

Annual Financial Report 2015

Annual Financial Report 2015: 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 of Raiffeisen Centrobank AG

in € thousand / in per cent	2015	2014	Change
Key ratios			
Operating income	49,028	61,856	(20.7%)
Operating expenses	(35,992)	(46,193)	(22.1%)
Result on ordinary activities	12,284	12,364	(0.7%)
Net profit for the year	6,911	8,598	(19.6%)
Balance sheet total	2,524,919	2,713,373	(6.9%)
Return-on-equity before tax	11.8%	13.2%	-
Return-on-equity after tax	6.6%	9.1%	-
Cost/income ratio	73.4%	74.7%	-
Bank-specific information			
Core capital	101,729	87,740	+15.9%
Total risk-weighted assets	532,665	682,985	(22.0%)
Surplus of own funds	59,116	33,101	+78.6%
Core capital ratio	19.1%	12.8%	-
Core capital ratio/credit risk	59.6%	31.4%	-
Own funds ratio	19.1%	12.8%	-
Liquidity coverage ratio (LCR)	192.7%	91.2%	-
Non-financial performance indicators			
Employees at year-end	177	229 ¹	(22.7%)
Average number of employees	202	243 ¹	(16.9%)
Stock exchange memberships	12	12	0.0%
Number of newly issued warrants and certificates	2,817	3,256	(13.5%)

¹ Adjustment of previous year data

Preface by the Chairman of the Supervisory Board



Ladies and Gentlemen,

During the 2015 financial year, the members of the Supervisory Board and its Committees were informed in a timely and comprehensive manner by the Management Board about the different business areas, risk developments and relevant business developments in Raiffeisen Centrobank AG. Information was provided verbally as well as in written form and enabled the Supervisory Board to fulfill its duty to supervise and advise the Management Board.

In 2015, Raiffeisen Centrobank AG finalized its restructuring program which was announced in 2014. The departments Equity Capital Markets and Mergers & Acquisitions were integrated into Raiffeisen Bank International AG's investment banking division in September retroactively as of 1 January 2015. Moreover, the commodity trading subsidiaries were mostly sold and the former private banking unit was partly transferred to Kathrein Privatbank AG. Thus Raiffeisen Centrobank AG could clearly position itself as the competence center for equities and certificates and set the course for the successful continuation as well as expansion of its core fields of business.

In terms of last year's business development, the picture for Raiffeisen Centrobank AG is rather ambivalent due to the difficult market environment: while Global Equity Sales was confronted with declining business, the multiply awarded team Structured Products could draw a very successful balance: the open interest reached a record level with a total of € 3.1 billion. Despite the prevailing unpleasant market conditions, Raiffeisen Centrobank AG exceeded the budget.

With regards to personnel, the nomination of Valerie Brunner as Member of the Management Board as per 1 January 2016 has to be highlighted. In following Markus Kirchmair who returned to Raiffeisen Bank International AG, Mrs. Brunner is responsible for legal, risk, compliance, accounting, controlling & regulatory reporting, IT as well as operations, thus also acting as Chief Risk Officer and Chief Financial Officer.

On behalf of the Supervisory Board I would like to express my sincere gratitude to the Board Members and to Raiffeisen Centrobank AG's staff for their great effort and good work in the past year.

A handwritten signature in black ink, appearing to read 'K. Breuer'.

Klemens Breuer
Chairman of the Supervisory Board

CEO Editorial



**Ladies and Gentlemen,
dear Reader,**

In 2015, the completed restructuring as well as fostering its position as the competence center for equities and certificates within and outside of Raiffeisen Banking Group stood in the focus for Raiffeisen Centrobank AG. After integrating its advisory service departments (Equity Capital Markets and Mergers & Acquisitions) into the investment banking division of Raiffeisen Bank International AG in September retroactively as of 1 January 2015, partly transferring its former private banking to Kathrein Privatbank AG and selling or even closing its commodity subsidiaries, Raiffeisen Centrobank AG now concentrates on its core fields of business equity trading and sales, structured products (especially certificates), company research and investment services. We will strive to continue working in 2016 in a way Raiffeisen Centrobank AG is well known for: with high efficiency, professional expertise and strong commitment towards our customers. Despite or just because of the enormous regulatory challenges that have accompanied us in 2015 – and which certainly will continue to do so beyond 2016 – we managed to optimize legal, compliance and risk management processes and to even increase efficiency in these fields.

Business development proved to be rather ambivalent: while our team Structured Products recorded one of its most successful years ever and yielded national and international awards, the lack of capital market transactions in our core markets in Austrian as well as Central and Eastern Europe led to a decline in Global Equity Sales.

Although the operating result was below budget, we finally achieved a total result above budget based on high cost efficiency.

This is a satisfactory result with regards to the ever increasing and result-independent costs that our Bank is burdened with like the Austrian bank levy, regulatory costs and payments to the EU resolution fund.

We will certainly put all our effort to continue our customer-service at the highest quality level and to offer them the best investment services possible. In order to ease the current burden of expenses, insight from political decision-makers and regulators is required though. Raiffeisen Centrobank AG's result once more will be strongly influenced by them in 2016.

Kind regards,

A handwritten signature in black ink, appearing to read 'W. Celeda', written in a cursive style.

Wilhelm Celeda
CEO of Raiffeisen Centrobank AG

INNOVATION Award winning

OUTSTANDING

COMPETENCE CENTER

HIGH LEVEL

The year in review

1 January

Wilhelm Celeda becomes new CEO of Raiffeisen Centrobank AG.

26 January - RCB presse_talk

High ranking representatives of finance journalists in Vienna follow the invitation to a capital market outlook with Birgit Kuras, Board Member of Vienna Stock Exchange.

4 February - Capital Market Awards Bucharest

Raiffeisen Centrobank AG is best Market Maker at Bucharest Stock Exchange.

March 2015

After the annual specialist tender procedure Raiffeisen Centrobank AG takes over 11 mandates in the ATX prime market. Moreover the number of market maker mandates in Prague and Bucharest was raised to a total of 11 titles.

15 - 16 April - Invest Stuttgart

Team Structured Products presents Raiffeisen Centrobank AG at Germany's largest investment fairs.

15 - 17 April 2015 - Raiffeisen Centrobank AG investor conference Zürs

More than 100 international investors and almost 70 companies as well as the Austrian Minister for Finance Hans Jörg Schelling visit the traditional conference.

29 April

Raiffeisen Centrobank AG Annual General Meeting

30 April

Release of annual result 2014

6 May - Certificates Award Austria

Certificates Award Austria: For the ninth time in a row Raiffeisen Centrobank AG is awarded with the prestigious ZFA-Awards as Best Issuing House in Austria.

17 June

Raiffeisen Centrobank AG CEO Wilhelm Celeda becomes Member of the Supervisory Board of Wiener Börse AG and CEESEG AG.

23 June

Analyst press conference on "Capital Market Outlook Austria and CEE Q3".

30 June

Heike Arbter is appointed first female member of the Stock Exchange Council in Stuttgart.

31 August

Release of half year figures

9 September - RCB presse_talk

Rudolf Jettmar, Chairman of the Austrian Financial Reporting Enforcement Panel, acts as guest speaker.

15 - 16 October

Raiffeisen Centrobank AG's team Structured Products is not only present at Austria's biggest investment fair GEWINN-Messe but also contributes by expert presentations.

19 November

Jointly with Vienna Stock Exchange Raiffeisen Centrobank AG organizes an investors' day in Warsaw for Austrian companies.

23 November - Structured Products Europe Awards

Raiffeisen Centrobank AG again wins the prestigious award as "Best Issuing House in CEE".

14 December - CEE Banking Paris

Raiffeisen Centrobank AG invites companies for presentations to Paris.

22 December

Analyst press conference "Capital Markets Outlook Q1 2016"

1 January 2016 - Changes in Management Board

Valerie Brunner follows Markus Kirchmair and joins the Board as Chief Financial Officer and Chief Risk Officer.



Corporate Bodies

Management Board	Wilhelm Celeda Markus Kirchmair Valerie Brunner	Chief Executive Officer as of 1 January 2015 Member of the Management Board from 1 January 2015 to 31 December 2015 Member of the Management Board as of 1 January 2016
Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman
	Michael Höllner Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman as of 29 April 2015
	Karl Sevelde Chief Executive Officer, Raiffeisen Bank International AG, Vienna	1st Deputy Chairman until 29 April 2015
	Werner Kaltenbrunner Division Head, Raiffeisen Bank International AG, Vienna	Member
	Hannes Mösenbacher Division Head, Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker Tamara Els (until 30 September 2015) Karl-Heinz Tscheppe (as of 1 October 2015)	

Vienna, 4 April 2016
The Management Board



Wilhelm Celeda
Chief Executive Officer



Valerie Brunner
Member of the Management Board

Corporate Governance

The shares of Raiffeisen Centrobank AG are not listed on a stock exchange. As leading Austrian issuer of structured products and as one of the most important securities brokers in Vienna and other financial centres, Raiffeisen Centrobank AG 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 AG. Raiffeisen Centrobank AG 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 AG's approach to good corporate governance. The following comments illustrate some aspects of Raiffeisen Centrobank AG's compliance with the Code in the reporting period (1 January to 31 December 2015).

Management Board

The Management Board is made up of two persons and has sole responsibility to manage the Company based on concrete goals, concepts and guidelines. The Management Board pursues a future-oriented approach taking into account standards of good corporate management and the interests of the public good.

The rules of procedure for the Management Board as adopted by the Supervisory Board stipulate that meetings of the Management Board shall be held at regular intervals. The chairman of the Management Board shall convene and chair the meeting. The meetings of the Management Board focus on a mutual exchange of information and decision-making in all matters subject to approval by the Management Board. The Management Board conducts the business of the Company in accordance with the law, the bylaws of the Company and the rules of procedure. The rules of procedure for the Management contain stipulations regarding the disclosure and reporting obligations of the Management Board and formulate in concrete terms a list of business transactions that are subject to approval of the Supervisory Board.

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 AG and any other conflict of interests to the Supervisory Board. All transactions between Raiffeisen Centrobank AG 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 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 AG or unless Raiffeisen Centrobank AG holds an interest in these entities. Members of the Management Board 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 AG is active without the approval of the Supervisory Board.

Supervisory Board

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

The rules of procedure for the Supervisory Board and its committees formulate in concrete terms a list of business transactions that are subject to the approval of the Supervisory Board or its committees. The Supervisory Board has set up a nomination committee, risk committee, remuneration committee and an audit committee.

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 or its committees 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 Chief Executive Officer 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 AG 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

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 behavior of the Board member.

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

Compliance

To strengthen the 2nd Line of Defense, Legal, Compliance and Tax were separated as of October 1, 2015, and Compliance, Operational Risk and ICS (Internal Control System) were bundled in one organizational unit. This department assumes responsibility for all compliance-related tasks within Raiffeisen Centrobank AG and is subordinate to the CRO, but directly reports to the entire Management Board and the Supervisory Board. Moreover, a continuous exchange of information with RZB Group Compliance takes place. These comprehensive measures provide for an effective implementation of the high standards of statutory and regulatory demands. Raiffeisen Centrobank AG fully applies the Standard Compliance Code that was developed by the Austrian banking industry as the basis for its business activities, in addition to relevant legal and regulatory provisions. As a subsidiary of Raiffeisen Bank International AG the provisions contained in the Code of Conduct of RZB Group (CoC) are binding for and shall be observed by all employees of Raiffeisen Centrobank AG.

The CoC forms an integral part of the RZB Group Compliance Manual which outlines the principles contained in the CoC. The provisions have been implemented within Raiffeisen Centrobank AG in a binding set of rules including e.g. the Compliance and Anti-Money Laundering Manual or organizational instructions.

Core compliance-related issues in Raiffeisen Centrobank AG include procedures and measures to prevent money laundering and terrorist financing, conflicts of interest, adherence to (financial) sanctions, implementation and monitoring of regulations for employee transactions and acceptance of gifts as well as trainings for employees. Moreover, major tasks include periodic reviews of the adherence to the Execution Policy when executing customer orders and measures to prevent insider dealing and market manipulation.

In 2015, the Compliance Office of Raiffeisen Centrobank AG focused on analyzing implications of regulatory issues listed below and will concentrate on implementing these regulations:

MiFID II/MiFIR (Markets in Financial Instruments Directive II/Markets in Financial Instruments Regulation) based on MiFID I are 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).

MAD II/MAR (Market Abuse Directive II/Market Abuse Regulation) provide for expansion and strengthening of market abuse and insider dealing regulations as well as a EU-wide harmonization of stringent sanctions.

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

The federal law on the implementation of the Common Reporting Standard for automatic exchange of financial account information (Common Reporting Standard, CRS) has transposed the OECD standard for automatic exchange of financial account information, including the Common Reporting Standard (CRS) and the Common Authority Agreement (CAA) model into national law.

Management Report of Raiffeisen Centrobank AG for the 2015 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 Environment

The 2015 financial year was dominated by a low oil price, international central banks' policies and geopolitical challenges. Contrary to expectations, the economy in the Eurozone posted a sound performance. Abated economic dynamism on individual country level in various emerging economies could not impede the overall upswing. The job market situation in several countries was far from satisfactory; nevertheless, employment throughout the currency union continued its growth trend. Since 2013, the number of people employed has been rising by roughly one million per year. Improved economic conditions have brightened the mood and translated into a substantial increase in consumer spending. Foreign trade and investment driven industries were markedly lagging behind the dynamics of previous years. The US economy saw a particularly favorable development, recording a GDP growth rate of roughly 2.5 per cent, on par with the previous year's rate. Residential construction investment and private consumer spending showed strong growth. The notable appreciation of the US dollar curbed export growth. Conversely, the services sector which is of material significance for the US economy displayed a positive performance and over-compensated the dampening mood in the manufacturing industry in the wake of declining commodity prices. The US labor market developed equally favorably, recording an unemployment rate of 5 per cent. China's economic growth fell short of expectations in 2015 and could achieve stabilization not before the end of the fourth quarter. Domestic demand posted a rise compared to the previous two years. Growth in industrial production experienced a downward trend between August and October before showing a rebound as from November. At the same time, export growth remained weak. In the CEE region, exchange rates developed along different paths in the individual countries throughout the year 2015. Eastern Europe saw a high volatility and a strong devaluation to the US dollar and the Euro, whereas countries in Central and Southern Europe recorded a higher degree of stability. Inflation rate in the CEE region was low, partly even negative a development that is mainly attributable to low energy prices and the challenging economic situation triggered by the euro crisis. Austria saw subdued economic recovery. Domestic consumption stalled as the outlook for the labor market remains bleak.

Financial Markets

Throughout 2015, central banks' policies were closely observed on international level. Developments on the financial markets were dominated by the decision of the European Central Bank (ECB) to extend its quantitative easing policy as well as the asset purchase program of € 60 billion per month to 2017. Moreover, the US Federal Reserve hiked its key rate for the first time since 2006 after seven years of pursuing a zero interest rate policy. The key rate range was raised to 0.25 per cent to 0.50 per cent. In January, the Swiss Central Bank (SNB) caused disturbances on the markets with its decision to abandon the fixed minimum exchange rate against the euro. With this sharp turnaround, the SNB put both the euro and the domestic exporting industry under heavy pressure. Subsequently, the SNB pursued a two-pillar strategy which aimed at weakening the Swiss franc through negative interest rates and interventions by the central bank. The equity markets were facing high liquidity supply. The US equity market displayed a positive performance in 2015, however, falling short of the dynamics of previous years due to the setback in the US growth rate in the first quarter, the strengthening of the US dollar against the euro, the yen and other major leading currencies, the change in the Fed's interest rate policy and weakening economic growth in China. Nonetheless, S&P 500, Dow Jones and Nasdaq Composite fell marginally shy of their all-time highs in the reporting year. The US equity market has again noticeably

outperformed the Eurozone since the beginning of the bull market in spring 2009. In this relation, it should be noted that the stronger recovery of the US economy brightened the mood on the local equity market. The sustained positive development of the US equity market was reflected in the profit that clearly surpassed gains achieved in the Eurozone. One of the reasons is the more favorable sector composition. The traditionally highly profitable technology sector accounts for 16 per cent of the overall market, contrary to slightly above 5 per cent in the Eurozone. With over 20 per cent, the crisis-stricken financial sector accounts for a substantially higher share in the euro area than in the USA.

In 2015, the Austrian equity market recorded an above average growth rate of 11 per cent, including dividends. The rise in the ATX ranged in the double digits, and was clearly above other indices: DAX +8 per cent, EuroStoxx +7 per cent, Dow Jones -2 per cent. The equity markets in the CEE region developed heterogeneously. The absolute front-runner was the equity market in Hungary (+42 per cent) due to the expected improvement in political frameworks, whereas the Polish equity market lost over 20 per cent in the wake of the political upheaval. In 2015, the Russian equity market was caught between geopolitical trouble spots and the oil price slump. In the course of the year the MICEX recorded a rise of roughly 25 per cent.

Development of Business and Earnings 2015

Further to the transfer agreement dated 31 August 2015, the M&A business segment including the assets of the ECM business were transferred from Raiffeisen Centrobank AG to Raiffeisen Bank International AG retroactively as of 1 January 2015. This resulted in a net outflow of € 5,068 thousand. In addition, part of the Private Banking segment was transferred to Kathrein Privatbank AG. Therefore balance sheet and profit and loss items reported for the 2015 financial year are only comparable to a limited extent with the previous year results.

Development of Earnings

With an operating income of € 49,028 thousand and operating expenses of € 35,992 thousand, an operating result of € 13,036 thousand was generated in the 2015 financial year. Under consideration of value adjustments and net proceeds in the amount of minus € 753 thousand, the result on ordinary activities came to € 12,284 thousand. The previous year result on ordinary activities in the amount of € 12,364 thousand was undercut by € 80 thousand or 0.7 per cent.

in € thousand	2015	2014	Change
Net interest result	(12,555)	(7,302)	71.9%
Income from securities and financial investments	8,489	12,167	(30.2%)
Fee and commission result	(2,723)	7,487	>100.0%
Net profit on financial trading activities	51,739	45,690	13.2%
Other operating income	4,078	3,814	6.9%
Operating income	49,028	61,856	(20.7%)
Staff expenses	(20,103)	(27,327)	(26.4%)
Other administrative expenses	(13,828)	(15,007)	(7.9%)
Depreciation	(1,557)	(1,710)	(8.9%)
Other operating expenses	(504)	(2,148)	(76.6%)
Operating expenses	(35,992)	(46,193)	(22.1%)
Operating result	13,036	15,663	(16.8%)
Value adjustments, net proceeds	(0,753)	(3,300)	(77.2%)
Result on ordinary activities	12,284	12,364	(0.7%)
Taxes	(5,373)	(3,766)	(42.7%)
Net income for the year	6,911	8,598	(19.6%)

Further to the transfer of the M&A and ECM segments into Raiffeisen Bank International AG, the operating income was down on the previous year result by 20.7 per cent or € 12,828 thousand and amounted to € 49,028 thousand. This decline is reflected in particular in the decrease in fee and commission result by € 10,210 thousand. Contrary, the net profit on financial trading activities recorded a rise by € 6,049 thousand compared to the previous year. This is attributable to a stable profit contribution from the certificates business and a positive valuation result in the trading business, whereas the contribution of the sales business recorded a decline in the 2015 financial year.

The rise in the net profit on financial trading activities is contrasted by an increased negative net interest result.

Interest expenses are mainly responsible for the negative net interest result and include primarily coupon payments for structured issues. Compared to the previous year period, interest expenses recorded a rise further to higher coupon payments, contrary to a positive valuation result from tradable money market deposits and derivative financial instruments in the trading profit.

The rise in other operating income is primarily due to profit generated from the disposal of business premises in the amount of € 1,624 thousand in the 2015 financial year.

Operating expenses came to € 35,992 thousand and were by 22.1 per cent or € 10,201 thousand below the previous year result (2014: € 46,193 thousand).

Staff expenses amounting to € 20,103 thousand and other administrative expenses summing up to € 13,828 thousand undercut the previous year results by € 7,224 thousand and € 1,179 thousand, respectively.

The decline in staff expenses is primarily attributable to the transfer of employees of the M&A and ECM business segments into Raiffeisen Bank International AG and to personnel cutbacks in the course of the reorganization process. In addition, the decrease in staff expenses relates to the release of provisions for bonus payments for the 2014 financial year following the decision of the parent company to refrain from paying a bonus for the year 2014.

Other administrative expenses recorded a decline in all major expenses by nature further to the re-alignment of the business model. Nevertheless, expenses resulting from the contribution to the resolution fund came to € 896 thousand. Moreover, higher contributions to the national banking supervision are included.

Other operating expenses posted a decrease by € 1,644 thousand to € 504 thousand. In the 2014 financial year, the item included mainly expenses for M&A value adjustments in the amount of € 1,290 thousand.

The cost/income ratio which was at 74.7 per cent in 2014 marginally improved to 73.4 per cent in the 2015 financial year.

The change in value adjustments and net proceeds is in particular due to negative valuation result and net proceeds of € 1,149 thousand (2014: € 2,072 thousand) in securities held as other current assets. Moreover, in the 2015 financial year, the carrying amount of Centrottrade Holding AG was appreciated by € 490 thousand to the initial acquisition costs.

The result on ordinary activities came to € 12,284 thousand compared to € 12,364 thousand in the previous year.

In the 2015 financial year, income taxes amounted to € 1,340 thousand (2014: € 253 thousand). The change is primarily attributable to tax income from the settlement of group taxation for the years 2005 - 2007 (€ 1,136 thousand), which had been booked in the 2014 financial year. Other taxes totaled € 4,033 thousand (2014: € 3,512 thousand), whereas the 2014 financial year benefited from income derived from VAT accounting.

The net income for the year amounted to € 6,911 thousand (2014: € 8,598 thousand).

Taking into account the decline in net assets summing up to € 5,068 further to the transfer of the M&A business segment including the assets of the ECM segment into Raiffeisen Bank International AG that was equally offset by a release in retained earnings and considering the profit carried forward totaling € 63 thousand (2014: € 1,670 thousand), the net profit as of 31 December 2015 amounts to € 6,974 thousand (2014: € 10,268 thousand).

Balance Sheet Development

Compared to December 2014, the balance sheet total declined by roughly 7 per cent from € 2,713,373 thousand to € 2,524,919 thousand.

On the asset side, the most significant change compared to 2014 was in "Loans and advances to credit institutions" (roughly 77 per cent of the balance sheet total on 31 December 2015 and roughly 62 per cent on 31 December 2014). The item increased by € 251,769 thousand to € 1,942,882 thousand, and contains mainly tradable money market deposits (€ 1,452,463 thousand), unlisted bonds (€ 79,698 thousand) and collateral for the securities and option business (€ 158,355 thousand). Interbank deposits which dropped by € 32,063 thousand to € 191,079 thousand compared to the previous year, comprise exclusively deposits at Raiffeisen Bank International AG and Raiffeisenlandesbank Niederösterreich-Wien (2014: € 223,141 thousand). Compared to the previous year, collateral for the securities and option business rose by € 61,250 thousand, unlisted bonds declined by € 53,046 thousand and tradable money market deposits increased by € 271,672 thousand.

"Bonds, notes and other fixed-interest securities" (roughly 3 per cent of the balance sheet total on 31 December 2015 and roughly 9 per cent on 31 December 2014) was down on the previous year result. The decline by € 164,477 thousand to € 74,876 thousand is attributable to the redemption of listed bonds.

"Shares and other variable-yield securities" (roughly 10 per cent of the balance sheet total on 31 December 2015 and roughly 16 per cent on 31 December 2014) fell by € 196,077 thousand to € 242,802 thousand. This is mainly due to the decrease in foreign shares by € 124,283 thousand and to the redemption of a variable-yield domestic bond in the amount of € 75,499 thousand. The shares, purchased options, tradable money market deposits 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.

"Other assets" (roughly 3 per cent of the balance sheet total on 31 December 2015 and roughly 4 per cent on 31 December 2014) declined, mainly in unlisted options, by € 43,909 thousand to € 73,184 thousand.

"Loans and advances to customers" (roughly 2 per cent of the balance sheet total on 31 December 2015 and roughly 5 per cent on 31 December 2014) recorded a decrease by € 67,311 thousand to € 59,174 thousand. The decline is mainly attributable to the repayment of loans following the sale of the commodity trading subsidiaries in the 2015 financial year and to the transfer of parts of the Private Banking segment into Kathrein Privatbank AG.

"Bonds and notes issued by public bodies" (roughly 4 per cent of the balance sheet total on 31 December 2015 and roughly 2 per cent on 31 December 2014) contains Austrian and German government bonds and recorded a rise by € 38,265 thousand compared to the previous year.

On the equity and liabilities side, "Other liabilities" (roughly 55 per cent of the balance sheet total on 31 December 2015 and roughly 56 per cent on 31 December 2014) fell by € 122,824 thousand to € 1,391,983 thousand. This results from a decrease in certificates by € 89,970 thousand and in short-sellings of trading assets by € 104,668 thousand.

Short-sellings are effected in connection with the market making activities of the Bank 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.

"Securitized liabilities" (roughly 31 per cent of the balance sheet total on 31 December 2015 and roughly 28 per cent on 31 December 2014) recorded a mild increase by € 19,556 thousand to € 791,233 thousand, mainly as a result of the issuance of new bonds.

Zero bonds, structured notes and tradable deposits purchased from Raiffeisen Bank International AG 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 came up to a total of € 1,583,384 thousand (2014: € 1,499,734 thousand). In addition, "Other assets" include OTC options purchased from Raiffeisen Bank International AG in the amount of € 609 thousand.

"Liabilities to credit institutions" (roughly 1 per cent of the balance sheet total on 31 December 2015 and roughly 3 per cent on 31 December 2014) declined by € 59,805 thousand to € 15,088 thousand. This was the result of a lower refinancing requirement.

"Liabilities to customers" (roughly 8 per cent of the balance sheet total on 31 December 2015 and roughly 8 per cent on 31 December 2014) posted a decrease by € 28,749 thousand to € 201,714 thousand, primarily further to the transfer of parts of the Private Banking segment into Kathrein Privatbank AG in the course of re-aligning the business model of Raiffeisen Centrobank AG.

"Provisions" (roughly 1 per cent of the balance sheet total on 31 December 2015 and roughly 1 per cent on 31 December 2014) declined in the comparative period from € 18,612 thousand on 31 December 2014 to € 13,548 thousand on 31 December 2015. This is primarily due to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG. In addition, provisions for severance payments as at 31 December 2014 contain a restructuring provision in the amount of € 954 thousand; thereof an amount of € 594 thousand was used in the 2015 financial year and an amount of € 360 thousand was released.

"Capital reserves" (roughly 1 per cent of the balance sheet total on 31 December 2015 and roughly 0 per cent on 31 December 2014) recorded a rise from € 6,651 thousand as of 31 December 2014 to € 20,651 thousand on 31 December 2015. In the 2015 financial year, committed capital reserves remained unchanged compared to the previous year period. Uncommitted capital reserves result from an irrevocable shareholder contribution of Raiffeisen Bank International AG in the amount of € 14,000 thousand as compensation in value for the business segments transferred into Raiffeisen Bank International AG.

"Retained earnings" (roughly 1 per cent of the balance sheet total on 31 December 2015 and roughly 1 per cent on 31 December 2014) declined from € 24,531 thousand as of 31 December 2014 to € 22,463 thousand on 31 December 2015. This change relates to other reserves and is attributable to an allocation from the 2014 net profit in the amount of € 3,000 thousand and the decrease in relation to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG in the amount of the transferred net assets summing up to € 5,068 thousand.

Key Data

in € thousand or in per cent	2015	2014
ROE before tax	11.8%	13.2%
Cost/income ratio	73.4%	74.7%
Core capital (tier 1) after deductions	101,729	87,740
Eligible own funds	101,729	87,740
Own funds requirement	42,613	54,638
Surplus of own funds	59,116	33,101
Own funds ratio*	19.1%	12.8%
Core capital ratio**	19.1%	12.8%
Liquidity coverage ratio	192.7%	91.2%

*) 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

Financial Instruments

Please refer to the notes.

Segment Reporting

In the 2014 financial year, it was decided to restructure the business model of Raiffeisen Centrobank AG and to focus the core areas of business on equity trading and sales as well as on certificates. Following these decisions, the M&A and ECM segments including the respective subsidiaries were transferred into Raiffeisen Bank International AG or the respective network banks or sold. Parts of the Private Banking segment were transferred into Kathrein Privatbank AG. The business segment commodity trading subsidiaries was sold or is in liquidation.

Securities Trading & Sales and Treasury

Raiffeisen Centrobank AG is one of the largest players in equities and structured products on the Vienna Stock Exchange and holds a key position in the markets in Central and Eastern Europe.

Treasury & Trading

The 2015 financial year saw a recovery in sales volume on the Vienna Stock Exchange and outperformed the 2014 year by plus 22 per cent.

The international stock exchanges such as XETRA Frankfurt or NYSE Euronext generated a growth rate of 27 per cent each, whereas the development on the exchanges in Eastern Europe was not uniform. The sales volume on the Warsaw Stock Exchange declined by roughly 1 per cent, whereas the exchanges in Budapest and Prague recorded a rise of 15 per cent and 10 per cent, respectively.

With a market share of 7 per cent on the spot market, Raiffeisen Centrobank AG was the fourth largest market participant on the Vienna Stock Exchange. In market making the sales volume of € 1,566 thousand was mildly down on the previous year result. Nevertheless, Raiffeisen Centrobank AG posted the highest sales among domestic market makers.

In the specialist tender on the Vienna Stock Exchange in April 2015, Raiffeisen Centrobank AG received 11 mandates and holds a total of 36 market maker mandates in the prime market. On the Warsaw Stock Exchange Raiffeisen Centrobank AG acts as market maker for 25 equities. Moreover, market making in single stock futures and WIG 20 futures and options is provided. Raiffeisen Centrobank AG expanded its market maker activities as well on other Eastern European exchanges and increased the number of its mandates in Prague and Budapest to 11 titles.

Global Equity Sales

In 2015, the share of Raiffeisen Centrobank AG in the customer business segment on the Vienna Stock Exchange was down on the previous year result by minus 9.8 per cent. This is due to the still challenging market environment against the backdrop of persisting geopolitical uncertainties. Sales volume on the Vienna Stock Exchange (agent account) dropped by 10.9 per cent in the period under review. The market share remained stable at 10.3 per cent. In the 2015 financial year, no primary market transactions were carried out.

Raiffeisen Centrobank AG continues with its strategy to offset low trading volumes by new customer acquisition and by broadening its product range and has therefore kept its marketing activities on a high level. 80 company roadshows, 19 investor lunches and 45 analyst roadshows were held. The investor conference in Warsaw, which was organized in cooperation with the Vienna Stock Exchange in November, was a great success. Both, the market entry into the French capital market and the cooperation with Global Securities to market Turkish stocks are showing the first signs of success.

In close cooperation and coordination with the parent company Raiffeisen Bank International AG joint priorities both in equity research and the service provided for institutional investors have been defined. Together with the Equity Capital Markets team of Raiffeisen Bank International AG, Raiffeisen Centrobank AG carries out research and sales activities in relation to equity capital market transactions including Initial Public Offerings, capital increases, block trades, equity-linked products (convertible/exchangeable bonds), listings, take-over offers of listed companies, squeeze-outs (exclusion of minority shareholders) and follow-up services for listed companies.

Structured Products

The very positive course of business for the Structured Products department in the previous years continued with another favorable result in 2015. In all of its core markets and customer groups Raiffeisen Centrobank AG confirmed or even outperformed the previous year result. Open interest for Raiffeisen Centrobank AG certificates rose again to an all-time high of € 3.1 billion, even surpassing the level achieved in 2006/2007. This enabled Raiffeisen Centrobank AG to increase its leadership on the domestic certificate market and to significantly increase its market share. Total turnover for 2015 came to € 1.3 billion and was almost on the level achieved in the previous years. With a share of over 60 per cent, guarantee certificates and certificates with partial protection were the most popular product categories by far. Attractive yield potential with (partial) protection is in high demand in the currently low interest rate environment. This (partial) protection mechanism offers lower risk than an investment into equities and higher yield opportunities compared to an investment into bonds. 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, STOXX Global Select Dividend 100 and on Eastern European underlyings. Heavy leaps on the commodities markets, primarily in the oil price, translated into a rise in turnover of commodity certificates, which underpins that investors appreciate a simple market access and the permanent secondary markets of certificates.

All in all, Raiffeisen Centrobank AG issued 2,817 products in 2015, bringing the total of its publicly offered issues to 4,163 at the end of the year. In addition to the Vienna Stock Exchange, all Raiffeisen Centrobank AG certificates are listed on the leading European certificate exchanges in Stuttgart (EUWAX) and Frankfurt. Raiffeisen Centrobank AG places particular focus on the CEE exchanges, with numerous new listings and product innovations. In addition, Raiffeisen Centrobank AG acts as successful market maker on the exchanges in Warsaw, Prague, Budapest and Bucharest. Equal to the previous year, Raiffeisen Centrobank AG achieved a remarkable result in cooperation with the local network banks on the core markets in Eastern Europe, and succeeded in keeping revenue at a high level and generating the second best result in its history. Raiffeisen Centrobank AG is currently active in nine CEE countries and sustainably intensified its collaboration with the local network banks. In addition to the record revenue and the highest level of open interest ever, numerous issues (subscriptions and private placements) and education measures were completed. This emphasizes the strong demand for innovative products and adequate education. Successful transactions were completed with Tatra bank in Slovakia and Raiffeisen Polbank. Both banks were involved in the major single issues in 2015. After coming out on top in 2007, 2010 2012 and 2014, Raiffeisen Centrobank AG was again named best certificate house in CEE at the Structured Products Awards in 2015.

Establishing certificates as an integral part of every portfolio is successfully being pursued across the Austrian Raiffeisen sector. 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. The majority of advisors who are active in the securities business enhanced their competence and increased their knowledge in the segment. Under the continued challenging conditions, in particular as regards the regulatory framework, Raiffeisen Centrobank AG considers the dissemination of knowledge and information one of the most important sales measures for ensuring long-term success.

Raiffeisen Centrobank AG is the sole Austrian complete provider, both in terms of certificate types and underlyings. In addition to offering a broad product range, Raiffeisen Centrobank AG stands out for its long-term active presence, extensive investor service, 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 Certificates Awards Austria for the ninth time in a row. Raiffeisen Centrobank AG was named the best issuer in Austria.

Investment Services

In the wake of re-aligning the business segment, the Private Banking segment was renamed to Investment Services. Investment Services focuses on servicing customers of the Raiffeisen network banks in the CEE region, offering tailor-made investment solutions for private and institutional customers.

The Investment Services business segment reported a very satisfactory result for the 2015 financial year. The total volume of assets under management rose by 15 per cent even though the number of deposits was reduced from 552 to 490. Income increased by 24 per cent compared to the previous year.

Company Research

The coverage universe of Raiffeisen Centrobank AG comprises Austrian, Eastern European and Russian companies and includes about 130 shares. The department again focused on expanding its publishing activities as well as on intensifying relationships between investors and analysts. In the 2015 financial year, the department published a total of 1,500 reports (company updates, sector reports, first impressions, company news, sector news, equity daily, equity weekly). In addition to holding regular conference calls, analyst roadshows were marketed in Zurich, Geneva, London, Paris, Frankfurt, Milano, Stockholm, Warsaw, Prague, Dublin, Vienna and Linz. The topics included strategies for Austria and Poland as well as various sector road shows. "Strategy Austria & CEE" was prepared together with Raiffeisen Research every quarter.

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

in per cent	2015	2014
Return-on-equity before tax	11.8	13.2
Return-on-equity after tax	6.6	9.1
Cost/income ratio	74.3	74.7

Compared to the previous year, equity increased whereas result on ordinary activities remained almost stable. Therefore, Return-on-Equity before tax fell from 13.2 per cent to 11.8 per cent. Correspondingly, Return-on-Equity after tax declined from 9.1 per cent to 6.6 per cent compared to the previous year.

In annual comparison, the cost/income ratio slightly improved from 74.7 per cent to 74.3 per cent.

Non-Financial Performance Indicators

	2015	2014
Employees at year-end	177	229 ¹
Average number of employees	202	243 ¹
Stock exchange memberships	12	12
Number of newly issued warrants and certificates	2,817	3,256

¹ Adjustment of previous year data

Compared to December 2014, the number of employees was sharply reduced per year-end and on average following the reduction in staff in the course of the re-alignment of Raiffeisen Centrobank AG. Subsequently, 28 employees of the M&A and ECM business segments were transferred into Raiffeisen Bank International AG.

Stock exchange memberships came to 12 and remained unchanged compared to the 2014 financial year. Against the backdrop of the challenging market environment, the number of newly issued warrants and certificates declined by roughly 13 per cent and came to 2,817 products.

Risk Management

Principles

In 2015, Raiffeisen Centrobank AG 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 AG, Raiffeisen Centrobank AG is integrated into the risk management process of the Raiffeisen Zentralbank Österreich AG 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 AG 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. In the fourth quarter 2015, the formerly separate departments Credit Risk & ICAAP and Market Risk were combined in one Risk Management department. Operational Risk, Internal Control System and Compliance were bundled in one department (Compliance, Operational Risk & ICS).

As per year-end 2015, risk management at Raiffeisen Centrobank AG was split into 2 departments:

- Risk Management (market, credit, liquidation risks, overall bank risk management)
- Operational Risk & ICS (operational risks and Internal Control System)

The central risk management 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 its 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 macro-economic environment and controls and assesses interest rate risk, liquidity risk and balance sheet structural risk.

Risk Management System at Raiffeisen Centrobank AG

Raiffeisen Centrobank AG 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 compliant with regulatory capital requirements pursuant to CRR, 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 CRR, Raiffeisen Centrobank AG applies the standard approach. To calculate option-related non-linear risks the scenario matrix method is employed.

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

As a subordinate company of Raiffeisen Zentralbank Österreich AG, Raiffeisen Centrobank AG is integrated into the ICAAP of Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG on a consolidated basis.

The risk-bearing capacity analysis is prepared by Raiffeisen Zentralbank Österreich AG on a monthly basis for both the going concern scenario (VaR with a confidence level of 95 per cent) and the target rating perspective (VaR with a confidence level of 99.92 per cent) is provided to Raiffeisen Centrobank AG and supports the Management Board in managing the overall bank risk.

3. Internal Control System

Raiffeisen Centrobank AG has implemented a company-wide modern Internal Control System that meets the requirements of Raiffeisen Zentralbank Österreich AG group standards. 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.

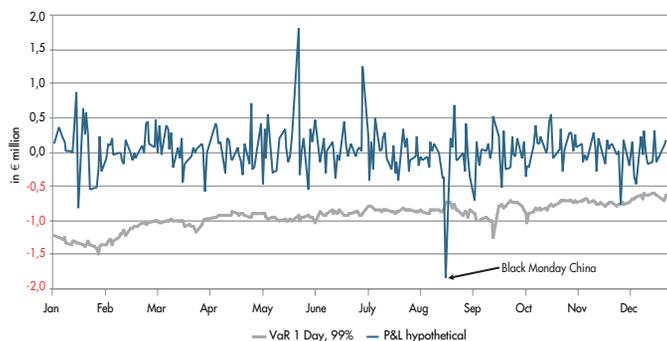
Major Risks

Market risk

Market risk is defined as the risk of losses in on and off-balance sheet positions 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 AG is in securities trading and the issue of equity-index based derivatives and structured products the top priority of Raiffeisen Centrobank AG is to counteract market risk. Raiffeisen Centrobank AG measures, monitors and manages all market risks by setting a variety of limits that are reviewed on an annual basis and are submitted to the Raiffeisen Centrobank AG ILC, Raiffeisen Bank International AG MACO (Market Risk Committee) and the Supervisory Board of Raiffeisen Centrobank AG for approval. All market risk positions are compared with the respective limits in a mostly automated process. Limit overdrafts are handled in an escalation process. Currently, over 15,000 limits in roughly 25 categories are monitored, the majority accounts for limits for single shares.

In market risk management, the Value-at-Risk (VaR) is employed, which furnishes forecasts on potential losses in adverse scenarios under normal market conditions and contrasts them with a particular limit. On the basis of the variance-covariance model, the VaR for equity and product-specific positions is calculated daily with a confidence interval of 99 per cent and a retention period of one day. On 31 December 2015 the VaR amounted to € 620 thousand (31 December 2014: € 1,224 thousand).



The above chart depicts the performance of VaR and hypothetical P&L (profit and loss that would have occurred in a constant portfolio and actually recorded market movements) in the period 1 January 2015 to 31 December 2015. In 2015, backtesting revealed a VaR exceedance. Such exceedance is in accordance with statistical expectations and underlines

the significance of the VaR. The exceedance appeared on 21 August 2015, the "Black Monday" in China and was due to extreme market fluctuations on that day.

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

Credit risk

Credit risk represents the 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 unrealized profits from pending business transactions can no longer be recovered (counterparty default risk).

The major credit risks of Raiffeisen Centrobank AG 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 AG due to the limited business volume and the company's strategic orientation (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 risk taking into account the rating and applicable credit risk mitigating measures like financial collaterals (e.g. cash or securities collateral). 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.

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. This definition includes legal risk but excludes strategic and reputational risk. This risk category is managed on the basis of the results of regular Bank-wide self-assessments, standardized key risk indicators, scenario analyses and Group-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 AG. Daily balance sheet items of Raiffeisen Centrobank AG are separated by maturity bands and currencies, their inflows and outflows are modeled 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 AG.

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 supply for the 2015 financial year.

The liquidity coverage ratio (LCR) serves to measure the Bank's liquidity supply in a defined stress scenario (combination of market and name crisis). As of 31 December 2015, the LCR came to 192.7 per cent (2014: 91.2 per cent). Since October 2015 a minimum rate of 60 per cent on single-institution level is to be observed.

Risk Situation

As a subordinate company, Raiffeisen Centrobank AG is integrated into the ICAAP of Raiffeisen Zentralbank Österreich AG on a consolidated basis. Raiffeisen Centrobank AG is provided with monthly ICAAP reports including a going concern perspective with a confidence interval of 95 per cent and a target rating perspective with a confidence interval of 99.92 per cent.

The following table depicts the VaR per risk category as of 31 December 2015 and 31 December 2014, respectively:

Going concern perspective (VaR in € million)	31/12/2015	31/12/2014	Change
Credit risk non-retail	3.4	6.1	(44.3%)
Market risk	1.7	2.9	(40.6%)
Operational risk	1.3	1.8	(27.4%)
Equity participation risk	0.9	1.8	(50.0%)
CVA risk	0.6	0.8	(25.0%)
Total	7.8	13.4	(41.8%)

Target rating perspective (VaR in € million)	31/12/2015	31/12/2014	Change
Credit risk non-retail	7.8	11.8	(33.9%)
Market risk	6.9	11.6	(40.7%)
Operational risk	8.7	11.5	(24.4%)
Other risks	8.0	11.2	(28.6%)
Total	31.4	46.1	(31.9%)

The re-alignment of Raiffeisen Centrobank AG (sale of the commodity trading subsidiaries, partial transfer of the Private Banking business segment) translated into a substantial reduction in credit risk.

The significant reduction in the market risk VaR is in particular due to the decline in the equity and product-specific VaR. This is attributable to a change in the risk structure of the portfolio.

Internal Control System as Relevant for the Accounting System

Raiffeisen Centrobank AG 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. An internal control system has already existed at Raiffeisen Centrobank AG for years in the form of directives and instructions for strategically important subject areas.

The financial statements are prepared on the basis of the pertinent Austrian laws, above all the Austrian Banking Act (BWG) in connection with EU Regulation Nr. 575/2013 (Capital Requirements Regulation "CRR") and the Austrian Commercial Code (UGB).

The accounting department is responsible for the Bank's accounting system and is 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. Organizational 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 authorizations. 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 risk-oriented 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 are 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 preparing 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 approval. 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

As of 31 December 2015, Raiffeisen Centrobank AG had 177 employees, which, compared to 31 December 2014, represents a decrease by 52 employees.

This decrease is mainly attributable to the strategic focus of the Company on its core areas of business equity trading and sales, certificates as well as to the restructuring process of the M&A and ECM business that was fully transferred to Raiffeisen Bank International AG as of September 2015. Subsequently, 28 employees were transferred to Raiffeisen Bank International AG. The Private Banking business segment was transferred to Kathrein Privatbank AG, a subsidiary of Raiffeisen Bank International AG.

In the 2015 financial year, Raiffeisen Centrobank AG employed an average of 202 employees.

New Compensation Structure

In accordance with the introduction of a new compensation structure in Raiffeisen Bank International AG in 2015, Raiffeisen Centrobank AG has amended its compensation structure. In line with the clear trend within the European banking industry, the weighting of the variable compensation components was reduced and position-related fixed allowances were

introduced. For roles which have very little or only an indirect influence on financial results, the variable component may also be entirely dispensed. Overall, the changes make it easier for employees to estimate their income and provide a higher level of income security. For the company, it creates greater transparency and improves compensation planning.

Outlook 2016

The Eurozone is expected to post a moderate economic rebound, whereas domestic consumption should contribute above average to the forecast upturn. The ongoing pick-up in public investments should also help to stimulate the economy, translating in positive effects on company profits. Due to the persistent impact of central banks' policies and the surplus liquidity on the markets, the euro is expected to experience a further weakening against the US dollar, resulting in a stimulus for the exporting industry in the euro area and offering leeway for a positive trend on the equity markets. The inflation rate should begin to pick up; a rise up to 2 per cent appears to be feasible. In Raiffeisen Centrobank AG's core markets in the CEE region the recovery of the Eurozone and the expansive monetary policy of the central banks should have a positive perceptible impact. Inflation should return, in parallel with the rising oil price projected for the second half year. This upward price trend is a key factor for the recovery of the Russian economy. An end to recession is not likely as the foreign policy situation of Russia is governed by international sanctions, the military intervention in Syria and the relations with Turkey which keep the political risk elevated. In Austria, the tax reform which entered into effect in January should result in a positive economic stimulus through rising private consumption. The modest economic recovery that had set in in 2015 appears to continue well into 2016.

The global equity markets started into the year 2016 by posting a historically poor result. Worries about economic growth in China, uncertainties in respect to the refugee crisis in Europe, the stability of the European Union and the upcoming US presidential elections translated into negative developments that do not appear to be justified. Subsequently, the indices were on an upward trajectory evidencing the high degree of volatility prevailing on the markets. The continued economic improvement should have a positive impact on company profits in the course of the year and should brighten up the mood on the equity markets. In addition, ECB's quantitative easing and related monetary easing measures should also show a positive effect.

In 2016, Raiffeisen Centrobank AG will focus on its core areas of business Treasury & Trading, Global Equity Sales, Structured Products, Investment Services and Company Research on a sustained expansion and opening up of new markets in tandem with increased cost awareness and efficiency enhancement. The market environment is projected to contribute positively to the business performance and the prevailing low interest rate environment offers almost ideal opportunities to increase the sales volume of capital and partial protection certificates. In contrast, high non-income taxes including the Austrian bank levy, supervisory fees and the contribution to the EU resolution fund as well as the implementation of regulatory requirements constitute a foreseeable burden to be borne by Raiffeisen Centrobank AG. Raiffeisen Centrobank AG, the competence center for equities and certificates in the Raiffeisen Banking Group, is well-prepared and is taking a positive perspective on revealing opportunities in the current and future market environment.

Following the re-alignment of Raiffeisen Centrobank AG in the 2015 financial year, a rise in the net profit compared to 2015 is expected.

Significant Events after the Balance Sheet Date

There were no significant events after the balance sheet date.

Research and Development

Raiffeisen Centrobank AG with its core area of business focusing on equities and structured products does not engage in research and development.

Vienna, 4 April 2016
The Management Board



Wilhelm Celeda
Chief Executive Officer



Valerie Brunner
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 Raiffeisen Centrobank AG 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, 4 April 2016
The Management Board



Wilhelm Celeda
Chief Executive Officer



Valerie Brunner
Member of the Management Board

Distribution of the Profit 2015

The 2015 financial year closed with a net income for the year of € 6,910,817.06. Including the profit carried forward of € 63,234.71 the net profit for the year amounted to € 6,974,051.77.

The Management Board of Raiffeisen Centrobank AG recommends to the Supervisory Board that a dividend of € 7.00 per share be distributed from the net profit as at 31 December 2015. This corresponds to a total dividend amounting to € 4,585,000.00 for 655,000 shares. The Management Board further recommends to allocate an amount of € 2,389,051.77 to other reserves. Other reserves will change from € 21,431,646.00 to € 23,820,697.77.

Vienna, 4 April 2016
The Management Board



Wilhelm Celeda
Chief Executive Officer



Valerie Brunner
Member of the Management Board

Financial Statements of Raiffeisen Centrobank AG as at 31 December 2015 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, 2015

Assets	31/12/2015 in €	31/12/2015 in €	31/12/2014 in € thousand	31/12/2014 in € thousand
1. Cash in hand and deposits with central banks		1,430,342.37		2,898
2. Bonds and notes issued by public bodies eligible for refinancing with central banks bonds and notes issued by public bodies and similar securities		103,176,831.16		64,912
3. Loans and advances to credit institutions				
a) repayable on demand	219,642,085.91		154,436	
b) other loans and advances	1,723,239,522.92	1,942,881,608.83	1,536,676	1,691,112
4. Loans and advances to customers		59,174,082.71		126,485
5. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	9,787,707.47		10,667	
b) issued by other borrowers	65,087,853.99	74,875,561.46	228,686	239,353
6. Shares and other variable-yield securities		242,801,553.01		438,878
7. Equity participations		5,137,370.67		5,137
8. Shares in affiliated companies		8,474,754.91		10,665
9. Intangible fixed assets		134,320.00		115
10. Tangible fixed assets		12,535,404.64		15,157
thereof land and buildings used by the credit institution for own purposes: € 10,030,711.92 previous year: € 11,926 thousand				
11. Other assets		73,184,207.79		117,093
12. Prepayments and other deferrals		1,112,620.20		1,567
Total assets		2,524,918,657.75		2,713,373
Off-balance sheet items				
1. Foreign assets		540,018,945.95		710,828

Equity and liabilities	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	in €	in €	in € thousand	in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	13,212,981.25		23,638	
b) with agreed maturity dates or periods of notice	1,875,407.46	15,088,388.71	51,256	74,894
2. Liabilities to customers				
a) repayable on demand	179,935,267.71		200,368	
b) with agreed maturity dates or periods of notice	21,778,249.36	201,713,517.07	30,095	230,463
3. Securitised liabilities (other securitised liabilities)		791,233,297.84		771,677
4. Other liabilities		1,391,983,077.62		1,514,807
5. Accruals and deferred items		126,201.61		331
6. Provisions				
a) for severance payments	3,884,325.00		6,079	
b) for retirement benefits	0.00		487	
c) other provisions	9,664,084.59	13,548,409.59	12,047	18,612
7. Subscribed capital		47,598,850.00		47,599
8. Capital reserves				
a) committed	6,651,420.71		6,651	
b) uncommitted	14,000,000.00	20,651,420.71	0,000	6,651
9. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	21,431,646.00	22,462,582.83	23,500	24,531
10. Liability reserve pursuant to Article 57 para 5 Austrian Banking Act ¹		13,538,860.00		13,539
11. Net profit for the year		6,974,051.77		10,268
Total equity and liabilities		2,524,918,657.75		2,713,373
Off-balance sheet items				
1. Contingent liabilities arising from guarantees and assets pledged as collateral security		0.00		447
2. Credit risks		0.00		9,896
3. Commitments arising from fiduciary business transactions		7,091,121.47		7,091
4. Eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013		101,729,491.92		87,740
5. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total risk-weighted assets)		532,665,076.73		682,985
hereof: capital requirements pursuant to Article 92 para 1 lit (a) of Regulation (EU) No 575/2013				
hereof: capital requirements pursuant to Article 92 para 1 lit (a)		19.10%		12.85%
hereof: capital requirements pursuant to Article 92 para 1 lit (b)		19.10%		12.85%
hereof: capital requirements pursuant to Article 92 para 1 lit (c)		19.10%		12.85%
6. Foreign equity and liabilities		445,215,235.70		391,928

Income Statement for the 2015 Financial Year

	2015 in €	2015 in €	2014 in € thousand	2014 in € thousand
1. Interest and interest-like income		10,779,314.27		11,135
thereof fixed-interest securities	2,305,463.59		3,181	
2. Interest and interest-like expenses		(23,334,634.41)		(18,437)
I. Net interest income/expenses		(12,555,320.14)		(7,302)
3. Income from securities and financial investments				
a) Income from shares, share rights and other variable-yield securities	7,469,267.99		10,874	
b) Income from shares in affiliated companies	1,020,000.00	8,489,267.99	1,293	12,167
4. Fee and commission income		10,515,890.53		26,875
5. Fee and commission expenses		(13,238,759.82)		(19,388)
6. Net profit on financial trading activities		51,739,134.18		45,690
7. Other operating income		4,078,070.77		3,814
II. Operating income		49,028,283.51		61,856
8. General administrative expenses		(33,930,899.96)		(42,334)
a) staff expenses				
aa) wages and salaries	(16,097,377.25)		(19,201)	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	(3,685,699.76)		(4,515)	
cc) other social expenses	(370,537.87)		(482)	
dd) expenses for pensions and assistance	(556,636.14)		(711)	
ee) provisions for retirement benefits	0.00		(25)	
ff) expenses for severance payments and contributions to severance funds	607,413.30		(2,393)	
	(20,102,837.72)		(27,327)	
b) other administrative expenses	(13,828,062.24)		(15,007)	
9. Value adjustments on asset items 9 and 10		(1,557,379.85)		(1,711)
10. Other operating expenses		(503,678.34)		(2,148)
III. Operating expenses		(35,991,958.15)		(46,193)
IV. Operating result		13,036,325.36		15,663
11. Loan loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		(1,252,181.11)		(2,072)
12. Income arising from the valuation and disposal of loans and advances and of securities held as other current assets		87,997.94		20
13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		(81,000.00)		(1,247)
14. Income arising from the valuation and disposal of shares in affiliated companies held as financial investments		492,647.26		0
V. Result on ordinary activities		12,283,789.45		12,364
15. Income taxes thereof passed on from parent company: € 110,250.00 (previous year: € 324 thousand)		(1,340,063.95)		(253)
16. Other taxes unless included in item 15		(4,032,908.44)		(3,513)
VI. Net income for the year		6,910,817.06		8,598
17. Changes in net assets through transfer		(5,068,354.00)		0
18. Changes in reserves		5,068,354.00		0
VII. Profit for the year		6,910,817.06		8,598
19. Profit carried forward		63,234.71		1,670
VIII. Net profit for the year		6,974,051.77		10,268

Development of Fixed Assets in the 2015 Financial Year

Amounts in €	Cost of acquisition Balance as at 1/1/2015	Cost of acquisition Additions	Cost of acquisition Disposals
I. Intangible fixed assets			
Software licenses	3,873,063.75	129,090.60	2,115,459.00
II. Tangible fixed assets			
1. Land and buildings used by the credit institution for own purposes thereof value of property: € 2,637,765.92 (previous year: € 3,066 thousand)	14,789,785.11	125,000.00	2,220,418.00
2. Office furniture and equipment	19,040,042.89	447,959.25	6,476,975.59
	33,829,828.00	572,959.25	8,697,393.59
III. Financial investments			
1. Shares in affiliated companies thereof in credit institutions: € 0.00	11,204,481.23	0.00	2,729,726.32
2. Equity participations thereof credit institutions: € 0.00	5,156,700.61	0.00	0.00
	16,361,181.84	0.00	2,729,726.32
Total	54,064,073.59	702,049.85	13,542,578.91

Cost of acquisition Balance as at 31/12/2015	Accumulated depreciation	Carrying amount 31/12/2015	Carrying amount 31/12/2014	Depreciation in the 2015 financial year	Write-up in the 2015 financial year
1,886,695.35	1,752,375.35	134,320.00	115,397.00	110,167.60	0.00
12,694,367.11	2,663,655.19	10,030,711.92	11,925,676.92	293,092.00	0.00
13,011,026.55	10,506,333.83	2,504,692.72	3,231,568.72	1,154,120.25	0.00
25,705,393.66	13,169,989.02	12,535,404.64	15,157,245.64	1,447,212.25	0.00
8,474,754.91	0.00	8,474,754.91	10,665,295.23	0.00	490,000.00
5,156,700.61	19,329.94	5,137,370.67	5,137,370.67	0.00	0.00
13,631,455.52	19,329.94	13,612,125.58	15,802,665.90	0.00	490,000.00
41,223,544.53	14,941,694.31	26,281,850.22	31,075,308.54	1,557,379.85	490,000.00

Financial Statements as at 31 December 2015

Notes

A. Accounting Policies

General principles

The financial statements of Raiffeisen Centrobank for the 2015 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. No changes in the accounting and valuation methods have been made compared to the 2014 financial statements (see the website of Raiffeisen Centrobank AG <https://www.rcb.at/en/news-info/annual-reports>).

Further to the transfer agreement dated 31 August 2015, the M&A business segment including the assets of the ECM business were transferred from Raiffeisen Centrobank AG to Raiffeisen Bank International AG retroactively as of 1 January 2015. This resulted in a net outflow of € 5,068 thousand. In addition, parts of the Private Banking segment were transferred to Kathrein Privatbank AG. Therefore balance sheet and profit and loss items reported for the 2015 financial year are only comparable to a limited extent with the previous year results.

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.

Forward foreign exchange contracts 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.

Derivatives are reported in the balance sheet at fair value, which equals the market price or a synthetic value. Adjustments in value are recognized through profit or loss in the income statement. The synthetic values are determined according to the Bank's own evaluation methods, which are examined and approved by risk management 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.

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.

OTC options are primarily valued at tradable prices quoted by the counterparty. Options for which no tradable prices are available are valued by adequate 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 model.

Banking book – valuation of derivatives

The derivatives volume in the banking book relates on the one hand to an OTC product to hedge interest rate risks and on the other hand to FX forwards to hedge currency risks. FX forward transactions are primarily concluded to hedge currency risks. They are valued at fair value relying on observable market parameters.

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 valued at cost unless permanent losses or decreased equity require a non-scheduled depreciation of proportionate equity or earnings value. In case, reasons for impairment are no longer applicable, a write-up to the cost of acquisition is carried out.

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 measured at fair value which equals the present value method, or the 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 (31/12/2014: 2.0 per cent), as well as an unchanged annual salary increase amounting to 3.0 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 75.68 per cent of the statistical termination benefit obligations on the balance sheet date.

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 Balance Sheet Items

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 at € 1,430 thousand (31/12/2014: € 2,898 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

31/12/2015 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	0	377	102,800	0	103,177
Loans and advances to credit institutions	241,476	233,283	1,041,595	206,886	1,723,240
Loans and advances to customers	2,010	0	15,826	7,556	25,392
Bonds, notes and other fixed-interest securities	7,327	59,406	8,070	0	74,803
Shares and other variable-yield securities	31,314	9,743	22,357	0	63,414
	282,127	302,809	1,190,648	214,441	1,990,026

Comparative figures as at 31/12/2014

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	332,444	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	239,352
Shares and other variable-yield securities	0	76,632	62,907	0	139,539
	386,948	422,344	1,068,593	145,898	2,023,783

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

31/12/2015 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	1,679,793	0
Loans and advances to customers	4,525	514
Bonds, notes and other fixed-interest securities	54,600	0
Shares and other variable-yield securities	48,449	0
Other assets	914	8
	1,788,281	522

Comparative figures as at 31/12/2014

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

III. Securities

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

31/12/2015 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A 2	0	103,177	103,177	103,177
Bonds, notes and other fixed-interest securities, A 5	0	74,876	74,876	74,876
Shares and other variable-yield securities, A 6	61,524	181,278	242,802	242,802
Equity participations, A 7	5,137	0	5,137	x
Shares in affiliated companies, A 8	8,475	0	8,475	x

Comparative figures as at 31/12/2014

31/12/2014 in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A 2	0	64,912	64,912	64,912
Bonds, notes and other fixed-interest securities, A 5	0	239,352	239,352	239,352
Shares and other variable-yield securities, A 6	137,472	301,406	438,878	438,878
Equity participations, A 7	5,137	0	5,137	x
Shares in affiliated companies, A 8	10,665	0	10,665	x

As at December 31, 2015 balance sheet items A 2 and A 5 include fixed-interest securities amounting to € 178,052 thousand (31/12/2014 balance sheet item A 2 and A 5: € 304,264 thousand) of which € 67,110 thousand (31/12/2014: € 212,019 thousand) will fall due in the forthcoming year.

As at December 31, 2015 balance sheet items A 2 and A 5 include securities classified as current assets amounting to € 42,771 thousand (31/12/2014: € 31,026 thousand) and securities of the trading book in the amount of € 135,282 thousand (31/12/2014: € 272,238 thousand).

The fair value of securities held as other current assets exceeded the acquisition costs by € 78 thousand as at 31 December, 2015 (31/12/2014: € 44 thousand).

In securities held as current assets recognized at fair value, the fair value as of 31 December 2015 did not exceed the acquisition costs.

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 31/12/2015

in € thousand Name Domicile	Shareholding in %	Equity	Annual results 2015*)
1 Centrottrade Holding AG, Vienna	100	5,869	2,147
2 Centrottrade Chemicals AG, Zug - in liquidation	100	6,693	(1,478)
3 Syrena Immobilien Holding AG, Spittal/Drau	21	29,315*)	(298)

*) unaudited figures

Following the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG, Raiffeisen Investment Advisory GmbH was transferred into Raiffeisen Bank International AG.

Centrottrade Chemicals AG has been in liquidation since November 2015 as the sales process was not successful.

Centro Asset Management Limited was liquidated in November 2015 yielding proceeds of roughly € 3 thousand.

In the 2015 financial year, the carrying amount of Centrottrade Holding AG was appreciated by € 490 thousand to initial acquisition costs. In the 2015 financial year, appreciation is subject to a payout block. Since the sale of the commodity trading subsidiaries, the company has not performed any operational activities.

Comparative figures as at 31/12/2014

in € thousand Name Domicile	Shareholding in %	Equity	Annual results 2014
1 Centrottrade Holding AG, Vienna	100	4,422	1,213
2 Centrottrade 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

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 € 73,184 thousand (31/12/2014: € 117,092 thousand) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2015:

in € thousand	31/12/2015	31/12/2014
Positive fair values from derivative transactions	70,737	109,100
Foreign currency transaction	106	74
Equity/index-related transaction	70,631	109,026
	70,737	109,100

In addition, loans and advances to foreign tax authorities in the amount of € 1,585 thousand (31/12/2014: € 1,613 thousand), and settlement of Group charges in the amount of € 305 thousand (31/12/2014: € 0 thousand) are included.

VII. Liabilities

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

31/12/2015 in € thousand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Liabilities to credit institutions	1,875	0	0	0	1,875
Liabilities to customers	0	21,778	0	0	21,778
Securitized liabilities	40,189	110,057	488,171	152,817	791,234
	42,064	131,835	488,171	152,817	814,887

Comparative figures as at 31/12/2014

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

VII.2. Liabilities to affiliated companies and equity participations

31/12/2015 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	1,489	0
Liabilities to customers	7,482	500
Other liabilities	18,278	0
	27,248	500

Comparative figures as at 31/12/2014

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

VII.3. Securitized liabilities

The balance sheet item P 3 "Securitized liabilities" contains exclusively own issues (certificates) totaling € 791,233 thousand (31/12/2014: € 771,677 thousand), held for trading and of which € 150,246 thousand (31/12/2014: € 244,180 thousand) will fall due in the course of 2016.

VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 1,391,983 thousand (31/12/2014: € 1,514,807 thousand) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments.

in € thousand	31/12/2015	31/12/2014
Negative fair values of derivative financial instruments	1,069,902	1,086,620
from trading in certificates with option character	832,130	922,101
from OTC options	194,883	150,431
from trading in warrants	3,214	2,525
from trading in DAX and EUREX options	25,323	6,068
from trading in other options	14,352	5,494
Short-selling of trading assets	320,171	424,838
	1,390,073	1,511,457

"Other liabilities" as of 31 December 2015 include various liabilities in relation to costs passed on in the amount of € 790 thousand (31/12/2014: € 1,166 thousand) as well as liabilities relating to payroll accounting summing up to € 574 thousand (31/12/2014: € 569 thousand).

VIII. Share capital and reserves

The **share capital** remained unchanged and is comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank AG 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

Capital reserves amounted to € 20,651 thousand as of 31/12/2015 (previous year: € 6,651 thousand). In 2015, committed reserve remained with an amount of € 6,651 thousand unchanged compared to the previous year. As of 31 December 2015, uncommitted reserves stem from an irrevocable shareholder contribution of Raiffeisen Bank International AG in the amount of € 14,000 thousand in relation to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG.

Retained earnings include legal reserve in the amount of € 1,031 thousand (31/12/2014: € 1,031 thousand) and other reserves summing up to € 21,432 thousand (31/12/2014: € 23,500 thousand). The change in retained earnings is attributable to the allocation of € 3,000 thousand from the 2014 net profit and the decrease in relation to the transfer of the M&A and ECM business segments into Raiffeisen Bank International AG equaling the transferred net assets of € 5,068 thousand.

Liability reserve pursuant to § 57 para 5 Austrian Banking Act remained unchanged to the previous year, totaling € 13,539 thousand.

IX. Provisions

Provisions break down as follows:

in € thousand	31/12/2015	31/12/2014
Provisions for severance payments	3,884	6,079
Provisions for retirement benefits	0	486
Other provisions	9,664	12,047
Provisions for bonus payments	1,697	1,774
Provisions for litigation risks	4,213	4,132
Provisions for overdue vacation	1,111	1,640
Legal, auditing and consulting expenses	420	333
Provisions for potential losses in affiliated companies	0	705
Provisions for the Securities Trading & Sales Department	404	486
Provisions for the M&A business	0	703
Provisions for outstanding invoices	478	1,185
Provisions for charged Management Board expenses	1,213	936
Provisions for management fees	45	58
Sundry	83	95
Total	13,548	18,612

As of 31 December 2014, provisions for severance payments included a restructuring provision in the amount of € 954 thousand. Thereof an amount of € 594 thousand was used in the 2015 financial year and € 360 thousand were released. In addition, the item contains provisions for severance payments for M&A and ECM employees who were transferred into Raiffeisen Bank International AG (€ 661 thousand).

Moreover, provisions for retirement benefits, potential losses and provisions in the M&A and ECM business segments were transferred into Raiffeisen Bank International AG.

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 € 570 thousand (2014: € 1,084 thousand), thereof € 20 thousand (2014: € 299 thousand) to affiliated companies. For the 2016 financial year, rental and leasing expenses are expected to total € 422 thousand and € 1,688 thousand for the 2016-2020 financial years, of which the rental and leasing expenses to affiliated companies will total € 125 thousand and € 502 thousand, respectively.

XI. Supplementary data

Assets and liabilities in foreign currencies

The following amounts are contained in the balance sheet in foreign currencies:

in € thousand	31/12/2015	31/12/2014
Assets	753,647	668,503
Liabilities	638,425	595,861

Volume of the securities trading book

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

in € thousand	31/12/2015	31/12/2014
Securities	3,055,796	3,280,409
Other financial instruments	4,227,249	5,325,416
Total	7,283,045	8,605,825

Unsettled forward and option contracts according to the VERA scheme¹

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

in € thousand	31/12/2015	31/12/2014
Purchase contracts		
Options on interest-rate instruments	200	200
Forward exchange contracts/gold contracts	63,749	68,286
Futures in asset values	1,990	1,962
Index future contracts	407,119	526,641
Options on asset values and equity/index-based options	817,047	858,585
Precious metals and commodity future contracts	55,524	22,915
Commodity options	26,492	39,436
Other forward transactions, future contracts, options and similar transactions	19,000	35,777

in € thousand	31/12/2015	31/12/2014
Sales contracts		
Interest rate futures	59,100	26,300
Forward exchange contracts/gold contracts	59,608	93,419
Futures in asset values	573	2,628
Index future contracts	26,679	94,374
Options on asset values and equity/index-based options	2,583,272	3,430,553
Commodity options	199,330	223,236

¹ The charts are 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) estimated pursuant to internal risk calculation amounts to:

in € thousand	31/12/2015	31/12/2014
Shares/mutual funds	(143,442)	(134,717)
Listed options	10,172	(3,732)
Futures	366,154	429,560
Warrants/certificates	(821,096)	(924,915)
OTC options	(161,775)	(53,776)
Purchased bonds	1,742,125	1,751,265
Issued guarantee bonds	(793,597)	(771,265)
Total	198,541	292,420

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on equities and equity/index-based futures and options. The financial instruments issued by Raiffeisen Centrobank AG 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.

Equities held by Raiffeisen Centrobank AG represent, together with purchased options, tradable money market deposits and zero bonds depicted in other balance sheet items, the hedge positions to issued certificates and warrants and are part of the Bank's market maker activities.

Volumes of derivative financial transactions for 2015 are as follows:

in € thousand 31/12/2015	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	59,100	0	0	0	57
1.1. OTC products	200	0	0	0	0	0
Options on interest-rate instruments	200	0	0	0	0	0
1.2. Products traded on stock exchange	0	59,100	0	0	0	57
Interest rate futures	0	59,100	0	0	0	57
2. Foreign exchange contracts	92,237	31,120	0	106	30	12,386
2.1. OTC products	92,237	0	0	0	30	0
Forward foreign exchange contracts	92,237	0	0	0	30	0
Currency options	0	123	0	59	0	0
Gold contracts	0	2,984	0	47	0	0
2.2. Products traded on stock exchange	0	28,013	0	0	0	12,386
Forward foreign exchange contracts	0	14,485	0	0	0	146
Currency futures/gold contracts	0	13,529	0	0	0	12,240
3. Equity contracts	0	3,855,680	0	70,190	0	932,162
3.1. OTC products	0	2,084,858	0	41,092	0	160,380
Equity/index-based options – purchased	0	708,076	0	41,019	0	0
Equity/index-based options – sold	0	1,357,782	0	0	0	160,380
Other equity-based contracts	0	19,000	0	73	0	0
3.2. Products traded on stock exchange	0	1,770,822	0	29,098	0	771,782
Share and other equity/index-based options and future contracts	0	1,770,822	0	29,098	0	771,782
4. Commodities/precious metals	0	281,346	0	442	0	125,267
4.1. OTC products	0	108,901	0	182	0	34,473
Commodity and precious metal options	0	108,901	0	182	0	34,473
4.2. Products traded on stock exchange	0	172,444	0	260	0	90,794
Other commodity and precious metal future contracts	0	172,444		260	0	90,794
Total OTC products	92,437	2,196,866	0	41,379	30	194,853
Total stock exchange traded products	0	2,030,379	0	29,358	0	875,019
Total	92,437	4,227,245	0	70,737	30	1,069,871

Volumes of derivative financial transactions for 2014 are as follows:

in € thousand 31/12/2014 ¹	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	707
1.1. OTC products	200	0	0	0	0	0
Options on interest-rate instruments	200	0	0	0	0	0
1.2. Products traded on stock exchange	0	60,041	0	0	0	707
Interest rate futures	0	26,300	0	0	0	707
2. Foreign exchange contracts	98,695	63,010	186	284	385	14,600
2.1. OTC products	98,695	2,969	186	74	385	0
Forward foreign exchange contracts	98,695	0	186	0	385	0
Currency options	0	0	0	0	0	0
Gold contracts	0	2,969	0	74	0	0
2.2. Products traded on stock exchange	0	60,041	0	210	0	14,600
Forward foreign exchange contracts	0	16,068	0	210	0	0
Currency futures/gold contracts	0	43,973	0	0	0	14,600
3. Equity contracts	0	4,950,520	0	106,913	0	946,900
3.1. OTC products	0	2,281,264	0	97,609	0	110,620
Equity/index-based options – purchased	0	678,408	0	97,446	0	0
Equity/index-based options – sold	0	1,567,078	0	0	0	110,620
Other equity-based contracts	0	35,777	0	163	0	0
3.2. Products traded on stock exchange	0	2,669,256	0	9,304	0	836,280
Share and other equity/index-based options and future contracts	0	2,669,256	0	9,304	0	836,280
4. Commodities/precious metals	0	285,587	0	1,718	0	124,028
4.1. OTC products	0	146,090	0	1,567	0	39,427
Commodity and precious metal options	0	146,090	0	1,567	0	39,427
4.2. Products traded on stock exchange	0	139,497	0	151	0	84,601
Other commodity and precious metal future contracts	0	139,497		151	0	84,601
Total OTC products	98,895	2,430,323	186	99,250	385	150,047
Total stock exchange traded products	0	2,895,094	0	9,664	0	936,188
Total	98,895	5,325,417	186	108,915	385	1,086,235

¹ Adjustment of previous year data

C. Notes to the Income Statement

I. Interest and similar income

in € thousand	2015	2014
for liabilities to credit institutions	1,347	1,578
for liabilities to customers	1,975	3,516
for securitized liabilities	7,457	6,041
	10,779	11,135

II. Interest and similar expenses

in € thousand	2015	2014
for liabilities to credit institutions	(1,683)	(2,223)
for liabilities to customers	(158)	(108)
for securitized liabilities	(21,494)	(16,106)
	(23,335)	(18,437)

Net interest result in the amount of € 12,556 thousand was negative both in 2015 and 2014 (€ 7,302 thousand) and is comprised of interest income summing up to € 10,779 thousand (2014: € 11,135 thousand) and interest expenses totaling € 23,335 thousand (2014: € 18,437 thousand).

Interest expenses are mainly responsible for the negative net interest result and include primarily coupon payments for structured issues. Compared to the previous year period, interest expenses recorded a rise further to higher coupon payments, contrary to a positive valuation result from tradable money market deposits and derivative financial instruments in the trading profit.

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".

Due to the persistently low interest rate environment, item "Interest and similar income" included for the first time expenses, resulting from negative interest for loans and advances in the amount of € 104 thousand. On the other hand, income in the amount of € 16 thousand stemming from negative interest for liabilities is included in item "Interest and similar expenses".

III. Fee and commission income

in € thousand	2015	2014
from securities business	10,358	12,052
from M&A transactions	0	5,377
from ECM transactions	0	7,806
from credit business	57	119
from payment transactions	101	185
from other banking services	0	1,337
	10,516	26,875

IV. Fee and commission expenses

in € thousand	2015	2014
from securities business	(13,028)	(15,664)
from M&A transactions	0	(1,924)
from ECM transactions	0	(714)
from payment transactions	(192)	(147)
from other banking services	(19)	(958)
	(13,239)	(19,388)

The negative fee and commission result summing up to € 2,723 thousand (2014: € 7,487 thousand) is comprised of fee and commission income totaling € 10,516 thousand (2014: € 26,875 thousand) and fee and commission expenses in the amount of € 13,239 thousand (2014: € 19,388 thousand).

V. Net profit on financial trading activities

In the reporting year, the net profit on financial trading activities improved from € 45,690 thousand to € 51,739 thousand compared to the 2014 financial year. This increase is on the one hand attributable to a continued stable profit contribution of the certificates business and on the other hand to a positive valuation effect in the trading business. Contrary, the profit contribution made by the sales business declined in 2015.

VI. Other operating income

The item includes mainly income from the disposal of business premises in the amount of € 1,624 thousand, income from the charge of internal expenses to Raiffeisen Bank International AG in the amount of € 730 thousand and the income from the release of non-interest bearing provisions coming up to € 794 thousand (2014: € 1,350 thousand).

VII. Other administrative expenses

in € thousand	2015	2014
Office space expenses (maintenance, operation, administration, insurance)	(1,095)	(1,377)
Office supplies, printed matter, literature	(262)	(292)
IT costs	(1,989)	(2,073)
Communication costs	(960)	(1,069)
Information services	(2,863)	(3,522)
Car expenses and travelling expenses	(587)	(949)
Advertising and promotional expenses	(816)	(1,019)
Legal, advisory and consultancy services	(1,216)	(1,127)
Contributions to associations	(889)	(734)
Resolution fund	(896)	0
Sundry	(2,256)	(2,845)
	(13,828)	(15,007)

Item "Resolution fund" summing up to € 896 thousand relates to the introduction of a contribution to the banking resolution fund. The rise in "Contributions to associations" is attributable to higher contributions to the national banking supervision.

VIII. Other operating expenses

"Other operating expenses" in the amount of € 504 thousand (2014: € 2,148 thousand) primarily relates to expenses charged in the amount of € 467 thousand (2014: € 801 thousand). In 2014, the item included M&A value adjustments summing up to € 1,290 thousand.

IX. Net valuations and net proceeds

Equal to the 2014 financial year, net valuations and net proceeds were negative and amounted to € 753 thousand (2014: € 3,300 thousand). This is primarily resulting from negative net valuations and net proceeds in securities held as other current assets. Moreover, in 2015 the carrying amount of Centrottrade Holding AG was appreciated by € 490 thousand to the initial acquisition costs.

X. Income taxes

Income taxes are as follows:

in € thousand	2015	2014
Group taxation	110	324
Taxes for former periods (settlement of Group charge)	113	(1,136)
Not recognized as foreign withholding tax	1,117	1,065
	1.340	253

The change in "Income taxes" is in particular attributable to tax income in the 2014 financial year from the settlement of the Group charge for the years 2005-2007 totaling € 1,136 thousand.

XI. Deferred taxes

The Bank did not exercise its right to capitalize deferred tax. The capitalizable amount of about € 395 thousand (2014: € 421 thousand) was calculated on the basis of non-deductible expenses for the 2015 financial year and previous years.

XII. Expenses for auditing the financial statements

Expenses for auditing the financial statements are contained in legal and consultancy services. Thereof € 180 thousand are attributable to the auditor (2014: € 281 thousand) and € 20 thousand to other consultancy services (2014: € 41 thousand).

D. Other Disclosures

Contingent liabilities

As of the balance sheet date there were no contingent liabilities. In the financial year 2014, contingent liabilities arose from guarantees and sureties totaling € 447 thousand.

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 Österreichische 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.

Credit risks shown under the balance sheet

As of the reporting date, there were no commitments shown under the balance sheet. As of 31 December 2014, commitments shown under the balance sheet amounted to € 9,896 thousand.

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2015:

Item A 2 Loans and advances to credit institutions

€ 211,800 thousand (31/12/2014: € 145,265 thousand)

Collateral deposited with banks and stock exchanges for the securities and options business

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

€ 62,101 thousand (31/12/2014: € 54,431 thousand)

Collateral deposited with banks and stock exchanges for the securities and options business

Letters of comfort

As at the balance sheet date there were no letters of comfort. As of 31 December 2014, there was a letter of comfort towards an associated company that was sold in the 2015 financial year.

Commitments arising from fiduciary business transactions

Commitments arising from fiduciary business transactions not included in the balance sheet refer to one equity participation held in trust in the amount of € 7,091 thousand in both years 2015 and 2014.

Own funds

The own funds pursuant to part 2 CRR are comprised of the following:

in € thousand	2015	2014
Capital paid-in	47,599	47,599
Earned capital	56,653	44,721
Core capital (tier 1 capital) before deductions	104,252	92,320
Intangible fixed assets	(134)	(115)
Prudent valuation	(2,388)	(4,464)
Core capital (tier 1 capital) after deductions	101,729	87,740
Supplementary own funds	0	0
Core capital	101,729	87,740
Supplementary capital	0	0
Supplementary own funds (after deductions)	0	0
Total own funds	101,729	87,740
Total risk-weighted assets	532,665	682,985
Core capital ratio, credit risk	59.6%	31.4%
Core capital ratio, total	19.1%	12.8%
Own funds ratio	19.1%	12.8%

Own funds requirements pursuant to para 92 Regulation (EU) No 575/2013 (total risk-weighted assets) break down as follows:

in € thousand	2015	2014
Risk-weighted assets (credit risk)	170,734	279,163
Standard approach	156,968	260,754
CVA risk	13,766	18,409
Risk-weighted assets (position risk in bonds, equities, commodities and foreign currencies)	230,247	259,579
Risk-weighted assets (operational risk)	131,683	144,243
Total risk-weighted assets	532,665	682,985

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

in € thousand	2015	2014
Risk-weighted assets according to standard approach	156,968	260,754
Central governments and central banks	495	556
Public bodies	0	68
Institutions	68,391	112,167
Corporates	60,157	109,830
Equity participations	13,612	15,803
Positions with particularly high risk	0	3,582
Other positions	14,312	18,747
CVA risk	13,766	18,409
Total	170,734	279,163

Number of staff

	31/12/2015	Annual average	31/12/2014 ¹	Annual average
Salaried employees	177	202	220	234
thereof part-time	25	26	27	27
Wage employees	0	0	9	9
thereof part-time	0	0	2	3
Total	177	202	229	243

¹ Adjustment of previous year data

The decline results mainly from the strategic focus of the Bank on its core areas of business equity trading and sales and from the re-alignment of the M&A and ECM business segments that were transferred into Raiffeisen Bank International AG in September 2015. As a result, 28 employees were transferred into Raiffeisen Bank International AG.

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 had been granted to members of the Supervisory Board.

Expenses for severance payments and retirement benefits

Expenses for severance payments and retirement benefits (including contributions to pension funds and staff retirement benefit plans, as well as provisions for severance payments) amounted to € 30 thousand (2014: € 2,857 thousand).

No break-down pursuant to § 239 para 1 lit 3 according to § 241 para 4 is provided.

Expenses for severance payments 2014 include restructuring provisions in the amount of € 954 thousand, thereof an amount of € 594 thousand was used and an amount of € 360 thousand was released in the 2015 financial year.

Payments to employee pension funds came up to € 167 thousand (2014: € 225 thousand).

Remuneration for members of the Management Board and Supervisory Board

No break-down pursuant to § 239 para 1 lit 4 according to § 241 para 4 is provided.

In 2015 attending fees in the amount of € 75 thousand were paid to members of the Supervisory Board (2014: € 95 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".

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. The consolidated financial statements are available at the Commercial Court in Vienna and the respective parent company.

For the reporting period ending 31 December 2015 no consolidated financial statements are prepared as, further to the re-alignment decided upon in the previous year, the number of Group units decreased. Five out of twelve companies that had been included in consolidation as of 31 December 2014 were sold in the 2015 financial year and one company was liquidated. Two companies are currently in liquidation or do not carry out any operative business activities. Pursuant to § 249 para 2 Austrian Commercial Code in conjunction with § 59 Austrian Banking Act no consolidated financial statements were prepared.

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	Wilhelm Celeda	Chief Executive Officer as of 1 January 2015
	Markus Kirchmair	Member of the Management Board from 1 January 2015 to 31 December 2015
	Valerie Brunner	Member of the Management Board as of 1 January 2016
Supervisory Board	Klemens Breuer	Chairman
	Member of the Management Board, Raiffeisen Bank International AG, Vienna	
	Michael Höllerer	1st Deputy Chairman as of 29 April 2015
	Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	
	Karl Sevelda	1st Deputy Chairman until 29 April 2015
Chief Executive Officer, Raiffeisen Bank International AG, Vienna		
Werner Kaltenbrunner	Member	
Division Head, Raiffeisen Bank International AG, Vienna		
Hannes Mösenbacher	Member	
Division Head, Raiffeisen Bank International AG, Vienna		
State Commissioners	Alfred Hacker	
	Tamara Els (until 30 September 2015)	
	Karl-Heinz Tscheppe (as of 1 October 2015)	

Vienna, 4 April 2016
The Management Board



Wilhelm Celeda
Chief Executive Officer



Valerie Brunner
Member of the Management Board

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Raiffeisen Centrobank AG, Vienna, for the fiscal year from 1 January 2015 to 31 December 2015 comprising the balance sheet as of 31 December 2015, the income statement for the fiscal year ended 31 December 2015, and the notes.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles, and for such internal control as the management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control system 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 system.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the legal representatives as well as evaluating the overall presentation of the financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, the financial statements of the Company as of 31 December 2015 comply with legal requirements, present fairly, in all material respects, the financial position of the Company as of 31 December 2015 and its financial performance for the year then ended in accordance with the Austrian Commercial Code and other legal or regulatory requirements.

Report on the Management Report of the Company

Pursuant to statutory provisions, the management report of the Company 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 for the Company is consistent with the financial statements and whether the disclosures pursuant to § 243a Austrian Commercial Code are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to § 243a Austrian Commercial Code are appropriate.

Vienna, 4 April 2016
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Austrian Chartered Accountant

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