amendments is to avoid any impact on hedge accounting as a consequence of the write-off of the derivative on the conversion of the contract to a central counterparty. These changes have no material impact on the consolidated financial statements of Raiffeisen Centrobank.

IFRIC 21 (Levies; entry into force on January 1, 2014)

IFRIC 21 contains guidance as to when a liability is to be recognized for a levy imposed by a government (e.g. bank levies). The obligating event for the recognition of a liability is identified as the activity that triggers payment according to the relevant legislation. Levies do not have to be recognized until the obligating event has occurred. The obligating event may also occur gradually over a period of time and the liability is therefore recognized progressively.

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

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

IAS 19 (Employee contributions; entry into force July 1, 2014)

The amendments will clarify the provisions that relate to the allocation of employee or third-party contributions linked to service to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent on the number of years of service performed. These amendments have no material impact on the consolidated financial statements of Raiffeisen Centrobank.

Annual Improvements to IFRS – 2010–2012 cycle (entry into force July 1, 2014)

The Annual Improvements to IFRS – 2010–2012 cycle include numerous amendments to various IFRS. The amendments are effective for annual periods beginning on or after January 1, 2014. These amendments have no material impact on the consolidated financial statements of Raiffeisen Centrobank.

Annual Improvements to IFRS – 2011–2013 cycle (entry into force July 1, 2014)

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

Standards and interpretations not yet applicable (not yet endorsed by the EU)**IFRS 9 (Financial Instruments; entry into force January 1, 2018)**

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

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

IFRS 9 also includes an irrevocable option to recognize subsequent changes in the fair value of an equity instrument (not held for trading purposes) in other comprehensive income and to recognize only dividend income in the profit and loss statement. With regard to the measurement of financial liabilities (designated as measured at fair value through profit or loss), IFRS 9 requires that changes in fair value arising out of changes in the default risk of the reporting entity are to be recognized in other comprehensive income. However, this does not apply if recognition of such changes in other comprehensive income was to create or increase an accounting inconsistency in or compared to the profit and loss statement. Changes in fair value attributable to a reporting entity's own credit risk may not be subsequently reclassified to profit or loss. RCB anticipates that the application of IFRS 9 in the future may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the impact of IFRS 9 until a detailed review has been completed.

The published version of IFRS 9 no longer includes an effective date, as the completion of the outstanding project phases is still pending. In February 2014, the IASB decided that the mandatory date of the initial application of IFRS 9 will be January 1, 2018.

IFRS 15 (Revenue from contracts with customers; entry into force January 1, 2017)

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

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

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

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

The amendments to IFRS 11 (Recognition of acquired shares of a joint arrangement) modifies IFRS 11, so that the acquirer of shares of a joint arrangement representing a business operation as defined in IFRS 3, has to apply all principles regarding the recognition of business combinations according to IFRS 3 and other IFRS, as far as they do not contradict other rules of IFRS 11.

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

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

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

These amendments allow investors in separate financial statements to use the option of recognizing shares in subsidiaries, joint ventures or associated entities at equity.

Amendments to IFRS 10/IAS 28 (Disposal or contribution of financial assets between an investor and an associated entity or joint venture; entry into force January 1, 2016)

The amendments clarify that revenue recognition of transactions with an associated entity or joint venture is dependent on the fact that the disposed or contributed financial assets represent a business operation.

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

Amendments and clarifications to several IFRS.

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management 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 2014 to 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2014 and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2014 and of its financial performance and its cash flows for the year from 1 January to 31 December 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

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

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

Vienna, April 15, 2015
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Josef Kirchknopf
(Austrian Chartered Accountant)

Management Report of Raiffeisen Centrobank AG for the 2014 financial year

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 Conditions

The macroeconomic conditions made for a very challenging business environment in 2014. The situation in Europe was driven by the conflict between Russia and Ukraine and the associated economic sanctions imposed by the EU Commission, continued low interest rates, and the stagnating economy. The Eurozone saw economic highs and lows in 2014. These were reflected above all in the sentiment indicators, which climbed at the beginning of the year but then lost ground again in the second half of the year. While the economic upswing continued to steam ahead in the USA, the Eurozone fell behind the expectations as it stagnated at only 0.8 per cent annualized growth, with private consumption and a recovery in exports preventing a slide into negative territory. Nevertheless, a series of factors pointed to the possible positive development of the Eurozone economy over the medium term. These especially include the expansive monetary policy of the European Central Bank, good prospects for the export industry thanks to the weak euro, and the burgeoning US and British economies. The low oil price, which is not only boosting consumer purchasing power but also decreasing costs for companies, is also good news. The Austrian economy steadily lost momentum over the course of 2014. The third quarter brought a low point, when the real gross domestic product contracted by 0.3 per cent in annualized terms between July and September. This weak recovery was above all the result of declining private investment activity. The Russia-Ukraine conflict remained one of the primary risk factors, especially for investment decisions in the Eurozone. In contrast, the USA entered a self-sustaining upswing that will likely last through 2015. The economy there was more robust than it has been since 1980 with few exceptions.

Financial Markets

While the Federal Reserve decided to end its bond purchasing program in October 2014, taking an important step towards normalizing its monetary policy, the European Central Bank (ECB) decided to expand its securities purchases to include government bonds in response to the threat of deflation in the Eurozone. According to the ECB, the key interest rates will go no lower. The yield difference between two-year German and American government bonds remained the key determinant of the EUR/USD exchange rate. This yield difference widened to the benefit of the US dollar between the summer and end of 2014. The EUR/USD rate was at just under 1.20 at the end of the year. Little is expected to change in the diverging monetary policies of the Fed and ECB in 2015.

On the equity markets, the USA showed the best performance. Driven by the strong economic expansion and the resulting corporate earnings growth, the S&P 500 rose by 15 per cent, showing the highest gains of any developed market. The Nikkei 225 also rose by 7.1 per cent, buoyed by the capital being pumped into the system by the Japanese National Bank. Developments in Europe varied widely. While Germany's DAX managed to climb by 2.7 per cent, the regional Eastern Europe index of the Vienna Stock Exchange (CECE) lost 6 per cent, Britain's FTSE 2.7 per cent, and Austria's ATX 15 per cent. The negative performance of the ATX can be attributed to the Russia-Ukraine crisis, the generally weak economic development of the Eurozone, and profit warnings from some companies. Russia's MICEX gained ground again over the course of the year. However, these gains must be viewed in the context of the massive devaluation of the Russian ruble, which lost one third against the euro.

Commodity Markets

Starting at a closing price for the year of USD 2265/t (Singapore Exchange: TSR 20), natural rubber prices fell substantially in January, then stabilized to a certain extent, and rose again starting at the end of February (USD 1790/t) to reach USD 2006/t. The subsequent price decline lasted until the end of April (USD 1646/t). The subsequent sideways trend was interrupted by a brief jump at the end of June (USD 1795/t), and prices then fell steadily until the beginning of October (USD 1387/t). After reaching USD 1600/t at the end of October, the closing price for 2014 was USD 1522/t. The price fell to around USD 1400/t in the middle of January 2015. Supply continued to exceed demand, which was reflected in the low price level.

The olefins that are traded by Centrotech Chemicals correlate with the oil price. This was below USD 110/bbl for the majority of the first half of the year, and rose to around USD 115/bbl at the end of June due to the unrest in Iraq. This climb was only brief, and was wiped out by a drastic slide in the second half of the year (especially starting in September). The closing price for the year was roughly USD 56/bbl.

Development of Business and Earnings 2014

Development of Earnings

With an operating income of € 61.856 million and operating expenses of € 46.193 million, an operating result of € 15.663 million was generated in the 2014 financial year. Under consideration of net valuations and net proceeds in the amount of minus € 3.300 million, the result on ordinary activities came to € 12.364 million. The previous year result on ordinary activities which amounted to € 21.657 million was undercut by € 9.293 or 42.9 per cent.

Due to the challenging market environment, the operating income 2014 fell by 11.7 per cent or € 8.206 million to € 61.856 million. The decline in operating income is attributable to a negative net interest income, lower net fee and commission income and a decline in income from shares, share rights and variable-yield securities. This decline could not be offset by a rise in net profit on financial trading activities.

The negative net interest income is primarily due to higher interest expenses related to the issue of structured products which contrasts to a positive valuation result from tradable money market deposits in the trading profit.

The decline in net fee and commission income results from a negative net fee and commission income in the securities business related to higher commissions to foreign partners and lower commission income from the M&A business, which could only partly be offset by higher income from equity capital market transactions.

in € million	2014	2013	Change
Operating income	61.856	70.062	(11.7%)
Staff expenses	(27.327)	(28.684)	(4.7%)
Other administrative expenses	(15.007)	(16.617)	(9.7%)
Depreciation	(1.710)	(1.754)	(2.5%)
Other operating expenses	(2.148)	(0.728)	>100.0%
Operating expenses	(46.193)	(47.784)	(3.3%)
Operating result	15.663	22.278	(29.7%)
Value adjustments, net proceeds	(3.300)	(0.621)	>100.0%
Result on ordinary activities	12.364	21.657	(42.9%)
Taxes	(3.766)	(5.147)	(26.8%)
Net profit for the year	8.598	16.510	(47.9%)

Net profit on financial trading activities improved compared to the previous year period, which, in terms of volume, is primarily due to the expansion of the certificates and sales business. In contrast thereto, there is a negative valuation result further to market-related adjustments in tradable money market deposits.

Operating expenses came up to € 46.193 million and were by 3.3 per cent or € 1.591 million below the previous year result of € 47.784 million. Staff expenses amounting to € 27,327 million and other administrative expenses summing up to € 15,007 million both undercut the previous year values by € 1.357 million and € 1.611 million, respectively. This is mainly attributable to lower provisions for bonus payments, which were partly compensated by higher provisions for severance payments. In other administrative expenses, legal, advisory and consultancy services declined, sundry administrative expenses decreased in particular due to lower staff expenses charged, whereas expenses for communication recorded an increase.

The cost/income ratio, which had come up to 68.2 per cent in 2013, rose to 74.7 per cent further to the decline in operating income.

The change in valuation results and net proceeds results mainly from a negative valuation result in the amount of € 2.070 million (2013: € 0.002 million) in securities classified as current assets and from higher provisions for potential losses in affiliated companies in the amount of € 0.950 million.

The result on ordinary activities 2014 amounted to € 12.364 million compared to € 21.657 million in the previous year.

In the 2014 financial year, income taxes came to € 0.253 million (2013: € 1.964 million). The decline is primarily attributable to tax income from the settlement of the group charge for the years 2005 to 2007 (€ 1.136 million).

Other taxes amounted to € 3.512 million in the 2014 financial year (2013: € 3.183 million). They include value-added taxes and bank levies which rose by € 1.077 million to € 2.060 million compared to the previous year period further to a legal change in the calculation method).

The net income for the year amounts to € 8.598 million (2013: € 16.510 million).

Balance sheet development

Compared to December 2103, the balance sheet total rose by roughly 9 per cent from roughly € 2,499 million to roughly € 2,713 million.

On the asset side, the most significant change compared to 2013 was in the item "Loans and advances to credit institutions" (roughly 62 per cent of the balance sheet total on 31 December 2014 and roughly 53 per cent on 31 December 2013). The item increased by roughly € 371 million to roughly € 1,691 million, and contains mainly tradable money market deposits (roughly € 1,181 million), unlisted bonds (roughly € 133 million.) and collateral for securities transactions and securities lendings (roughly € 97 million). Interbank deposits which rose by roughly € 55 million to roughly € 223 million compared to the previous year exclusively comprise deposits at Raiffeisen Bank International (previous year: € 167 million). Compared to the previous year, collateral increased by roughly € 8 million, unlisted bonds dropped by € 97 million, whereas tradable money market deposits rose by roughly € 361 million.

"Bonds, notes and other fixed-interest securities" (roughly 9 per cent of the balance sheet total on 31 December 2014 and roughly 14 per cent on 31 December 2013) declined by roughly € 101 million to roughly € 239 million compared to the previous year. The decline is mainly due to a drop in listed bonds substituted by tradable money market deposits.

The item "Shares and other variable-yield securities (roughly 16 per cent of the balance sheet total on 31 December 2014 and roughly 20 per cent on 31 December 2013) fell by roughly € 63 million to roughly € 439 million, mainly as a result of the decline in foreign shares by roughly € 50 million.

The shares, purchased options and zero bonds 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 4 per cent of the balance sheet total on 31 December 2014 and roughly 5 per cent on 31 December 2013) declined, mainly in listed options, by roughly € 11 million to roughly € 117 million.

The item "Loans and advances to customers" (roughly 5 per cent of the balance sheet total on 31 December 2014 and roughly 6 per cent on 31 December 2013) recorded a decrease by roughly € 15 million to roughly € 126 million. This decline is mainly attributable to a lower loan volume in the corporate customer segment.

The item "Bonds and notes issued by public bodies" (roughly 2 per cent of the balance sheet total on 31 December 2014 and roughly 1 per cent on 31 December 2013) contains Austrian or German government bonds.

Zero bonds, structured notes and tradable deposits purchased by RBI in relation to the issuing activities in the certificates business 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 € 1,500 million (December 2013: roughly € 1,315 million). In addition "Other assets" include OTC options purchased from RBI in the amount of roughly € 45 million.

On the equity and liabilities side "Other liabilities" (roughly 56 per cent of the balance sheet total on 31 December 2014 and roughly 58 per cent on 31 December 2013) recorded a rise by roughly € 63 million. The item "Liabilities to credit institutions" (roughly 3 per cent of the balance sheet total on 31 December 2014 and roughly 4 per cent on 31 December 2013) declined by roughly € 37 million to € 75 million is mainly due to lower money market deposits of Austrian banks. The growth in item "Other liabilities" by roughly € 63 million to roughly € 1,515 million is primarily attributable to an increased volume of certificates by roughly € 87 million, while short-sellings of trading assets fell by roughly € 67 million. Short-sellings 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 rise in item "Liabilities to customers" (roughly 8 per cent of the balance

sheet total on 31 December 2014 and roughly 5 per cent on 31 December 2013) by roughly € 99 million to roughly € 230 million is primarily attributable to higher liabilities of foreign customers.

"Securitized liabilities" (roughly 28 per cent of the balance sheet total on 31 December 2014 and roughly 27 per cent on 31 December 2013) increased by roughly € 95 million to roughly € 772 million, primarily as a result of issuing new bonds.

"Provisions" (roughly 1 per cent of the balance sheet total on 31 December 2014 and roughly 1 per cent on 31 December 2013) declined in the comparative period from roughly € 20.1 million on 31 December 2013 to roughly € 18.6 million on 31 December 2014. This is primarily due to a reduction in provisions for bonus payments (2014: roughly € 1.8 million, 2013: € 4.4 million). Provisions for severance payments recorded an increase in particular further to higher provisions for restructuring measures.

The decline in "Net profit for the year" (roughly 0 per cent of the balance sheet total on 31 December 2014 and roughly 1 per cent on 31 December 2013) by roughly € 8.1 million to roughly € 10.3 million represents the balance of dividend payments for the 2013 financial year coming up to roughly € 13.8 million and the net income for the 2014 financial year in the amount of roughly € 8.6 million. In addition, € 3.0 million were allocated to retained earnings.

Key data

The subsequent chart depicts the key data:

in € million	2014	2013
ROE before tax	13.2%	23.7%
Cost/income ratio	74.7%	68.2%
Core capital (tier 1) after deductions	87,740	89,115
Eligible own funds	87,740	89,115
Own funds requirement	54,638	57,436
Surplus of own funds	33,101	31,679
Own funds ratio*	12.8%	12.4%
Core capital ratio**	12.8%	12.4%

2014:

*) Calculation: eligible own funds/assessment basis to determine own funds requirement pursuant to CRR

**) Calculation: core capital (tier 1)/assessment basis to determine own funds requirement pursuant to CRR

2013:

*) 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

Segment Reporting

In the 2014 financial year, it was decided to restructure the business model of Raiffeisen Centrobank and to focus the core areas of business on equity trading and sales as well as on certificates. Following these decisions, the Equity Capital Markets (ECM), Mergers & Acquisitions (M&A) business segments including the subsidiaries and the commodity trading subsidiaries will be sold or closed or will be transferred to Raiffeisen Bank International or the respective network banks.

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Raiffeisen Centrobank is the largest player in certificates and equities trading and holds a key position on the markets in Central and Eastern Europe.

Trading volume on the Vienna Stock Exchange rose by an impressive 23 per cent in annual comparison, but liquidity on other markets that are relevant for Raiffeisen Centrobank contracted further in general (Warsaw Stock Exchange minus 6 per cent, and the exchanges in Prague and Budapest fell by roughly 20 per cent each). The development of the relevant equity indices was also not uniform. Larger western European indices posted slight gains in annual comparison, while the ATX fell substantially (minus 15 per cent) and other indices in the region less substantially (such as the WIG20 at minus 3.5 per cent).

Due to the margin pressure and continued low trading volumes in long-term comparison, gross income in customer business with stocks continued to suffer, as did market making and proprietary trading in general. We are happy to report that Raiffeisen Centrobank was again the largest market participant on the Austrian equity market in 2014 with a share of 9.2 per cent of the Vienna Stock Exchange's spot market. Raiffeisen Centrobank also generated the greatest sales of any market maker and specialist on the Vienna Stock Exchange.

Institutional Equity Sales

The share of the Austrian equity market in the customer business segment was increased from 8.9 to 10.2 per cent.

The marketing activities were continued at the same high level as last year:

- 33 research roadshows
- 74 corporate roadshows
- 21 institutional lunches for Austrian institutional investors
- 5 reverse roadshows
- 27 transaction roadshows

In addition to the traditional investor conference in Zürs with a new record number of participants (60 companies, 150 investors, 1,100 one-on-one meetings), a successful investor conference was also organized in Warsaw (14 companies, 29 investors, 121 one-on-one meetings). Business with Polish investors was increased significantly through the fruitful collaboration with Raiffeisen Poland (plus 250 per cent). Significant demand for the primary market transactions we completed in the period (Raiffeisen Bank International, PORR, Telekom Austria, Electrica S.A.) was also generated through local brokers.

The successful conclusion of the Raiffeisenbank International order routing project again highlighted the central position that Raiffeisen Centrobank plays as the equity house of the Raiffeisenbank International Group. Electronic sales trading was expanded significantly and offers considerable growth potential for 2015 as well.

Trading/Market Making

Raiffeisen Centrobank again defended its market leadership in the Vienna Stock Exchange's market making segment in 2014. In the prime market, Raiffeisen Centrobank received 37 of the 39 total market maker and/or specialist mandates and was the largest market maker on the Vienna Stock Exchange with a share of 19.3 per cent.

With the transfer of the derivative instruments from the OeTOB Vienna to the Eurex Frankfurt, Raiffeisen Centrobank assumed a large number of market maker mandates for Austrian and Eastern European blue chips on the Eurex Frankfurt. In addition to the Eurex, Raiffeisen Centrobank expanded its equities, certificates, and derivatives market making activities on various foreign exchanges such as the Warsaw Stock Exchange and the Bucharest Stock Exchange by winning new mandates and expanding its market making to new product classes.

Structured Products

The very positive course of business for the Structured Products department from the prior years continued with another record result in 2014. Certificates are taking on an increasingly important role as a fixed part of a modern portfolio. Raiffeisen Centrobank saw significant growth in all of its core markets and customer groups. The outstanding market volume for Raiffeisen Centrobank certificates rose again to an all-time high of € 3.1 billion, even far surpassing the level achieved in 2006/2007. This enabled Raiffeisen Centrobank to extend its leadership on the domestic certificate market and to increase its market share by 27 per cent (corresponds to 15 per centage points). Total turnover for 2014 came to € 1.4 billion, an increase of over 10 per cent in annual comparison. With a share of over 70 per cent, bonus and guarantee certificates were the most popular product categories by far. Attractive yield potential with (partial) protection is in high demand in the current low-interest environment. This (partial) protection mechanisms offers lower risk than an investment in equities combined with a higher possible yield than is possible from an investment in bonds – an ideal combination for many investors under the current conditions. As an Austrian issuer, activity focused not only on products based on the traditionally important home market, but also on major European and global indices such as the Euro Stoxx 50 and STOXX Global Select Dividend 100 and on Eastern European blue chips.

In addition to return and security, a growing number of investors are also focusing on socially responsible investing. Raiffeisen Centrobank addressed this trend with corresponding new issues. All in all, Raiffeisen Centrobank issued 3,256 products in 2014, bringing the total of its publicly offered issues to a new record of over 4,300 as of the end of the year. In addition to the Vienna Stock Exchange, all Raiffeisen Centrobank certificates are listed on the leading European certificate exchanges in Stuttgart (EUWAX) and Frankfurt. The Eastern European exchanges in Warsaw, Prague, Budapest, and Bucharest are also becoming more important in terms of the number of listed Raiffeisen Centrobank products and turnover for these products. Another record result was achieved on the core markets in Eastern Europe. Revenue here rose by nearly 20 per cent in annual comparison. Raiffeisen Centrobank is currently active in nine countries in Central and Eastern Europe and further intensified its collaboration with the local network banks there. In addition to the record revenue and highest level of outstanding certificates ever (plus 26 per cent), more issues (subscriptions and private placements) and education measures were completed than ever before. A particular highlight during the year were successful transactions with Slovakia Tatra banka. Among other achievements, a single Bonus Certificate issue worth over € 40 million was concluded and placed in the local private banking segment. After coming out on top in 2007, 2010, and 2012, Raiffeisen Centrobank was named the best certificate house in CEE for the fourth time at the Structured Products Europe Awards 2014.

Increasing volumes of certificates are also being sold by the Raiffeisen banks in Austria. Records were set in terms of revenue and subscription volume. Numerous training measures and customer events not only increased the Bank's presence, but also improved advisor and customer knowledge about certificates. Under the continued challenging conditions, especially with regards to the regulatory framework, Raiffeisen Centrobank feels that the dissemination of knowledge and information is one of the most important sales measures for ensuring long-term success. The sustainability of Raiffeisen Centrobank's certificate business is unique in Austria and Central and Eastern Europe. The issuer is the only complete Austrian provider, both in terms of certificate types and underlyings. In addition to offering a broad product spectrum, Raiffeisen Centrobank boasts many years of active presence, extensive investor services, and innovative product ideas, and has long played a pioneering role in certificates in CEE. This high level of excellence was recognized by independent experts at the Certificate Awards Austria for the eighth time in a row. Raiffeisen Centrobank was named the best issuer in Austria.

Equity Capital Markets (ECM)

While prices in Europe trended up for the most part during the first half of 2014, geopolitical tensions in Ukraine and Russia brought substantially higher levels of volatility in the second half of the year, and most European equity markets closed the year unchanged or up slightly compared with the end of 2013. Some key exchanges in CEE including Russia and Poland failed to keep pace with the markets in western Europe. The Vienna Stock Exchange followed the CEE equity markets downward, especially in the second half of 2014, and closed the year at a loss of around 15 per cent.

Europe saw a total of 67 initial public offerings (IPOs) with an offer volume of over € 200 million each in 2014. Activity on the transaction market slowed somewhat in the second half of the year.

Raiffeisen Centrobank defended its strong position on the Vienna Stock Exchange in the Equity Capital Markets segment again in 2014 and also conducted a total of ten equity transactions in the relevant European markets together with the Raiffeisen Bank International network banks.

Highlights included the capital increase of Raiffeisen Bank International AG, the largest stock issue of the year on the Vienna Stock Exchange with a total volume of € 2.8 billion. Raiffeisen Centrobank was the joint global coordinator and joint bookrunner. This transaction was the largest stock issue on the Vienna Stock Exchange since the start of the financial crisis and significantly increased the free float to just under 40 per cent. Further highlights included the bookrunner positions for the capital increase of Porr AG (€ 119 million) and participation in the capital increase of Telekom Austria AG (€ 1 billion).

The Bank was also involved in transactions on the Romanian and Polish equity markets, including the largest initial public offering in the history of the Romanian capital market, the IPO of Electrica S.A. on the exchanges in Bucharest and London.

On the Vienna Stock Exchange, Raiffeisen Centrobank assisted BUWOG AG with its public offering through a spin-off from Immofinanz AG. Aside from the pure stock issues, Raiffeisen Centrobank acted as lead manager for a convertible bond from Warimpex Finanz- und Beteiligungs AG.

Russia, the largest market in CEE, fell well behind the performance of previous years and the expectations due to the geopolitical tensions. Issue activity in Poland was also lower than in previous years. The IPO of the asset manager Altus TFI S.A. with a volume of PLN 175 million was one of the largest issues of the year on the Warsaw Stock Exchange and underscored the increase in Equity Capital Markets (ECM) activity in the region. The Romanian equity market again saw a robust level of transactions, from which Raiffeisen profited as the market leader in the country's transaction business. The Bank was involved in two transactions with a total volume of roughly € 450 million.

In addition to the transactions in Austria and CEE, Raiffeisen Centrobank was a consortium member for two large capital market transactions in western Europe. These were the capital increase of Deutsche Bank AG, the largest stock issue in Europe with a volume of € 6.4 billion, and the largest IPO in Europe, that of NN Group N.V. on the Amsterdam Stock Exchange. Alongside numerous successfully fulfilled mandates, some planned transactions were not concluded in 2014 due to the market conditions.

Raiffeisen Centrobank is also one of the leading payment offices for Austrian companies, and currently provides these services for 19 entities.

Mergers & Acquisitions (M&A)

Market conditions in CEE's M&A segment were very challenging in Europe in 2014. The transaction volume in the region fell by around 34 per cent to € 27.4 billion, and the number of completed deals decreased by roughly 37 per cent.

Despite the difficult environment, Raiffeisen Centrobank concluded 19 transactions with a deal volume of € 2.8 billion, including:

- Mandate as a financial advisor for Orkla for the sale of Rieber Foods Polska S.A. (Delecta) to an investment fund managed by Innova Capital.
- Raiffeisen Centrobank advised Raiffeisen Leasing in the sale of REE Windparks to KELAG and Energie AG.
- Raiffeisen Centrobank was an advisor in the sale of the famous coffee brand Amigo of Panfoods Co.Ltd. (UK) / Cia. Iguacu de Cafe Soluvel (Brazil) to Strauss Coffee B.V.
- Raiffeisen Centrobank advised OMV and E.ON regarding the sale of shares in Congaz to Gaz de France.
- Together with its international partner Lazard, Raiffeisen Centrobank acted as the financial advisor for KKR for the acquisition of Serbia Broadband (SBB), the largest cable and satellite provider in the former Yugoslavia.
- Together with Lazard and the local Raiffeisen network bank, Raiffeisen Centrobank advised Panasonic Corporation in the acquisition of a 90 per cent share in Viko, a Turkish manufacturer of electrical equipment.
- The Bank also advised Agrokor Group, the largest food and retail conglomerate in the Balkan states, in the sale of its fruit juice division to Bosnian Stanic Group.

Company Research

The Company Research department published 349 company updates in 2014. This is an increase of 32 company updates compared with the previous year. A total of 226 company updates were prepared for Eastern European companies, 223 company updates for Austrian. At the end of the year, the coverage list included 138 companies in total – 37 stocks from Austrian and 101 stocks from Eastern European companies. The analysis universe was also expanded during the past year. The following companies were added: PORR, BUWOG, and FACC in Austria; PKP Cargo, Bank Handlowy, Capital Park, and Altus in Poland; Electrica in Romania; and Rosseti and MOESK in Russia.

The focus in the first half of 2014 was primary market activity. Transaction research including extensive investor education for European investors was prepared for the second public offering of BUWOG and the IPO of the Polish company Altus. Company Research assisted the local research team in Bucharest in connection with the IPO of the Romanian utility Electrica S.A.

The increase in direct contact between the analysts and investors was reflected in very extensive roadshow activity. Sector reports and roadshows on the sectors of oil and gas, IT and technology, telecommunications, banks, Russian utilities, and Polish retailers and real estate, and on country strategies for Poland, Russia, and the entire Central and Eastern Europe region were actively marketed. The destinations of the roadshows were Vienna, London, Zurich, Frankfurt, Warsaw, Prague, Helsinki, Stockholm, and Tallinn. Reverse roadshows were also organized for investors in Vienna.

Strategy Austria & CEE was prepared together with Raiffeisen Research every quarter as usual.

Company Research was also closely involved in the organization of the investor conferences in Zürs and Warsaw. Separate company updates or fact sheets were prepared for all participating companies. The analysts were also booked for intensive one-on-one meetings.

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

	2014	2013
Return-on-Equity before tax (in per cent)	13.2	23.7
Return-on-Equity after tax (in per cent)	9.1	18.1
Cost-income ratio (in per cent)	74.7	68.2

The lower profit before tax caused the Return on Equity before tax to fall by 23.7 per cent to 13.2 per cent. Accordingly, the Return on Equity after tax declined from 18.1 per cent to 9.1 per cent compared to the previous year.

As in annual comparison operating income recorded a decrease, the cost-income ratio rose from 68.2 per cent in 2013 to 74.7 per cent.

Non-Financial Performance Indicators

	2014	2013
Employees at year-end	233	259
Average number of employees	247	259
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,256	3,326

Compared to December 2013, the number of employees was reduced to 233 as at 31 December 2014. During the reporting year, the number of employees fell on average by 12 persons to 247 employees.

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 2014 rose to 3,256 representing a decline by 2 per cent.

Risk Management

Principles

In 2014, Raiffeisen Centrobank again pursued a prudent risk strategy. Business opportunities and earnings potential are realized based on active risk management by taking risk in a targeted and controlled manner. The Bank has a system of risk instruments in place for measuring and monitoring risks. In all relevant areas of risk efficient monitoring and controlling instruments are available enabling the competent bodies to react to market opportunities and specific banking business risks.

As a subsidiary of Raiffeisen Bank International, Raiffeisen Centrobank is integrated into the risk management process of the RZB Credit Institution Group, safeguarding that all major risks are identified, measured and controlled on Group-level and ensuring that transactions are concluded exclusively if particular risk/reward relations are complied with.

Risk governance

The Management Board of Raiffeisen Centrobank is responsible for all risks of the Bank as well as for implementing and developing a risk strategy. The Management Board is supported in implementing these tasks by an independent risk management unit, which is clearly separated from the front offices.

Risk management at Raiffeisen Centrobank is split into three categories:

- Credit Risk & ICAAP (counterparty and country risk, overall bank management)
- Market risk (market and liquidity risk)
- Operational risk

The central risk management units are responsible for limitation, management and control of the Bank's risks. are the Risk Management Committee (RMK), the Internal Limit Committee (ILC), the Operational Risk Management Committee (ORMK) and the Asset and Liability Committee (ALCO).

The RMK, which meets weekly, addresses all issues and regulations in the area of risk management of the Bank and the commodity trading subsidiaries focusing in particular on credit risk market risk and operational risk. Overdrafts overdue loans and advances and necessary value adjustments are reported in due course and appropriate measures are presented to the Management Board.

The ILC, which meets every second week, decides within its competency (depending on type and amount of the limit) on counterparty, country and market risk limits. Large exposures require the approval of the Supervisory Board. Once a year, the aggregate of large exposures is reported to the Supervisory Board.

The ORMK, which meets once a quarter, establishes an appropriate framework for operational risk management and defines and approves an adequate risk strategy. Moreover, risk assessments, scenario analyses and risk indicators are discussed and approved and material events of default and resulting measures to be taken are analyzed.

The ALCO, which meets once a month, continuously evaluates the macro-economic environment and controls and assesses interest rate risk, liquidity risk and balance sheet structural risk.

In November 2014, the Risk Committee pursuant to §39d Austrian Banking Act met for the first time. The risk management reported in detail on the major risks and the risk situation of Raiffeisen Centrobank.

Risk management system at Raiffeisen Centrobank

Raiffeisen Centrobank employs a comprehensive risk management system taking into account all legal, business and regulatory requirements. The applied processes and models are subject to ongoing review and further development. The key components of the risk management systems are compliance with regulatory capital requirements pursuant to Basel III, limiting specific banking risks and providing an adequate risk coverage sums as well as permanent supervision and control of litigation risks within a comprehensive Internal Control System.

1. Capital requirements to limit market risk, credit risk and operational risk

To secure capital adequacy for credit risk, market risk and operational risk pursuant to Basel III, Raiffeisen Centrobank applies the standard approach. To calculate option-related non-linear risks the scenario matrix method is employed.

2. Identifying and limiting specific banking business risks (ICAAP)

Within ICAAP (Internal Capital Adequacy Assessment Process) Raiffeisen Centrobank has implemented a process to determine the overall banking risk potential and risk-bearing capacity. The risk-bearing capacity is analyzed quarterly for both the going concern (VaR with a confidence level of 95 per cent and three months retention period) and liquidation scenario (VaR with a confidence level of 99.9 per cent, three months retention period) and supports the Management Board in managing the overall banking risk. As a subordinate company of Raiffeisen Zentralbank, Raiffeisen Centrobank is integrated into the ICAAP of Raiffeisen Bank International on a consolidated basis.

3. Internal Control System

Raiffeisen Centrobank has implemented a Group-wide modern Internal Control System that meets the requirements of the Company. All banking processes and immanent risks are documented and respective control procedures are set up and reviewed. Process descriptions, risks and monitoring are reviewed semi-annually and are optimized on an ongoing basis.

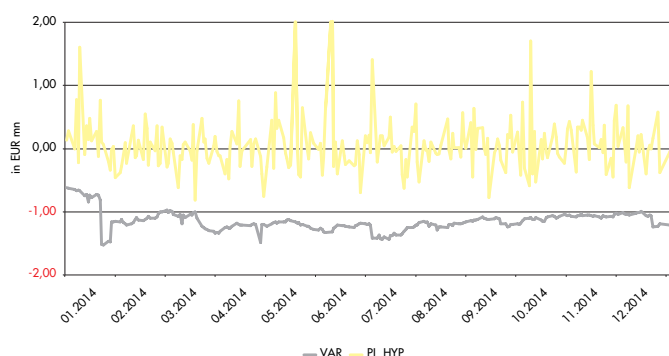
The Internal Audit at Raiffeisen Centrobank regularly reviews the efficiency and correctness of the overall risk management including the Internal Control System. The results are reported in writing to the Management Board and the Chairman of the Supervisory Board. Moreover, quarterly meetings are held with the Management Board and the senior management to discuss current review reports and the status of applied actions.

Major risks

Market risk

The Company defines market risk as the risk of possible losses arising from changes in market prices (equity and commodity prices, changes in interest rates and exchange rates). As the main focus of the business activities of Raiffeisen Centrobank is in securities trading and the issue of equity-index based derivatives and structured products (certificates and guarantee bonds), the top priority of Raiffeisen Centrobank is to counteract market risk. Raiffeisen Centrobank measures, monitors and manages all market risks by setting a variety of limits set up by the Management Board in accordance with the Group-wide Market Risk Committee. The multi-level differentiated limit system includes volume, position and sensitivity limits (delta, gamma, vega and basis point value) as well as stop-loss limits, depending on the type of transaction.

In market risk management, the VaR is employed, which furnishes forecasts on potential 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 above chart depicts the performance of VaR and theoretical P&L (profit and loss that would have occurred in a constant portfolio and actually recorded market movements) in 2014.

In addition to VaR, Raiffeisen Centrobank uses back tests to evaluate market risk. Back tests simulate the performance of the portfolio under abnormal market situations and atypical price movements.

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 (counterparty credit risk).

The major credit risks of Raiffeisen Centrobank result from positions of purchased debt instruments, tradable money market deposits and OTC options serving primarily to hedge issued certificates and structured products as well as from margin positions relating to OTC and stock exchange transactions. This affects primarily members of the RZB Credit Institution Group and to a limited extent other financial institutions. 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.

Credit risk management is based on counterparty-related nominal limits which are comprehensively monitored by the Internal Control System for credit risks. The limits are approved- depending on type and size- by the respective hierarchical competence authority scheme. Credit decisions are taken depending on the assessment of the counterparty credit risk taking into account the rating and applicable credit risk mitigating measures like financial collaterals (e.g. cash or equity). In the Group-wide default and rating data base customers are registered and evaluated and events of default are documented. The whole lending decision corresponds to regulatory requirements and RZB Group Directives.

In the individual financial statements pursuant to the Austrian Banking Act/ Austrian Commercial Code, Raiffeisen Centrobank reports interest-bearing assets and an off-balance sheet volume of € 2,121,976 thousand before deductions of value adjustments (2013: € 1,834,485 thousand).

Asset volume	31/12/2014	31/12/2013		
in € thousand				
Bonds and notes issued by public bodies	64,912	32,454		
Loans and advances to credit institutions	1,691,112	1,320,342		
Loans and advances to customers	126,560	141,382		
Bonds	239,352	340,119		
	2,121,936	1,834,297		
Product-weighted off-balance sheet transactions	40	188		
	2,121,976	100,0%	1,834,485	100,0%
Irrecoverable	75	0.01%	93	0.01%
Impaired	1,107	0.06%	1,249	0.07%
Requiring attention	31,576	1.49%	33,903	1.85%

Operational risk

Operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. This risk category is analyzed and managed on the basis of the results of regular self-assessments, standardized key risk indicators, scenario analyses and internal historical data.

Events of default in operational risk are registered in the Group-wide data basis ORCA (Operational Risk Controlling Application) and are recognized separately by business segment and type of event. Measures taken are also documented and linked with the event of default.

Liquidity risk

Liquidity risk is calculated based on a liquidity model developed in cooperation with Raiffeisen Bank International. Daily balance sheet items of Raiffeisen Centrobank are separated by maturity bands and currencies, their inflows and outflows are modelled based on pre-defined factors. The liquidity requirement in different maturity bands is limited by means of regulatory limits as well as by limits determined by Raiffeisen Bank International.

Moreover, regular liquidity stress tests are carried out and the time-to-wall in the stress scenario is monitored in different currencies. Inflows need to surpass outflows for a period of at least 30 days in a crisis scenario (market crisis, name crisis and scenario of both). Calculations confirm an adequate liquidity surplus for the 2014 financial year.

In accordance with Group-internal directives, the minimum liquidity coverage ratio (LCR) was calculated on a monthly basis for internal controlling purposes and reported to the Austrian National Bank. In the financial year 2014 the LCR constantly exceeded 60 per cent.

The Net Stable Funding Ratio and the Leverage Ratio were calculated in the past business year and were included into the current reporting.

Overall bank management

For Raiffeisen Centrobank active risk management means the identification, measurement, monitoring and management of specific banking risks as well as the provision of adequate capital resources. In the course of monitoring the overall bank risk (ICAAP), Raiffeisen Centrobank has implemented a process to identify the overall bank risk potential and the risk bearing-capacity. This risk bearing capacity analysis is a top priority in risk management.

The risk appetite (overall bank VaR limit) comes up to 80 per cent of the risk coverage sum. The quarterly risk-bearing capacity analysis focuses on the going concern (VaR with a confidence interval of 95 per cent and 3 months retention period) and liquidation perspective (VaR with a confidence interval of 99.9 per cent, 3 months retention period).

Risk measurement uses the subsequent approaches:

- Market risk: calculation of the VaR based on a historical Monte Carlo simulation with a time frame of 3 months
- Credit risk and equity participation risk: determination of a VaR consistent risk value based on a modified IRB approach. The equity participation risk includes not only carrying amounts in the banking book of (unlisted) equity participations but also loans to participations
- Operational risk: calculation of a VaR based on regulatory capital requirements coupled with a modeling through generalized Pareto distribution.
- Other risks (such as e.g. business risk, reputation risk, balance sheet risk). Coverage is effected by various risk buffers.

The subsequent charts shows the distribution of risk in relation to the economic capital (VaR) at the respective balance sheet date:

Going-concern-perspective	31/12/2014	31/12/2013
1. Market risk	33.8 per cent	34.7 per cent
2. Credit risk	13.7 per cent	16.4 per cent
3. Operational risk	12.7 per cent	12.2 per cent
4. Business risk	2.9 per cent	4.1 per cent
5. Equity participation risk	25.2 per cent	20.3 per cent
6. Other risks	11.6 per cent	12.3 per cent

Liquidationperspective	31/12/2014	31/12/2013
1. Market risk	10.3 per cent	11.1 per cent
2. Credit risk	19.3 per cent	19.5 per cent
3. Operational risk	33.6 per cent	33.5 per cent
4. Business risk	0.9 per cent	1.3 per cent
5. Equity participation risk	12.1 per cent	10.6 per cent
6. Other risks	23.8 per cent	23.9 per cent

As a subordinate company, Raiffeisen Centrobank is integrated into the ICAAP of RZB on a consolidated basis. Raiffeisen Centrobank is provided with monthly ICAAP reports. These analyses include a going concern perspective with a confidence interval of 95 per cent and a target rating perspective with a confidence interval of 99.95 per cent.

Internal Control System as Relevant for the Accounting System

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 Management 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 Austrian Banking Act (BWG) in connection with the EU Regulation no 575/2013 (Capital Requirements Regulation "CRR") as well as the Austrian Commercial Code (UGB).

The accounting department is responsible for the Bank's accounting system. Accounting and financial reporting are directly subordinated to the Management 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 Management 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 Management 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 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 minimise the risk of incorrect estimates.

In addition to the Management Board, the general control framework also includes senior 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 Management Board.

The Controlling & Regulatory 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 Official Gazette to the Wiener Zeitung, and are also filed with the Austrian Company Register. Key employees and the Management Board review the annual financial statements prior to their distribution to the Supervisory Board. Moreover, analyses of the annual financial statements are prepared especially for the senior management.

Human Resources

Raiffeisen Centrobank AG had 233 employees on 31 December 2014 (31 December 2013: 259). The reduction in the number of employees is attributable to adjusting staff resources to the course of business.

Outlook 2015

The smoldering conflict between Russia and Ukraine and the expansion of asset purchases by the ECB will remain key driving factors for the development of the Eurozone economy. In the USA, the robust development of the labor market should spur the Fed to begin hiking its key interest rate in 2015. This will likely result in a longer period of diametrical monetary policies in the USA and Eurozone. This will also have an impact on the capital markets. While US yields have some upside potential, the purchases of the ECB could cause government bond yields to fall further. Even with an increase in the risk of setbacks, equity investments will enjoy higher demand because of a lack of alternatives.

Most exchanges should see clearly positive development in 2015, which makes Raiffeisen Centrobank optimistic about its core business areas of equity trading and sales and certificates. Market conditions will remain challenging because of planned regulatory changes, but business in these areas is expected to develop positively in general. The restructuring of Raiffeisen Centrobank that was announced at the end of 2014 will also have a key impact during the current financial year. The goal will be to dispose of the traditional private banking activities and the commodity subsidiaries in the first half of 2015. Work is also under way on the integration of the Mergers & Acquisitions and Equity Capital Markets

segments into the Investment Banking division of the group parent Raiffeisenbank International. The latter measure is aimed at increasing synergies and further improving the service provided to customers within the group.

Further to implementing the measures relating to the re-alignment of Raiffeisen Centrobank, the profit for the year 2015 is expected to be down on the 2014 result.

Significant Events after the Balance Sheet Date

In the course of implementing an exit strategy as set out by Raiffeisenbank International regarding the Centrottrade subsidiaries, a share purchase agreement was signed in January 2015 to sell the four rubber trading companies. The closing is expected for mid-2015.

Research and Development

Raiffeisen Centrobank does not engage in research and development.

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management Board

Distribution of the Profit 2014

The 2014 financial year closed with a net income for the year of € 8,598,087.95. Including the profit carried forward of € 1,670,146.76 the net profit for the year amounted to € 10,268,234.71.

The Management Board of Raiffeisen Centrobank recommends to the Supervisory Board that a dividend of € 11.00 per share be distributed from the net profit as at 31 December 2014. This corresponds to a total dividend amounting to € 7,205,000.00 for 655,000 shares. The Management Board further recommends to carry forward the remaining profit of € 63,234.71 and to allocate an amount of € 3,000,000.00 to other reserves. Other reserves will change from € 23,500,000.00 to € 26,500,000.00.

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management 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, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management Board

Individual Financial Statements of Raiffeisen Centrobank AG as at 31 December 2014 according to the Austrian Banking Act

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.

Balance sheet as at December 31, 2014

Assets	31/12/2014 €	31/12/2014 €	31/12/2013 in € thousand	31/12/2013 in € thousand
1. Cash in hand and deposits with central banks		2,898,413.09		4,337
2. Bonds and notes issued by public bodies eligible for refinancing with central banks bonds and notes issued by public bodies and similar securities		64,911,575.34		32,454
3. Loans and advances to credit institutions				
a) payable on demand	154,436,109.96		102,261	
b) other loans and advances	1,536,676,262.95	1,691,112,372.91	1,218,081	1,320,342
4. Loans and advances to customers		126,484,703.31		141,289
5. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	10,666,953.25		9,769	
b) issued by other borrowers	228,685,537.71	239,352,490.96	330,349	340,118
6. Shares and other variable-yield securities		438,878,163.88		501,754
7. Equity participations		5,137,370.67		5,137
8. Shares in affiliated companies		10,665,295.23		8,911
9. Intangible fixed assets		115,397.00		205
10. Tangible fixed assets		15,157,245.64		15,336
thereof land and buildings used by the credit institution for own purposes: € 11,925,676.92 previous year: € 12,219 thousand				
11. Other assets		117,092,790.59		127,826
12. Prepayments and other deferrals		1,566,741.62		1,714
Total assets		2,713,372,560.24		2,499,443
Off-balance sheet items				
1. Foreign assets		710,827,883.33		706,717

Equity and liabilities	31/12/2014 €	31/12/2014 €	31/12/2013 in € thousand	31/12/2013 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	23,637,354.18		13,753	
b) with agreed maturity dates or periods of notice	51,256,190.52	74,893,544.70	97,911	111,664
2. Liabilities to customers				
a) repayable on demand	200,367,599.15		121,410	
b) with agreed maturity dates or periods of notice	30,095,314.63	230,462,913.78	10,065	131,475
3. Securitised liabilities (other securitised liabilities)		771,677,077.37		676,674
4. Other liabilities		1,514,807,343.56		1,451,614
5. Accruals and deferred items		331,057.30		194
6. Provisions				
a) for severance payments	6,078,528.18		4,238	
b) for retirement benefits	486,571.77		463	
c) other provisions	12,047,221.33	18,612,321.28	15,376	20,077
7. Subscribed capital		47,598,850.00		47,599
8. Capital reserves (committed)		6,651,420.71		6,651
9. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	23,500,000.00	24,530,936.83	20,500	21,531
10. Liability reserve pursuant to Article 23 para 6 Austrian Banking Act ¹		13,538,860.00		13,539
11. Net profit for the year		10,268,234.71		18,425
Total equity and liabilities		2,713,372,560.24		2,499,443
Off-balance sheet items				
1. Contingent liabilities arising from guarantees and assets pledged as collateral security		446,661.93		696
2. Credit risks		9,896,078.65		33,089
3. Commitments arising from fiduciary business transactions		7,091,124.47		7,079
4. Eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013 ²		87,740,413.17		-
5. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total risk-weighted assets) ²		682,984,714.72		-
hereof: capital requirements pursuant to Article 92 (1) (a) to (c) of Regulation (EU) No 575/2013				
hereof: capital requirements pursuant to Article 92 (a)		12.85%		-
hereof: capital requirements pursuant to Article 92 (b)		12.85%		-
hereof: capital requirements pursuant to Article 92 (c)		12.85%		-
6. Foreign equity and liabilities		391,928,410.74		225,666

¹ December 31, 2013: liability reserve pursuant to Article 23 para 6 Austrian Banking Act (prevailing version of BWG at that time)

² Details and previous year figures in the prevailing version of BWG at that time can be found in the notes under chapter own funds.

Income statement for the 2014 financial year

	2014 €	2014 €	2013 in € thousand	2013 in € thousand
1. Interest and interest-like income		11,135,001.28		12,485
thereof fixed-interest securities	3,180,824.01		4,425	
2. Interest and interest-like expenses		(18,437,396.77)		(16,954)
I. Net interest income		(7,302,396.77)		(4,469)
3. Income from securities and financial investments				
a) Income from shares, share rights and other variable-yield securities	10,874,381.92		14,312	
b) Income from shares in affiliated companies	1,292,975.10	12,167,357.02	5,404	19,716
4. Fee and commission income		26,875,420.80		30,5167
5. Fee and commission expenses		(19,387,978.48)		(19,704)
6. Net profit on financial trading activities		45,689,943.18		40,405
7. Other operating income		3,813,588.39		3,598
II. Operating income		61,855,935.42		70,062
8. General administrative expenses		(42,333,751.54)		(45,302)
a) staff expenses				
aa) wages and salaries	19,200,535.24		21,985	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	4,515,527.07		4,855	
cc) other social expenses	481,545.33		519	
dd) expenses for pensions and assistance	710,980.41		675	
ee) provisions for retirement benefits	25,448.33		3	
ff) expenses for severance payments and contributions to severance funds	2,392,774.33		647	
	27,326,810.71		28,684	
b) other administrative expenses	15,006,940.83		16,617	
9. Value adjustments on asset items 9 and 10		(1,170,485.85)		(1,754)
10. Other operating expenses		(2,148,398.40)		(728)
III. Operating expenses		(46,192,635.79)		(47,784)
IV. Operating result		15,663,299.63		22,278

	2014 €	2014 €	2013 in € thousand	2013 in € thousand
IV. Operating result (= amount carried forward)		15,663,299.63		22,278
11. Loans loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		(2,071,942.73)		(341)
12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets		19,940.31		18
13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		(1,247,595.00)		(298)
V. Result on ordinary activities		12,363,702.21		21,657
14. Income taxes (thereof passed on from parent company: € 324,377.69 (previous year: € 767 thousand)		253,080.65		(1,964)
15. Other taxes unless included in item 14		(3,512,533.61)		(3,183)
VI. Net income for the year		8,598,087.95		16,510
16. Allocation to retained earnings		0.00		(11,000)
VII. Profit for the year		8,598,087.95		5,510
17. Profit carried forward		1,670,146.76		12,915
VIII. Net profit for the year		10,268,234.71		18,425

Development of Fixed Assets in the 2014 Financial Year

Amounts in €	Cost of acquisition Balance as at 1/1/2014	Cost of acquisition Additions	Cost of acquisition Disposals
I. Intangible fixed assets			
Software licenses	3,801,212.85	75,995.51	4,144.61
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
2. Office furniture and equipment	18,193,485.43	1,382,551.34	535,993.88
	32,983,270.54	1,382,551.34	535,993.88
III. Financial investments			
1. Shares in affiliated companies thereof in credit institutions: € 0.00	9,450,702.79	1,753,778.44	0.00
2. Equity participations thereof credit institutions: € 0.00	5,156,700.61	0.00	0.00
	14,607,403.40	1,753,778.44	0.00
Total	51,391,886.79	3,212,325.29	540,138.49

Cost of acquisition Balance as at 31/12/2014	Accumulated depreciation	Carrying amount 31/12/2014	Carrying amount 31/12/2013	Depreciation in the financial year 2014
3,873,063.75	3,757,666.75	115,397.00	204,600.00	165,150.51
14,789,785.11	2,864,108.19	11,925,676.92	12,218,767.92	293,091.00
19,040,042.89	15,808,474.17	3,231,567.72	3,137,483.72	1,252,244.34
32,829,828.00	18,672,582.36	15,157,245.64	15,356,251.64	1,545,335.34
11,204,481.23	539,186.00	10,665,295.23	8,911,516.79	0.00
5,156,700.61	19,329.94	5,137,370.67	5,137,370.67	0.00
16,361,181.84	558,515.94	15,802,665.90	14,048,887.46	0.00
54,064,073.59	22,988,765.05	31,075,308.54	29,609,739.10	1,710,485.85

Financial Statements as at 31 December 2014

Notes

A. Accounting Policies

General principles

The financial statements of Raiffeisen Centrobank for the 2014 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 and the income statement have been structured according to Appendix 2 of the forms contained in Article 43 Austrian Banking Act. Pursuant to an amendment of the Austrian Banking Act to reflect EU regulations CRR/CRD IV, the balance sheet structure was partly adjusted. In the reporting year, the Bank implemented these adjustments accordingly.

No changes in the accounting and valuation methods have been made compared to the 2013 financial statements.

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 an equity-based or index-based 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. purchased and sold calls and puts, primarily EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date. Value adjustments were made to take temporal differences into account.

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 and 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 per cent and 14.3 per cent p.a. for intangible fixed assets, 2.5 per cent and 10.0 per cent p.a. for immovable fixed assets, and 10 per cent – 33 per cent 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. Low value assets (cost of acquisition per item less than € 0.4 thousand) 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 valued 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 2.0 per cent (previous year: 3.5 per cent), as well as an unchanged annual salary increase amounting to 3 per cent.

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 93.12 per cent 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 2.0 per cent (previous year: 3.5 per cent), an unchanged 2.0 per cent 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.

The premium reserve for 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 € 2,898 thousand (31/12/2013: € 4,337 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

31/12/2014 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	480	31,026	0	33,405	64,912
Loans and advances to credit institutions	333,444	179,454	927,418	97,361	1,536,676
Loans and advances to customers	6,920	955	27,226	8,202	43,303
Bonds, notes and other fixed-interest securities	47,104	134,277	51,041	6,931	23,352
Shares and other variable-yield securities	0	76,632	62,907	0	139,539
	387,948	422,344	1,068,593	145,898	2,023,783

Comparative figures as at 31/12/2013

31/12/2013 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	471	0	0	31,984	32,454
Loans and advances to credit institutions	310,866	95,551	741,252	70,411	1,218,081
Loans and advances to customers	7,724	13,805	18,920	15,519	55,968
Bonds, notes and other fixed-interest securities	24,997	96,853	211,932	6,336	340,119
Shares and other variable-yield securities	3,523	17,924	138,235	0	159,681
	347,581	224,133	1,110,339	124,250	1,806,303

II.2. Loans and advances to affiliated companies and equity participations

as at 31/12/2014 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 (< 50%)
Loans and advances to credit institutions	1,528,357	0
Loans and advances to customers	27,497	514
Bonds, notes and other fixed-interest securities	186,574	0
Shares and other variable-yield securities	123,539	0
Other assets	44,722	9
	1,910,689	523

Comparative figures as at 31/12/2013

as at 31/12/2013 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 (< 50%)
Loans and advances to credit institutions	1,192,617	0
Loans and advances to customers	37,498	514
Bonds, notes and other fixed-interest securities	277,999	0
Shares and other variable-yield securities	140,401	0
Other assets	56,858	9
	1,705,373	523

III. Securities

Figures supplied pursuant to Article 64 para 1 no 10 and 11 Austrian Banking Act

as at 31/12/2014 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A2	0	64,912	64,912	64,912
Bonds, notes and other fixed-interest securities, A5	12,304	227,048	239,352	239,352
Shares and other variable-yield securities, A6	137,472	301,406	438,878	438,878
Equity participations, A7	5,137	0	5,137	x
Shares in affiliated companies, A8	10,665	0	10,665	x

Comparative figures as at 31/12/2013

as at 31/12/2013 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A2	0	32,454	32,454	32,454
Bonds, notes and other fixed-interest securities, A5	0	340,119	340,119	340,119
Shares and other variable-yield securities, A6	145,312	356,441	501,754	501,754
Equity participations, A7	5,137	0	5,137	x
Shares in affiliated companies, A8	8,912	0	8,912	x

The fair value of securities held as other current assets exceeded the acquisition costs by € 44 thousand as at 31 December 2014 (31/12/2013: € 46 thousand).

As at 31 December 2014 balance sheet items A 2 and A 5 include fixed-interest securities amounting to € 304,264 thousand (31/12/2013 balance sheet item A 2 and A 5: € 372,573 thousand) of which € 212,019 thousand (31/12/2013: € 121,541 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 of 20 per cent shareholding on the balance sheet date.

Figures as at 31/12/2014

in € thousand Name Domicile	Shareholding in %	Equity	Annual results 2014
1 Centrotech Holding AG Vienna	100	4,422	1,213
2 Centrotech Chemicals AG Zug	100	7,332	125
3 Raiffeisen Investment Advisory GmbH Vienna	100	764*)	(2,131)*)
4 Centro Asset Management Ltd. Jersey	100	405*)	242*)
5 Syrena Immobilien Holding AG Spittal/Drau	21	29,614	64

*) unaudited figures

Comparative figures as at 31/12/2013

in € thousand Name Domicile	Shareholding in %	Equity	Annual results 2013
1 Centrotech Holding AG Vienna	100	5,709*)	2,572*)
2 Centrotech Chemicals AG Zug	100	6,839	(123)
3 Raiffeisen Investment Advisory GmbH Vienna	100	2,009*)	1,390*)
4 Centro Asset Management Ltd. Jersey	100	163*)	152*)
5 Syrena Immobilien Holding AG Spittal/Drau	21	29,550	75

*) 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 € 117,472 thousand (31/12/2013: € 127,826 thousand) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2014 in the amount of € 109,100 thousand (31/12/2013: € 118,380 thousand) as well as loans and advances on tax authorities of € 1,992 thousand (31/12/2013: € 1,355 thousand).

VII. Liabilities

VII.1. Classification of liabilities other than those repayable on demand according to their term to maturity

31/12/2014 in € thousand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Liabilities to credit institutions	51,256	0	0	0	51,256
Liabilities to customers	10,468	19,627	0	0	30,095
Securitized liabilities	63,819	180,361	428,742	98,755	771,677
	125,543	199,989	428,742	98,755	853,029

Comparative figures as at 31/12/2013

31/12/2013 in € thousand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Liabilities to credit institutions	97,911	0	0	0	97,911
Liabilities to customers	1,612	8,452	0	0	10,065
Securitized liabilities	38,987	95,938	482,102	59,647	676,674
	138,510	104,390	482,102	59,647	784,650

VII.2. Liabilities to affiliated companies and equity participations

31/12/2014 in € thousand	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to equity participations in which Raiffeisen Centrobank has a direct shareholding (< 50%)
Liabilities to credit institutions	10,691	0
Liabilities to customers	7,197	0
Other liabilities	25,165	0
	43,053	0

Comparative figures as at 31/12/2013

31/12/2013 in € thousand	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to equity participations in which Raiffeisen Centrobank has a direct shareholding (< 50%)
Liabilities to credit institutions	79,426	0
Liabilities to customers	11,667	0
Other liabilities	29,344	0
	120,437	0

VII.3. Securitized liabilities

The balance sheet item P 3 contains own issues totaling € 244,180 thousand (31/12/2013: € 134,925 thousand), which will fall due in the course of 2015.

VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 1,514,807 thousand (31/12/2013: € 1,451,614 thousand) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of € 1,511,457 thousand (31/12/2013: € 1,442,430 thousand).

VIII. Share capital

The share capital is comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank are owned by the following companies:

	%	Shares
RBI IB Beteiligungs GmbH, Vienna	100.00	654,999
Lexus Services Holding GmbH, Vienna	0.00	1
	100.00	655,000

IX. Provisions

Provisions break down as follows:

in € thousand	31/12/2014	31/12/2013
Provisions for severance payments	6,079	4,328
Provisions for retirement benefits	486	462
Other provisions	12,047	15,377
Provisions for bonus payments	1,774	4,412
Provisions for litigation risks	4,132	3,526
Provisions for overdue vacation	1,640	1,556
Legal, auditing and consulting expenses	333	452
Provisions for potential losses in affiliated companies	705	968
Provisions for the Securities Trading & Sales Department	486	238
Provisions for the M&A business	703	812
Provisions for outstanding invoices	1,185	758
Provisions for charged costs for Management Board members	936	2,451
Provisions for management fees	58	94
Sundry	95	110
Total	18,612	20,077

Provisions for severance payments include a restructuring provision in the amount of € 954 thousand.

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 € 1,084 thousand (31/12/2013: € 994 thousand), thereof € 299 thousand (31/12/2013: € 257 thousand) to affiliated companies. For the 2015 financial year, rental costs are expected to total € 760 thousand and € 3,039 thousand for the 2015-2019 financial years, of which the rental costs to affiliated companies will total € 255 thousand and € 1,277 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	31/12/2014	31/12/2013
Assets	668,503	507,128
Liabilities	595,861	430,487

Volume of the securities trading book

As at the balance sheet date the securities trading book was made up as follows:

Volumen	31/12/2014	31/12/2013
Securities	3,280,409	3,153,900
Other financial instruments	5,325,416	3,933,572
Total	8,605,825	7,087,472

Unsettled futures and options contracts according to the VERA scheme¹

At the balance sheet date, the following futures and options transactions (banking and trading book) had not yet been settled:

in € thousand	31/12/2014	31/12/2013
Purchase contracts		
Interest rate futures	0	5,000
Currency and interest rate swaps in a single currency	0	10,673
Options on interest-rate instruments	200	200
Forward exchange contracts/gold contracts	68,286	61,404
Futures in asset values	1,962	1,618
Index future contracts	526,641	600,857
Options on asset values and equity index options	858,585	674,804
Precious metals and commodity future contracts	22,915	17,863
Commodity options	39,436	48,071
Other forward transactions, future contracts, options and similar transactions	35,777	35,762

in € thousand	31/12/2014	31/12/2013
Sales contracts		
Interest rate futures	26,300	36,000
Currency and interest rate swaps in a single currency	0	10,673
Forward exchange contracts/gold contracts	93,419	83,083
Futures in asset values	2,628	375
Index future contracts	94,374	159,997
Options on asset values and equity index options	3,430,553	2,035,835
Precious metals and commodity future contracts	0	0
Commodity options	223,236	252,045

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. On the balance sheet date the trading volume at fair values (derivatives on shares, commodities, precious metals and gold with delta values) valued pursuant to internal risk calculation amounts to

in € thousand	31/12/2014	31/12/2013
Shares/ mutual funds	(134,717)	(168,743)
Listed options	(3,732)	(21,485)
Futures	429,560	433,542
Warrants/ certificates	(924,915)	(516,744)
OTC options	(53,776)	307,027
Purchased bonds	1,751,265	1,530,651
Issued guarantee bonds	(771,265)	(676,501)
Total	292,420	887,747

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on equities and equity/index futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates mainly on equities and equity 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 2014 come up to a fair value of € 201 thousand (31/12/2013: € 118 thousand).

Volumes of derivative financial transactions according to the VERA scheme¹ for 2014 are as follows:

in € thousand as at 31/12/2014	Nominal amount		Positive fair value		Negative fair value	
	Banking book	Trading book	Banking book	Trading book	Banking book	Trading book
1. Interest rate contracts	200	26,300	0	0	0	40,994
1.1. OTC products	200	0	0	0	0	0
Interest rate swaps	0	0	0	0	0	0
Options on interest-rate instruments	200	0	0	0	0	0
1.2. Products traded on stock exchange	0	26,300	0	0	0	40,994
Interest rate futures	0	26,300	0	0	0	40,994
2. Foreign exchange contracts	98,690	63,010	201	16,105	(201)	14,600
2.1. OTC products	96,690	2,969	201	41	(201)	0
Forward exchange contracts	96,690	0	201	0	(201)	0
Gold contracts	0	2,969	0	41	0	0
2.2. Products traded on stock exchange	0	60,041	0	16,064	0	14,600
Forward exchange contracts	0	16,068	0	16,064	0	0
Currency futures/Gold contracts	0	43,973	0	0	0	14,600
3. Equity contracts	0	5,236,113	0	648,396	0	1,249,206
3.1. OTC products	0	2,281,264	0	96,656	0	112,701
Equity/index-based options- purchased	0	678,408	0	96,493	0	0
Equity/index-based options- sold	0	1,567,078	0	0	0	112,701
Other equity-based contracts	0	35,777	0	163	0	0
3.2. Products traded on stock exchange	0	2,954,849	0	551,739	0	1,136,505
Share and other equity/ index options and future contracts	0	2,585,847	0	538,879	0	933,498
Commodities/ precious metals	0	285,588	0	12,861	0	124,028
Certificates (Reverse Convertibles)	0	83,414	0	0	0	78,979
Total OTC products	98,890	2,284,232	201	96,697	(201)	112,701
Total listed products	0	3,041,190	0	567,803	0	1,192,099
Total	98,890	5,325,422	201	664,500	(201)	1,304,799

¹ The chart is in line with the reporting guidelines VERA of the Austrian National Bank (Part A 1a unconsolidated statement of assets).

Volumes of derivative financial transactions according to the VERA scheme¹ for 2013 are as follows:

in € thousand 31/12/2013	Nominal amount		Positive fair value		Negative fair value	
	Banking book	Trading book	Banking book	Trading book	Banking book	Trading book
1. Interest rate contracts	9,343	53,204	(221)	6,265	222	50,058
1.1. OTC products	9,343	12,204	(221)	43	222	(43)
Interest rate swaps	9,143	12,204	(222)	43	222	(43)
Options on interest-rate instruments	200	0	1	0	0	0
1.2. Products traded on stock exchange	0	41,000	0	6,222	0	51,101
Interest rate futures	0	41,000	0	6,222	0	51,101
2. Foreign exchange contracts	89,534	54,957	118	16,573	(118)	25,044
2.1. OTC products	89,534	11,835	118	0	(118)	2,660
Forward exchange contracts	89,534	0	118	0	(118)	0
Gold contracts	0	11,835	0	0	0	2,660
2.2. Products traded on stock exchange	0	43,122	0	16,573	0	22,384
Forward exchange contracts	0	16,566	0	16,566	0	0
Currency futures/Gold contracts	0	26,556	0	7	0	22,384
3. Equity contracts	0	3,827,222	0	721,339	0	1,101,183
3.1. OTC products	0	1,500,679	0	87,803	0	73,230
Equity/index-based options- purchased	0	537,301	0	87,254	0	0
Equity/index-based options- sold	0	927,616	0	0	0	73,230
Other equity-based contracts	0	35,762	0	549	0	0
3.2. Products traded on stock exchange	0	2,326,543	0	633,536	0	1,027,954
Share and other equity/ index options and future contracts	0	1,960,395	0	612,691	0	854,592
Commodities/ precious metals	0	317,979	0	20,845	0	122,624
Certificates (Reverse Convertibles)	0	48,170	0	0	0	50,738
Total OTC products	98,877	1,524,718	(103)	87,846	104	75,847
Total listed products	0	2,410,665	0	656,331	0	1,100,439
Total	98,877	3,935,383	(103)	744,177	104	1,176,286

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	2014	2013
for liabilities to credit institutions	1,578	1,128
for liabilities to customers	3,516	3,573
for securitized liabilities	6,041	7,784
	11,135	12,485

II. Interest and similar expenses

in € thousand	2014	2013
for liabilities to credit institutions	(2,223)	(1,998)
for liabilities to customers	(108)	(147)
for securitized liabilities	(16,106)	(14,809)
	(18,437)	(16,954)

Interest and similar expenses are mainly related to coupon payments for structured products. The increase compared to the previous year is attributable to an average rise in the issue of structured products with coupon payments. The liquidity derived from issues is primarily invested into tradable money market deposits without current coupons which are included in the trading book. The result from tradable money market deposits included in the trading book is shown in net profit on financial trading activities.

Interest and similar expenses for coupon payments for structured products to which the negative net interest income is primarily attributable to are offset by a positive valuation result from tradable money market deposits in the net profit on financial trading activities.

III. Fee and commission income

in € thousand	2014	2013
from securities business	12,052	13,043
from M&A transactions	5,377	11,931
from ECM transactions	7,806	4,059
from credit business	119	83
from payment transactions	185	227
from other banking services	1,337	1,174
	26,875	30,516

IV. Fee and commission expenses

in € thousand	2014	2013
from securities business	(15,664)	(13,714)
from M&A transactions	(1,924)	(4,333)
from ECM transactions	0	(543)
from payment transactions	(147)	(218)
from other banking services	(985)	(896)
	(19,388)	(19,705)

V. Net profit on financial trading activities

in € thousand	2014	2013
from the valuation and sale of certificates and shares	91,700	(8,806)
from the valuation and sale of other options and futures	(42,768)	49,497
from the valuation of spot and futures positions	(3,241)	(286)
	45,690	40,405

In the reporting year, the net profit on financial trading activities was positive further to a rise in volume in the certificates business and an increase in the transaction volume in the sales business. Contrary, there were negative valuation effects in the trading business which are attributable to market-related adjustments in foreign tradable money market deposits.

VI. Other operating income

The item includes mainly income from the release of non-interest bearing provisions in the amount of € 1,350 thousand, and income from the release of M&A value adjustments in the amount of € 880 thousand. In 2013, the item contained € 2,000 thousand from the repurchase of a subordinated bond of Raiffeisen Bank Malta plc, Sliema.

VII. General administrative expenses

in € thousand	2014	2013
Office space expenses (maintenance, operation, administration, insurance)	(1,377)	(1,396)
Office supplies, printed matter, literature	(292)	(393)
IT costs	(2,073)	(2,239)
Communication costs	(1,069)	(1,001)
Information services	(3,522)	(3,011)
Car expenses and travelling expenses	(949)	(1,085)
Advertising and promotional expenses	(1,019)	(1,218)
Legal, advisory and consultancy services	(1,127)	(1,277)
Contributions to associations	(734)	(436)
Sundry	(2,845)	(4,561)
	(15,007)	(16,617)

The decrease in "General administrative expenses" is attributable to the release of provisions for bonus payments.

VIII. Other operating expenses

"Other operating expenses" amounting to € 2,148 thousand (31/12/2013: € 728 thousand) primarily relates to M&A value adjustments in the amount of € 1,290 (2013: € 68 thousand) and to expenses charged for non-banking transactions in the amount of € 801 thousand.

IX. Income taxes

Income taxes are comprised of the following:

in € thousand	2014	2013
Group taxation	324	768
Taxes for former periods	0	33
Taxes for former periods (settlement of Group charge)	(1,136)	0
Not recognized as foreign withholding tax	1,065	1,163
	253	1,964

X. Deferred taxes

The bank did not exercise its right to capitalize deferred tax. The capitalizable amount of about € 421 thousand (2013: € 317 thousand) was calculated on the basis of non-deductible expenses for the 2014 financial year and previous years.

XI. 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 sureties totaling € 447 thousand (31/12/2013: € 696 thousand) consists of the following:

in € thousand	31/12/2014	31/12/2013
Letters of credit	0	248
Guarantees	447	448
	447	696
thereof for affiliated companies	0	248

In accordance with Article 93 Austrian Banking Act, the Bank is legally obliged to provide for 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 per cent 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 part 3 CRR. 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 € 9,896 thousand (31/12/2013: € 33,090 thousand) refer to irrevocable and revocable credit lines and standby facilities.

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2014:

Item A 2 Loans and advances to credit institutions

€ 145,265 thousand (31/12/2013: € 115,912 thousand)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 5 Bonds, notes and other fixed-interest securities

€ 54,431 thousand (31/12/2013: € 84,156 thousand)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 6 Shares and other variable-yield securities

€ 0 thousand (31/12/2012: € 10,989 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 pursuant to part 2 CRR are comprised of the following:

in € thousand	31/12/2014
Capital paid-in	47,599
Earned capital	44,721
Core capital (tier 1 capital) before deductions	92,320
Intangible fixed assets	(115)
Prudent valuation	(4,464)
Core capital (tier 1 capital) after deductions	87,740
Supplementary own funds	0
Core capital	87,740
Supplementary capital	0
Supplementary own funds (after deductions)	0
Total own funds	87,740
Total risk-weighted assets	682,985
Core tier 1 ratio, credit risk	31.4%
Core tier 1 ratio, total	12.8%
Own funds ratio	12.8%

In the reporting year, an amount of € 3,000 was allocated to other reserves pursuant to the decision of the Annual General Assembly of 29 April 2014.

in € thousand	2014
Total risk-weighted assets	682,985
Total own funds requirement for credit risk	22,333
Standard approach	20,860
CVA risk	1,473
Total own funds requirement for position risk in bonds, equities, commodities and open currency positions	20,766
Total own funds requirement for operational risk	11,539
Total own funds requirement	54,639

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

in € thousand	2014
Risk-weighted assets according to standardized approach	260,754
Central governments and central banks	556
Public bodies	68
Institutions	112,167
Corporates	109,830
Equity participations	15,803
Positions with particularly high risk	3,582
Other positions	18,747
CVA risk	18,409
Total	279,163

Eligible own funds pursuant to § 23 para 14 Austrian Banking old version amounted to € 89,115 thousand in 2013, including own funds pursuant to § 23 para 14 item 7 Austrian Banking Act old version in the amount of € 0 thousand.

Total own funds requirement pursuant to § 22 para 1 Austrian Banking Act old version came up to € 57,435 thousand including total own funds requirement pursuant to § 22 para 1 item 1 and 4 Austrian Banking Act old version in the amount of € 27,203 thousand.

Number of staff

	31/12/2014	Annual average	31/12/2013	Annual average
Salaried employees (including Management Board)	224	238	249	249
thereof part-time	27	27	26	27
Wage employees	9	9	10	10
thereof part-time	2	3	5	5
Total	233	247	259	259

Advances and loans to members of the Management Board and Supervisory Board

At the balance sheet date no advances and loans had been granted to members of the Management 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) break down as follows:

	Retirement benefits		Severance payments	
	2014	2013	2014	2013
Management Board members and senior management	(313)	442	40	165
Employees	512	689	2.618	647
Total	199	1.131	2.658	812

Expenses for severance payments 2014 include restructuring provisions in the amount of € 954 thousand.

Payment to employee pension funds came up to € 225 thousand (2013: € 216 thousand).

Remunerations and expenses on severance payments and retirement benefits for members of the Management Board were borne by Raiffeisen Bank International AG (an affiliated company) and are included as refund in "Other administrative expenses".

Severance payments to members of the Management Board came up to € 16 thousand (2013: € 500 thousand).

Remuneration for members of the Management Board and Supervisory Board

In the 2014 financial year remuneration for four Management Board members totaled € 2,689 thousand (2013: € 2,090 thousand). As to the remuneration of the Management Board € 2,647 thousand (2013: € 1,785 thousand) were charged by Raiffeisen Bank International AG (an affiliated company) and are included in "Other administrative expenses".

In 2014 attending fees in the amount of € 95 thousand were paid to members of the Supervisory Board (2013: € 110 thousand).

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 4 para 1 (92) of EU Directive 575/2013. 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.

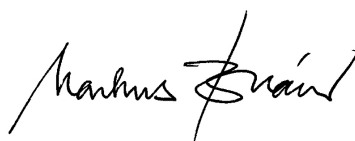
Members of the Management Board, the Supervisory Board and State Commissioners

Management Board	Eva Marchart	(Chief Executive Officer until 31 December 2014)
	Alfred Michael Spiss	(Deputy Chief Executive Officer until 31 December 2014)
	Gerhard Grund	(Member of the Management Board until 31 December 2014)
	Wilhelm Celeda	Chief Executive Officer as of 1 January 2015
	Markus Kirchmair	(Member of the Management Board until 31 December 2014) Member of the Management Board as of 1 January 2015
Supervisory Board	Klemens Breuer	Chairman
	Member of the Management Board, Raiffeisen Bank International AG, Vienna	
	Walter Rothensteiner	1st Deputy Chairman (until 31 December 2014)
	Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	
	Karl Sevelde	1st Deputy Chairman (since 1 January 2015)
	Chief Executive Officer, Raiffeisen Bank International AG, Vienna	2nd Deputy Chairman (until 31 December 2014)
	Johann Strobl	Member (until 29 April 2014))
	Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna,	
	Hannes Mösenbacher	Member (since 29 April 2014)
	Division Head, Raiffeisen Bank International AG, Vienna	
	Werner Kaltenbrunner	Member
	Division Head, Raiffeisen Bank International AG, Vienna	
State Commissioners	Alfred Hacker, Tamara Els	

Vienna, 15 April 2015
The Management Board



Wilhelm Celeda
Chief Executive Officer



Markus Kirchmair
Member of the Management 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 2014 to 31 December 2014. These financial statements comprise the balance sheet as of 31 December 2014, the income statement for the fiscal year ended 31 December 2014, and the notes.

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

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2014 and of its financial performance for the year from 1 January to 31 December 2014 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, 15 April 2015
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Josef Kirchknopf
(Austrian Chartered Accountant)

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