let's talk investment banking

Annual Financial Report 2013

Raiffeisen CENTROBANK

Annual Financial Report 2013: An Overview

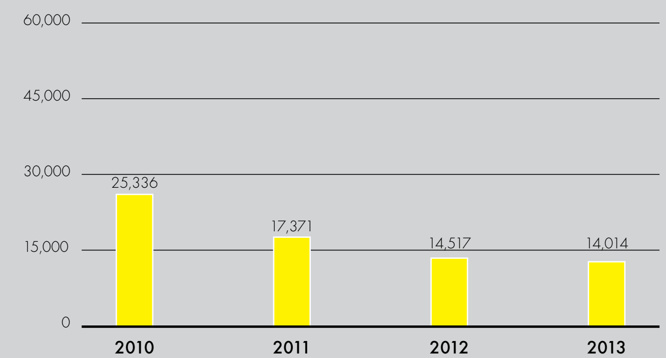
This is a translation from German. In case of any discrepancies between the English and German version, the German text shall prevail and be binding.

Key Data 2013 of Raiffeisen Centrobank Group

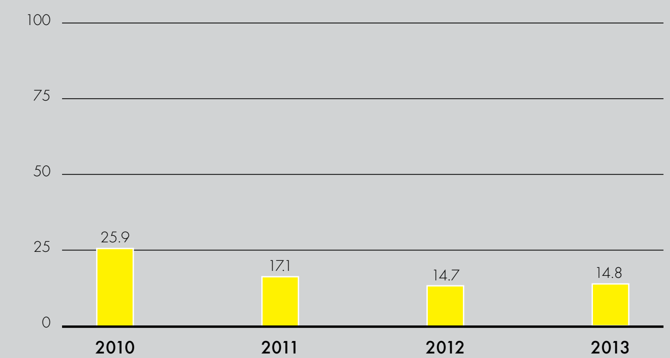
in € thousand / in per cent	2013	2012[1]	Change
Income Statement			
Net interest income	3,268	5,497	(40,5%)
Net fee and commission income	15,678	14,295	9.7%
Trading profit	46,094	49,300	(6,5%)
General administrative expenses	(62,960)	(62,625)	0.5%
Profit before tax	14,015	14,517	(3,5%)
Group net profit	12,422	12,170	2.1%
Balance Sheet			
Loans and advances to credit institutions	277,179	231,695	19.6%
Loans and advances to customers	100,242	87,516	14.5%
Trading assets	2,033,716	2,176,973	(6,6%)
Liabilities to credit institutions	117,245	163,100	(28,1%)
Liabilities to customers	119,864	136,936	(12,5%)
Trading liabilities	2,119,104	2,138,548	(0,9%)
Equity incl. group net profit	106,258	108,862	(2,4%)
Total assets	2,510,575	2,616,728	(4,1%)
Key ratios			
Return on equity before tax	14.8%	14.7%	-
Cost/income ratio	81.8%	81.3%	-
Bank-specific indicators pursuant to the Austrian Banking Act			
Eligible own funds	89,115	97,994	(9,1%)
Total own funds requirement	57,436	61,199	(6,1%)
Excess own funds	31,679	36,795	(13,9%)
Excess cover ratio	155.2%	160.1%	-
Resources			
Employees as of reporting date	339	344	(1,5%)

[1] Adjustment of previous year data due to retrospective application of IAS 19R.

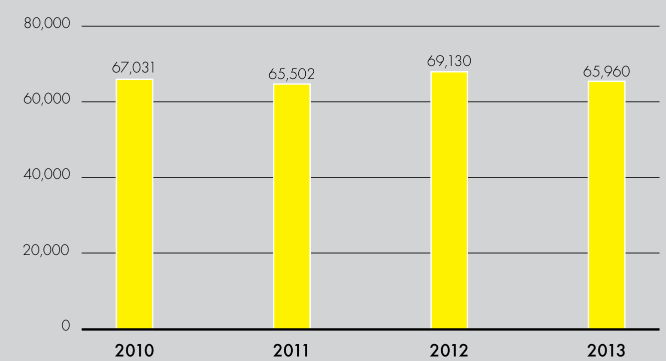
Profit before tax
in € thousand



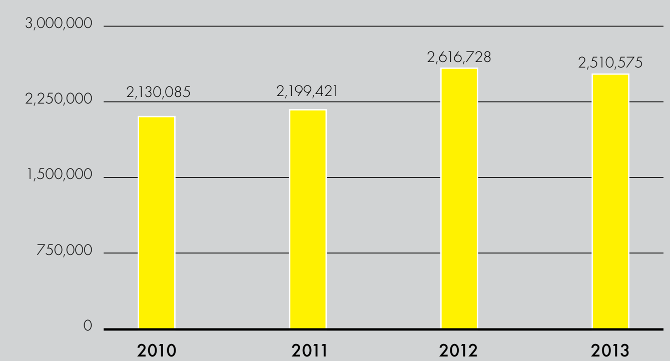
Return on equity before tax
in per cent



Operating income*
in € thousand



Total assets
in € thousand



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

Preface by the Chairman of the Supervisory Board

Looking back, 2013 was a year in which Raiffeisen Centrobank (RCB) was again able to fully leverage its strengths as the equity house of the Raiffeisen Banking Group in the areas of securities trading and structured products. During the reporting period, the bank not only successfully defended its top position in these business areas, but also further expanded its market leadership in line with its strategy of sustainable presence. The persistently low interest rates and resulting investor behavior pushed the outstanding certificate volume to a record level. With increasing exchange turnover, RCB surpassed major international competitors to become the strongest trading member on the Vienna Stock Exchange. Market shares also increased again in the core markets of Central and Eastern Europe.

In the Mergers & Acquisitions (M&A) segment, the market continued to contract in terms of the number of transaction and volume during the reporting period. Despite this trend, RCB achieved very good results in some countries, especially Turkey and Austria, that offset lower revenue in other markets. Our number of mandates increased substantially, especially at the end of 2013. In the Equity Capital Markets (ECM) segment, we won our first bookrunner mandates in Poland and Russia. In Austria, RCB was selected as the joint global coordinator and joint bookrunner for the largest issue on the Vienna Stock Exchange in 2013, the re-IPO of Uniqa. However, the M&A and ECM segments were hampered over long periods of the financial year by the low level of activity on some of their target markets.

Overall, RCB Group achieved a good result. Raiffeisen Centrobank performed especially well and boosted its annual profit after taxes. I would like to sincerely thank all employees and the Executive Board for their hard work and commitment in the name of the entire Supervisory Board.

Klemens Breuer
Chairman of the Supervisory Board

CEO Editorial

Dear Sir or Madam,
dear Reader,
The 2013 financial year brought noticeable improvements in the overall economic conditions and on the financial markets, buoying business for Raiffeisen Centrobank (RCB) – a fully integrated investment bank that focuses on Austria and Central and Eastern Europe – in the second half of the reporting period. The economy bottomed out, and the first signs of an economic recovery caused investors to become more active. Activity picked up tangibly on the capital markets, and the global equity markets improved significantly in many cases – including record highs for key indices such as the Dow Jones and DAX. New geopolitical tensions in recent weeks were a dramatic reminder of the fact that the overall conditions will remain challenging, and that we are not likely to see a return of the seemingly unlimited growth rates from before the crisis. In this environment, it will remain important for RCB and is our express business policy to maintain close ties with our clients, to offer individualized and flexible services and to optimize these services on a continual basis, and to do all we can to ensure the success of our business partners. Sustainably working our core markets is a cornerstone of our success, but issues such as boosting our efficiency have also been important and will be relevant again in the coming financial year. The managing directors of our front-end departments will talk about this, the hurdles that had to be cleared during the past financial year, and their expectations for 2014 in this annual report.

The success that our bank achieved this year does not go without saying, even with the outstanding performance of all of our teams and the slowly improving market climate. New regulatory requirements again brought substantial new administrative and financial burdens in 2013. While these requirements are sensible in general in many cases, the extent and method of implementation are in some instances disproportionate and reflect markedly changed conditions that impact not only the banks, but especially the customer.

And as far as changes are concerned: This annual report marks a paradigm shift for us. For the first time, we are not producing a printed version, but are instead offering an interactive version in the interests of transparency and stakeholder dialog.

I look forward to your feedback, and hope you find the following report interesting!

Eva Marchart
Chief Executive Officer

Corporate Bodies

Executive Board

Executive Board	Eva Marchart	Chief Executive Officer
	Alfred Michael Spiss	Deputy Chief Executive Officer
	Gerhard Grund	Member of the Executive Board
	Wilhelm Celeda	Member of the Executive Board

*Alfred Michael Spiss, Eva Marchart (sitting)
Wilhelm Celeda, Gerhard Grund (standing)

Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman since 15 July 2013 2nd Deputy Chairman until 15 July 2013
	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman
	Karl Sevelda Chief Executive Officer, Raiffeisen Bank International AG, Vienna	2nd Deputy Chairman since 15 July 2013
	Johann Strobl Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna and Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
	Herbert Stepic Chief Executive Officer, Raiffeisen Bank International AG, Vienna (until 7 June 2013)	Chairman until 15 July 2013
State Commissioners	Alfred Hacker, Tamara Els	

Raiffeisen Centrobank Group

Raiffeisen Centrobank AG	**Vienna, Austria, HQ**	
Raiffeisen Investment Advisory GmbH	Vienna, Austria	100%
OOO Raiffeisen Investment	Moscow, Russia	50.10%
Raiffeisen Investment Polska Sp.z.o.o	Warsaw, Poland	50.02%
Raiffeisen Investment Romania SRL	Bucharest, Romania	100%
Raiffeisen Investment Financial Advisory Ltd. Co.	Istanbul, Turkey	99%
Raiffeisen Investment Bulgaria EOOD	Sofia, Bulgaria	100%
Raiffeisen Investment S.R.O.	Prague, Czech Republic	100%
TOV Raiffeisen Investment Ukraine	Kiev, Ukraine	100%
Raiffeisen Investment AG	Budapest, Hungary	RepOffice
Raiffeisen Investment AG	Belgrade, Serbia	RepOffice
Raiffeisen Investment Montenegro	Podgorica, Montenegro	RepOffice
Centrotrade Holding AG	Vienna, Austria	100%
Centrotrade Deutschland GmbH	Eschborn, Germany	100%
Centrotrade Minerals & Metals, Inc.	Chesapeake, USA	100%
Centrotrade Singapore Pte Ltd.	Singapore, Singapore	100%
Centrotrade Commodities Malaysia Sdn. Bhd.	Kuala Lumpur, Malaysia	100%
Centrotrade Chemicals AG	Zug, Switzerland	100%
Centro Asset Management Ltd.	St. Helier, Jersey	100%
Syrena Immobilien Holding AG	Vienna, Austria	49%

"There is no alternative to the capital market"

Eva Marchart, CEO of Raiffeisen Centrobank AG, speaking about a very positive financial year 2013, changing conditions, and sustainable success.

To watch the video please click here.

RCB is an investment bank that specializes in equity markets – how would you describe your institution? What sets RCB apart?

We concentrate solely on products related to stocks and equity capital. Thanks to our specialization, we have an especially high level of expertise in terms of the markets and the needs of our customers. Our technological competence is also particularly important. We provide our customers with direct access to the international equity markets through twelve exchange memberships and a large number of trading interfaces. We are the market leader on the Vienna Stock Exchange and the prime player for certificates, where we set the benchmarks in terms of quality, transparency, and financial education for our distribution partners. Even during the serious financial crisis of recent years, we demonstrated that clean investment banking that is oriented towards the needs of the real economy can generate sustainable and positive returns – not only for us as a bank, but especially for our clients and business partners.

How was the business environment in 2013?

The Eurozone gradually climbed out of recession in 2013. The leading indicators are rising. The established equity markets reached new highs, some of them sustained. We feel that it is extremely important now that the fragile "seedling" of the economic recovery be nurtured. As far as the financial markets – and our core area of business – are concerned, it is less than ideal that a phase of excessively lax regulation is being followed by a disproportionate regulatory response under which the banks – which are subject to government supervision unlike other financial market participants – must now bear a Herculean bureaucratic and financial burden. This sector is now subject to the highest level of regulation. The additional taxes that only affect the Eurozone – and that are in some cases only being considered for Austria – are a significant competitive disadvantage and in no way strengthen the Austrian financial market.

" Even during the serious financial crisis of recent years, we demonstrated that clean investment banking that is oriented towards the needs of the real economy can generate sustainable and positive returns .

" As far as the financial markets are concerned, it is less than ideal that a phase of excessively lax regulation is being followed by a disproportionate regulatory response.

How is RCB perceived in its core markets in Central and Eastern Europe?

These regions are not fringe markets for us. We offer companies and investors a broad range of analyses, cover over 100 companies in Central and Eastern Europe, assist companies with roadshows, organize investor conferences and meetings, prepare sector reports for these regions that cover the entire CEE universe, and much more. And we list our certificates not only on the traditional exchanges in Vienna, Stuttgart, and Frankfurt, but also on four Eastern European exchanges. We have a strong and sustainable focus here. Local colleagues assist with our M&A activities. We were involved in several capital market transactions in the area during the reporting period. And I think it is very important that we showed that we do not pull up our tent stakes as soon as the conditions become difficult, but that we continue to work these markets. Our business partners and clients see and appreciate this.

" I think it is very important that we showed that we do not pull up our tent stakes as soon as the conditions become difficult, but that we continue to work these markets.

Where do you see medium- to long-term growth potential?

In our core markets, we are seeing a shift in growth dynamics from the CIS states to countries in Central and Eastern Europe, including Poland, the Czech Republic, and Slovakia. As far as our products are concerned, I can best sum it up with: There is no alternative to the capital market! In times of low interest rates, institutional and private investors whose savings are being eroded by inflation are looking for alternatives. Under the current conditions, these alternatives are stocks and certificates. For private investors, guaranteed and partially guaranteed products are especially attractive. We are seeing steadily growing interest in certificates in our home markets, especially in CEE. Here, we were able to leverage our many years of experience on the markets especially effectively and substantially expand our regional product markets through our intelligent distribution channels.

What would you wish for 2014?

More political calm, because only stable political conditions can create optimism for the economy. And lawmakers should take more care that they do not choke off the budding economic recovery. But above all, they should not lose sight of the important contribution that not only banks but especially investment banks make to the healthy functioning of the overall and real economy.

Corporate Governance / Compliance

Gerald Deimel
Head of Legal, Compliance & Tax
Compliance Officer

The shares of Raiffeisen Centrobank are not listed on a stock exchange. As the issuer of a large number of structured products and as one of the most important securities brokers in Vienna and other financial centres, Raiffeisen Centrobank orients itself towards the rules and principles of good and responsible corporate governance as set forth in the Austrian Code of Corporate Governance to the extent that these rules and principles are applicable for Raiffeisen Centrobank. Raiffeisen Centrobank has not (yet) formally undertaken to comply with the Austrian Code of Corporate Governance. Efficient collaboration between the various bodies of the Company on a strong foundation of trust, protection of its shareholder's interests and open and transparent communication are key elements of Raiffeisen Centrobank's approach to good corporate governance. The following comments illustrate some aspects of Raiffeisen Centrobank's compliance with the Code in the reporting period (1 January to 31 December 2013) and are based on the Austrian Code of Corporate Governance as amended in July 2012.

Executive Board

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

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

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

Rules for Proprietary Trading

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

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

Supervisory Board

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

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

Collaboration between the Supervisory Board and Executive Board

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

The Executive Board submits regular, timely and comprehensive reports to the Supervisory Board about all relevant issues of the Bank's business development, including the risk situation and risk management measures at the Bank and all material Group companies. The chairman of the Supervisory Board is in regular contact with the Chief Executive Officer and discusses the development of business and risk management with her. The Executive Board immediately reports all important events to the chairman of the Supervisory Board and also reports immediately on all circumstances that are of material relevance to the profitability or liquidity of the Company.

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

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

Transparent Information Policy

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

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

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

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

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

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

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

Compliance

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

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

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

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

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

In 2013, the Compliance Office of Raiffeisen Centrobank focused on further implementing FATCA regulations (registration of RCB at the Internal Revenue Service (IRS), initiating FATCA reporting implementation phase, etc.).

In the reporting year, the Compliance Office analyzed the requirements of MiFID II and the implementation of MiFID II provisions, which will remain a major focus of the Compliance Office in the forthcoming years.

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

let's talk investment banking*

2013 was a very special year, a year of records, that took us to a completely new dimension in both terms - revenues and open interest. We will steadily continue our way.

Heike Arbter
Head of Structured Products

We noticed growing interest of companies in the capital markets. Motives are either expansion or acquisition. We won two major bookrunner-mandates outside of Austria.

Siegfried Neumüller
Head of Equity Capital Markets

The environment continues to favour equity investments. We see ourselves as service center that discusses investment ideas with investors and shares its opinion with institutional customers too.

Stefan Maxian
Head of Company Research

We are particularly proud to have successfully closed more transactions in our regions than our competitors. Thus we have become one of the leading Eastern European advisory addresses.

Henning von Stechow
Head of M&A

We reconquered market shares. Especially in Austria where RCB became number 1 again - well ahead of all international investment banks and the local competitors.

Klaus della Torre
Head of Equity Sales

We managed to further intensify market making. We increased for example our turnover in Poland significantly and developed new markets.

Johannes Hämmerle
Head of Equity Trading

*To watch the full videos please click the speech bubbles

Group Management Report of Raiffeisen Centrobank AG as of December 31, 2013 according to the International Financial Reporting Standards (IFRS)

The designation "Raiffeisen Centrobank Group" refers to the group of companies parented by Raiffeisen Centrobank AG. The company itself as an individual entity (the parent company) is referred to as "Raiffeisen Centrobank".

The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts. The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report.

All designations that are used to refer to persons in this report apply equally to both genders unless reference is being made to a specific individual.

Economic Environment

As expected, the US economy grew much more slowly during the reporting period than in 2012. Real gross domestic product only expanded by 1.6 per cent, after having increased by 2.8 per cent in the previous year. This was in large part due to noticeable tax hikes at the beginning of the year that hampered private consumption, as well as further government spending cuts. The dispute about the budget and debt cap that finally brought the public administration to a halt for two weeks in October also caused considerable uncertainty among consumers and businesses.

Over the course of 2013, the Eurozone gradually climbed out of the recession that had set in at the end of 2011. Economic growth fell by 0.3 per cent in annual comparison in 2013, after having come in at minus 0.6 per cent in 2012. Quarterly growth rates were positive starting in the second quarter, and this was followed by rising leading economic indicators. At the end of the year, the economic upswing that the data were pointing to finally got off the ground. Now, it is gaining momentum and is also encompassing the peripheral countries. The extremely expansive monetary policy of the European Central Bank (ECB) and the ongoing rectification of foreign trade imbalances in Southeastern Europe supported this trend.

In contrast, the economies in Central and Eastern Europe (CEE) did not develop homogeneously. While the region achieved growth of 2.2 per cent in 2012, it did not quite reach the 1 per cent mark in 2013. Export growth remained moderate, and domestic demand was weak. Within the region Poland and Slovakia stood out as they did in 2012, though growth in these two countries slowed as well. While Poland's economy expanded by 1.9 per cent in 2012, it slowed to around 1.2 per cent in 2013. In the same period, Slovakia's growth fell from 2 to 0.9 per cent. Romania developed well, increasing its growth from 0.7 per cent in 2012 to 2.5 per cent in the reporting period. The development of the CEE economy was again determined by the Eurozone, the region's primary sales market.

Financial Markets

Looking back, 2013 will be seen as the year in which the serious tensions that had gripped the world's established equity indices since the outbreak of the financial crisis in 2008 were broken by record highs for some indices. In the USA, the leading economic indicators improved steadily. In Japan, measures taken by the government and central bank to weaken the yen were especially beneficial for the export industry, and in Europe, the end of the long recession and the extensive progress made in solving the sovereign debt crisis were the main factors behind the upswing on the equity market. The Nikkei 225 index gained more than 50 per cent on its best day since the beginning of the year. The Dow Jones climbed by more than 25 per cent over the year, and its European counterparts posted gains ranging from just under 6 per cent (ATX) and 15 per cent (Euro Stoxx 50) to well over 20 per cent (DAX). The development of the CECE index was less encouraging at a decline of 9.6 per cent. The Russian MICEX index rose by a slight 2 per cent.

As in 2012, the EUR/USD exchange rate moved in a narrow range of only US$ 0.10 between EUR/USD 1.28 and EUR/USD 1.38 in 2013. At the close of 2013, it listed at EUR/USD 1.36, just US$ 0.04 more than at the end of 2012. The exchange rate was again driven primarily by the monetary policies of the ECB and Federal Reserve Bank. Sustained speculations that cropped up in the middle of the year about possible reductions in the Fed's bond purchases caused noticeable exchange rate fluctuations. Gold suffered serious losses in 2013, and its price was lower in annual comparison for the first time since 2000.

Starting in the middle of 2013, the franc settled into a narrow range between EUR/CHF 1.22 and EUR/CHF 1.24. The interest rate differences between the Eurozone and Switzerland were the primary drivers of the currency movements.

Commodity Markets

After rising at the beginning of the year, natural rubber prices trended down until the middle of April, climbed again briefly to peak in the middle of May, and then fell again until the middle of July. A period of price decline and stagnation was followed by a slight rise until the prices came under pressure again at the end of the year. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was at around US$ 3,000 per metric ton at the start of the year, and peaked at US$ 3,130 per metric ton at the beginning of February. It listed at US$ 2,265 per metric ton at the end of the year.

Demand was again somewhat lower because of the vacillating economic conditions; supply exceeded demand and caused prices to fall. As a result, there is still an adequate supply in the exporting countries.

The olefins that are traded by Centrotrade Chemicals correlate with the oil price, which started the year at US$ 110 per barrel, rose to a high for the year of just under US$ 120 per barrel in the middle of February, and then fell to a low of less than US$ 100 per barrel in the middle of April. After the subsequent recovery phase, the price fluctuated around US$ 110 per barrel during the second half of the year.

Development of Business and Earnings in 2013

Despite the continued challenging economic situation in the core markets of Raiffeisen Centrobank – Austria and Central and Eastern Europe – the Bank saw a positive market development in its relevant fields of business in 2013. Under these persistently difficult conditions, Raiffeisen Centrobank Group generated a group net profit of € 12.422 million, surpassing the profit for 2012 by around 2 per cent or € 0.252 million.

In terms of earnings contributions, Raiffeisen Centrobank was again the dominant Group member with a profit after tax for the year as an individual company of € 11.658 million after elimination of dividend earnings from fully consolidated subsidiaries. The profit contribution of the group of commodity trading subsidiaries (Centrotrade Holding AG and its subsidiaries as well as Centrotrade Chemicals AG) was positive, while the group of companies that are active in the M&A segment, especially the foreign companies, turned in a negative result after taxes for the financial year 2013.

The development of the profit before tax slightly decreased in 2013 by € 0.503 million to € 14.014 million (2012: € 14.517 million).

The increase in net fee and commission income, which rose by € 1.383 million compared with 2012 to reach € 15.678 million (2012: € 14.295 million), can primarily be attributed to higher income from Equity Capital Markets (ECM). Fee and commission expenses rose by € 1.495 million to € 19.073 million, in large part due to an increase in external consulting services.

The trading profit, which consists almost entirely of contributions from Raiffeisen Centrobank, came to € 46.094 million, € 3.206 million less than in the previous year (2012: € 49.300 million). Despite an increase in the certificate business, the profit contribution from trading activities was lower than in the 2012 financial year in absolute terms. Equity Sales saw a contraction due to a continued decline in trading volume.

The substantial decline of € 2.229 million in net interest income to € 3.268 million (2012: € 5.497 million) is primarily the result of the lower general interest rate level and a conservative investment strategy in response to the market conditions. Interest expenses fell by roughly half to € 1.366 million (2012: € 2.689 million).

The net income from financial investments came in at a profit of € 0.920 million thanks to the positive result from the sale of an equity participation in Raiffeisen Investment Advisory GmbH in 2013.

Total earnings, made up of net interest income after provisioning, net fee and commission income, the trading profit and the net income from financial investments and derivative financial instruments, fell by € 3.313 million or roughly 5 per cent in annual comparison to € 65.976 million (2012: € 69.289 million). The rise in other operating result is mainly attributable to profit generated from the early redemption of the subordinated bond from Raiffeisen Malta Bank plc, Sliema, in the amount of € 2.000 million.

General administrative expenses remained largely stable in annual comparison, climbing by a marginal 0.5 per cent or € 0.335 million to € 62.960 million (2012: € 62.625 million). While staff expenses declined by € 2.758 million to € 38.903 million, other administrative expenses rose by € 3.293 million to € 22.298 million. The shift within general administrative expenses is primarily due to the new Executive Board contracts under which these expenses are charged by Raiffeisen Bank International AG.

The Group's profit before tax for the year came to € 14.014 million, roughly 4 per cent or € 0.503 million lower than in 2012 (€ 14.517 million). After income taxes, which came to minus € 2.759 million (2012: minus € 2.593 million), and taking the share of profit due to non-controlling interests in the amount of € 1.166 million (2012: € 0.246 million) into account, the group net profit for 2013 totaled € 12.422 million, an improvement over the € 12.170 million achieved in 2012.

The balance sheet as of December 31, 2013, showed a year-on-year decrease in total assets of around 4 per cent or € 106.153 million to € 2,510.575 million. On the assets side, the greatest change was seen in "Trading assets" (roughly 81 per cent of the balance sheet total on December 31, 2013, and roughly 83 per cent on December 31, 2012), which fell by € 143.257 million to € 2,033.716 million. This decline can be attributed to a reduction (primarily in terms of volume) in bonds and other fixed-interest securities, while the call/time placements for trading purposes increased. The vast majority of the tradable money market deposits in the trading book were assigned to Raiffeisen Bank International AG and serve primarily as hedges for the guarantee products issued by Raiffeisen Centrobank. These replace the previously used zero bonds, and the bonds, notes and other fixed-interest securities fell compared with December 2012 as a result. The equities, options and futures that are also reported under "Trading assets" serve as hedges for the issued certificates, options, and short sales together with the bonds, or are part of the Bank's market maker activities.

"Loans and advances to credit institutions" rose by € 45.484 million to € 277.179 million due to liquidity changes and made up roughly 11 per cent of the balance sheet total on December 31, 2013, and 9 per cent of the balance sheet total on December 31, 2012.

"Loans and advances to customers" rose by € 12.726 million to € 100.242 million and made up roughly 4 per cent of the balance sheet total on December 31, 2013, and roughly 3 per cent on December 31, 2012. This was caused primarily by increased lending to retail customers.

The decrease in "Other assets" (roughly 3 per cent of the balance sheet total on December 31, 2013, and December 31, 2012) by € 15.778 million to € 65.763 million was primarily due to the lower level of loans and advances and inventories and held by the commodity trading subsidiaries that are active in rubber trading as well as lower loans and advances from M&A activities.

The decrease in "Securities and financial investments" (roughly 1 per cent of the balance sheet total on December 31, 2013, and December 31, 2012) by € 3.439 million to € 18.760 million was caused in large part by the planned redemption of a fixed-interest bond.

On the equity and liabilities side of the balance sheet, the most significant change was seen in "Liabilities to credit institutions" (roughly 5 per cent of the balance sheet total on December 31, 2013, and roughly 6 per cent on December 31, 2012), which fell by € 45.855 million in annual comparison to € 117.245 million. This was the result of lower liquidity needs.

"Trading liabilities" (roughly 84 per cent of the balance sheet total on December 31, 2013, and roughly 82 per cent on December 31, 2012), also fell further by € 19.444 million to € 2,119.104 million. Trading liabilities consist primarily of the structured guarantee products issued by Raiffeisen Centrobank, including the well-known blue chip certificates, warrants and other certificates such as the turbo certificates on indices and individual equities. The item also includes liabilities from short-selling in connection with the Bank's market making activities. This decline can be attributed to a decrease in issued certificates and in the volume of the short-selling of trading assets. At the same time, trading in certificates with warrant characteristics increased. Please also see the comments on the development of "Trading assets" and the hedging relationships between these items.

"Liabilities to customers" (roughly 5 per cent of the balance sheet total on December 31, 2013, and on December 31, 2012) declined by € 17.072 million to € 119.864 million due to lower deposits by domestic customers.

"Other liabilities" (roughly 1 per cent of the balance sheet total on December 31, 2013, and on December 31, 2012) rose by € 1,288 million to € 26.259 million as a result of an increase in "Liabilities arising from non-banking activities" (primarily goods and services related to olefin trading) of the commodity trading subsidiaries.

Including the group net profit for 2013 of € 12.422 million and the dividend payment for the 2012 financial year in the amount of € 13.755 million, equity decreased by € 2.604 million from € 108.862 million at the end of 2012 to € 106.258 million. The "Share of profit due to non-controlling interests" on December 31, 2013, amounted to minus € 0.329 million (December 31, 2012: € 0.846 million).

Review of Business Segments

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Raiffeisen Centrobank (RCB) has been one of the largest players on the Austrian capital market in the certificates business and in equity and derivatives trading as well as in equity sales to institutional investors for many years, and is a leader on the markets of Central and Eastern Europe. Even though liquidity on the primary markets remained at a low level overall during 2013, the high expectations for the results from the equities and derivatives activities were met, especially thanks to higher market shares.

After further decreases in the first half of the year, turnover on the Vienna Stock Exchange increased by a moderate 7 per cent for the year as a whole. Especially the CEE Stock Exchange Group markets Prague (minus 33 per cent) and Budapest (minus 7 per cent) saw declines. The volume on the XETRA Frankfurt rose by 2 per cent, and the only market to see a substantial increase was the Warsaw Stock Exchange, which rose by 17 per cent. Under these conditions, gross income in customer business with stocks continued to suffer, as did market making and proprietary trading in general. RCB was the largest market participant on the Austrian equity market in 2013 with a share of 9.8 per cent of the Vienna Stock Exchange's spot market, and was the only Austrian bank among the top six market participants. RCB also generated the greatest sales of any market maker and specialist by far on the Vienna Stock Exchange. In 2013, roughly one third of all market maker trades went through RCB.

While some banks are further scaling back their activities, RCB's strategy is still to remain active on the equity markets and to further expand its presence. RCB has been a direct participant on the Prague Stock Exchange since May 2013. Growing shares of its core markets and new market maker mandates in Vienna, Warsaw, and on the Eurex Germany underscore this strategy. The strong position on its home market and the further expansion of its presence on liquid Eastern European markets like Poland and Russia are bearing fruit, and had a positive effect on the result for the year.

Business development was relatively homogeneous throughout the year, except for a somewhat weaker fourth quarter. Structured products made a significant contribution to this success. Institutional brokerage failed to meet the expectations, as it is still being hampered by the low number of primary market transactions and skepticism among international investors about RCB's core region.

Institutional Equity Sales

In equity sales, the continued adverse conditions on the equity markets and the further declines in customer business volume were actively countered with secondary market roadshow and presentation activities on the basis of sector reports and the presentation of individual companies. Ongoing customer service was intensified further, especially by increasing the focus on new customer acquisition above all in the English-speaking markets. During the reporting period, the RCB sales team worked closely with Company Research to complete a large number of activities to boost secondary market equities business: 41 company roadshows, 61 research roadshows, and nine reverse roadshows. In addition to the investor conference in Zürs, which gave 65 companies an opportunity to present themselves to 120 institutional investors in a total of 1,000 one-on-one and group meetings, two very successful investor conferences were also held in Warsaw and New York.

A key factor in institutional business remains the fact that Central and Eastern Europe (CEE) is still not a focus for international investors. Nevertheless, revenue declines were in part offset by new customer business and new markets. In terms of products, the sales focus is on the relatively large markets of Poland and Russia. Sales growth in CEE remained encouraging, and the share of equities trading with institutional investors in CEE grew from 28 per cent to 33 per cent.

The RCB sales team helped UNIQA Insurance Group complete a successful capital increase through intensive marketing efforts. As global coordinator and joint bookrunner, RCB placed 95 million shares at € 8 each together with a consortium. The successful cooperation of the local sales team with Raiffeisen Poland was a highlight in this.

Trading/Market Making

RCB again defended its market leadership in the Vienna Stock Exchange's market making segment in 2013. In the prime market, RCB received 34 of the 37 total market maker and/or specialist mandates, and its 31.5 per cent share of market maker turnover was roughly 14 percentage points greater than for the second largest market maker.

In addition to the Vienna Stock Exchange, RCB expanded its equities, certificates, and derivatives market making activities on various foreign exchanges like the Eurex Frankfurt, the Warsaw Stock Exchange, the Prague Stock Exchange, and the Bucharest Stock Exchange by winning new mandates and expanding its market making to new product classes.

Structured Products

The very positive course of business for the Structured Products department continued with a record result in 2013. Certificates are taking on an increasingly important role as a fixed element of modern portfolios. RCB saw significant growth in all of its core markets and customer groups. The open interest for RCB certificates rose again to an all-time high of € 2.8 billion (2012: € 2.6 billion), even surpassing the level achieved in 2006/2007. Total turnover for 2013 came to € 1.3 billion, an increase of nearly 30 per cent in annual comparison. With a share of over 70 per cent, bonus and guarantee certificates were the most popular product categories by far. Attractive yield potential with (partial) protection is in high demand in the current low-interest environment and also clearly generates added value for investors, as was confirmed by the certificate performance study that was published by RCB in September 2013. As an Austrian issuer, activity focused on the traditionally important home market and on major European indices such as the Euro Stoxx 50, Eastern European assets, and commodities. All in all, RCB issued 3,326 products in 2013, bringing the total of its publicly offered issues to over 4,000 as of the end of the year – another record. In addition to the Vienna Stock Exchange, all RCB certificates are listed on the leading European certificate exchanges in Stuttgart (EUWAX) and Frankfurt. The Central and Eastern European exchanges in Warsaw, Prague, Budapest, and Bucharest are also becoming more important in terms of the number of listed RCB products and turnover for these products. The excellent tradability of RCB certificates underscores the focus on product clarity for the investor and price transparency. On the regulatory front, RCB implemented the new EU prospectus directive with the approval of its new base prospectus by the Austrian Financial Market Authority (FMA) in June 2013.

Business on the core markets in Eastern Europe was especially gratifying. Revenue here rose by nearly 50 per cent in annual comparison. RCB is currently active in eight countries in Central and Eastern Europe and further intensified its collaboration with the local network banks in the region. In addition to the record revenue and the highest volume of outstanding certificates, more issues (subscriptions and private placements) and more training measures were also completed than ever before. Highlights included the successful transactions with Tatra Banka (single issue of a € 27 million bonus certificate) and the issue of an equity substitute for Raiffeisen Bank Romania in the amount of US$ 78 million.

Certificates are also becoming increasingly popular among customers of Austrian Raiffeisen banks. Records were set in terms of revenue and subscription volume. Numerous RCB training measures and customer events not only increased the Bank's presence, but also improved advisor and customer knowledge about certificates. Under the currently challenging conditions, especially with regards to the regulatory framework, RCB feels that the dissemination of knowledge and information is one of the most important sales measures for ensuring long-term success. The sustainability of RCB's certificate business is unique in Austria and Central and Eastern Europe. RCB is the only complete Austrian provider, both in terms of certificate types and underlyings. In addition to offering a broad product spectrum, RCB's structured product team boasts many years of active presence, extensive investor services, and innovative product ideas, and has long played a pioneering role in certificates in Eastern Europe. This has also been confirmed time and again by independent experts. RCB was crowned the best issuer in Austria for the seventh time in a row at last year's Certificate Awards Austria.

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

Equity Capital Markets (ECM)

Europe saw a total of 45 initial public offerings (IPOs) with an offer volume of over € 200 million each in 2013. Activity on the transaction market in Europe accelerated considerably in the second half of the year.

Despite the lack of IPOs in Austria, RCB lived up to its leading role in the Equity Capital Markets segment and concluded a total of ten equity transactions in the relevant European markets.

Highlights included involvement in the largest equity issue of the year on the Vienna Stock Exchange, the re-IPO of UNIQA Insurance Group, in the amount of € 757 million as joint global coordinator and joint bookrunner. This transaction was the largest equity issue on the Vienna Stock Exchange since 2010 and brought the UNIQA share into the ATX in addition to significantly increasing its free float from 7 per cent to over 35 per cent. Other highlights were the bookrunner positions in the second public offering (SPO) of Russia's Phosagro (€ 357 million) and in the IPO for Poland's PKP Cargo (€ 340.8 million) – in both cases as the only Austrian syndicate bank. The Bank was also involved in numerous transactions on the Romanian stock market, which saw a substantial increase in activity due to the partial privatization of state-owned companies.

On the Vienna Stock Exchange, RCB also assisted PORR AG with a capital increase of € 21 million as lead manager. Alongside numerous successfully fulfilled mandates, some planned transactions were not completed in 2013 due to specific market conditions.

Outside of the Austrian core market, RCB also marketed its competence through extensive consulting activities together with the local units in 2013, laying a solid foundation for the 2014 financial year. Russia, as the largest market in the CEE region and as one of the core markets for these activities, saw a similar level growth in terms of issue preparations and the filling of the deal pipeline in 2013. However, the Russian equity market was pulled down by the weakness of the emerging markets in general and contracted by 2 per cent (MICEX Index), and the volume of transactions completed in 2013 failed to meet the expectations. The activities on the Polish market, which was dominated by the reform of the Polish pension system in 2013 and saw a contraction of 7 per cent, expanded substantially during the reporting period and led to the first bookrunner mandate on the Polish market and the acquisition and preparation of further projects that are planned for 2014. The Romanian equity market saw a robust level of transactions, from which Raiffeisen profited as the market leader in the Romanian transaction business. All in all, the Bank was involved in five transactions with a total volume of € 677 million.

In addition to a large number of successfully completed transactions, much work also went into preparing for future projects in 2013. Given the positive development of the equity markets during the reporting period and the intensive customer talks and preparations, RCB's ECM team is optimistic about 2014 with regards to transactions in Austria and CEE. The regional focuses of the transactions outside of Austria are expected to be the Russian, Polish, and Romanian markets.

The results of the department are included in the report for the "Equity Capital Markets" segment.

Mergers & Acquisitions (M&A)

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

After the worldwide decline in M&A in 2012 and the first half of 2013, considerably more activity was seen at the end of 2013. In its core region of Central and Eastern Europe (CEE) and Turkey, RCB concluded 24 noteworthy transactions and won 54 new mandates in the M&A segment. The volume of the completed transactions came to € 5.97 billion, and RCB made it to the top of the league table ranking of the leading M&A advisors in CEE, Austria, and Turkey in terms of the number of executed transactions for the first time.

The most noteworthy transactions during the reporting period included the advisory services provided to the Turkish Abraaj Group and the Aydinlar family regarding the sale of Acibadem Sigorata, a local insurance company, to the Malaysian state investment fund Khazanha Nasional. The transaction volume totaled € 150 million.

Another milestone transaction in Turkey with a deal volume of € 2.9 billion is the successful privatization of the four Turkish power utilities Akdeniz Elektrik Dağıtım A.Ş. ("Akdeniz"), Boğaziçi Elektrik Dağıtım A.Ş. ("Boğaziçi"), Gediz Elektrik Dağıtım A.Ş. ("Gediz") und Dicle Elektrik Dağıtım A.Ş. ("Dicle"). RCB also assisted Austria's Post AG with the takeover of 25 per cent of the Turkish parcel service ARAS Kargo.

The TMT and financial institutions markets experts also concluded various transactions in Bulgaria in cooperation with the local Raiffeisen Investment team. RCB advised Sanoma in the sale of its digital business to Darik News, and the QBE Insurance Group in the sale of its Macedonian activities to the Vienna Insurance Group.

In addition, RCB exclusively advised Borealis and First Energy Bank from Bahrain in the establishment of a joint venture in Bulgaria that acquired a 20.3 per cent stake in Neochim AD, a leading listed Bulgarian manufacturer and seller of fertilizers.

Another highlight was Advent International's sale of Deutek, the largest paint manufacturer in Romania, to Axxess Capital. RCB advised the seller in this transaction. The signing of a strategic alliance between Panasonic and Slovenia's Gorenje made the headlines, and the parties were advised by RCB together with Lazard.

The good performance of the M&A department was only impaired by declining business development in Russia and negative results deriving thereof.

Based on a well-filled pipeline for 2014 – especially in Turkey, Poland and Austria – slightly increasing growth in the M&A business is expected.

The results of the department are included in the report for the "Equity Capital Markets" segment.

Company Research

The Company Research department published 317 company updates in 2013. Of these company updates, 215 covered enterprises listed on Eastern European exchanges. New companies were again added to the coverage universe, including Acron, MegaFon, RusHydro, InterRAO, Alliance Oil, Yandex, Raspadskaya, and Grupa Azoty. A total of 132 companies were analyzed last year. Of the covered firms, 34 are headquartered in Austria, and 98 in Central and Eastern Europe or Russia.

Research activities focused on the generally friendly conditions for capital market transactions that especially applied in the second half of the year. The Company Research department assisted with the successful capital increases and IPOs of UNIQA, PKP Cargo, Romgaz, and Transgaz through transaction research and extensive investor education roadshows for European investors.

Roadshows were also held for multiple sector reports, including Russian and Polish Utilities, CEE Coal, Russian Steel, CEE Oil and Gas, Russian Retail and Polish Banks, and for the CEE Banking Report.

Reverse roadshows were also held for institutional investors in Austria, Budapest, and Kiev to account for the increasing investor interest in our region.

At the annual investor conference in Zürs, the Company Research department created separate company updates for all participating companies and fact sheets for companies that are now covered. The analysts were also booked for intensive one-on-one meetings. Investor analysts also participated in a large number of investor lunches arranged by RCB for Austrian companies.

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

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

Commodity Trading

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

The fully consolidated operating companies improved considerably compared with the first half of the year. However, the rubber group was unable to reach its ambitious budget for the year, especially because of the difficult conditions on the dry rubber market.

The second half of the year was also strong for olefin trading, but this success was not enough to entirely offset the poor first half of the year, and a balanced result was not achieved.

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

Performance Indicators

Financial performance indicators

	2013	2012[1]
Return on equity before tax (in per cent)	14.8	14.7
Cost-income ratio (in per cent)	81.8	81.3
Earnings per share in euros	18.96	18.58

[1] Adjustment of previous year data due to retrospective application of IAS 19 R

The slightly lower group net profit in annual comparison combined with slightly decreased average equity caused the return on equity before tax to rise from 14.7 per cent to 14.8 per cent. Because the operating income (net interest income before provisioning, net fee and commission income, the trading profit, net income from financial investments and the other operating result) remained basically stable and general administrative expenses showed a slight increase, the cost-income ratio rose from 81.3 per cent in 2012 to 81.8 per cent in 2013.

With an unchanged 655,000 shares in free float, the earnings per share rose by roughly 2 per cent to € 18.96.

Non-financial performance indicators

	2013	2012
Average number of employees	339	334
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,326	3,207

An average of 339 employees worked for Raiffeisen Centrobank Group during the reporting period, an increase of five people or about 1 per cent compared with the previous year. The number of warrants and certificates issued by the Company during the reporting period grew by roughly 4 per cent to 3,326.

Risk Management

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

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

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

The sovereign debt crisis and the associated financial stability, the moderate economic growth, and the European bank union were again the driving issues in 2013. The Risk Management department expects similar issues in 2014. Despite the challenging market conditions, RCB again achieved a positive operating result for the year, without suffering notable losses from credit risk, market risk, or operational risk. The continued efforts of the financial supervisory authorities to immunize the financial market against possible crises, is consuming a large share of the Bank's risk management resources. Despite this, the work on the implementation of the "Capital Requirements Directive" (CRD IV) and the "European Market Infrastructure Regulation" (EMIR) continued alongside the sensible expansion of existing risk management reports, the adaptation and documentation of models for the measurement and assessment of risks according to the supervisory requirements, and the refinement of stress tests and model validations.

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

Please also see the detailed risk report in the notes.

Internal Control System as Relevant for the Consolidated Accounting Process

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

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

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

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

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

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

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

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

Estimates must regularly be made during the preparation of the financial statements. In all of these cases, there is an inherent risk that the actual developments may deviate from these estimates. This especially applies to the parameters in valuation models that are used to determine the fair values of financial instruments for which there is no current price quotation as well as to social capital, the outcome of legal disputes, the collectability of claims, and the impairment of equity holdings and supplies. In some cases, external experts are involved, or publicly available information sources are used to minimize the risk of incorrect estimates.

In addition to the Executive Board, the general control framework also includes middle management (the department heads). All control measures are applied to the daily business processes to ensure that potential errors or deviations in the financial reporting are prevented or discovered and corrected. The control measures that are applied at regular intervals range from the review of the periodic results by the management to the specific reconciliation and coordination of accounts and the analysis and further optimization of accounting processes. The Internal Auditing 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 Auditing department reports directly to the Executive Board. RZB Group's group accounting department also independently verifies compliance with the internal regulations on a regular basis.

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

Human Resources

Raiffeisen Centrobank Group had 339 employees on December 31, 2013 (December 31, 2012: 344 employees). The number of employees in the Group fell slightly by around 1 per cent. The headcount remained stable in Austria while adjustments were made in the subsidiaries to account for the development of business.

In addition to numerous training courses in different departments, nine M&A analysts (from Vienna and various subsidiaries) had the opportunity to visit the analyst boot camp held by the investment bank Lazard in the summer of 2013. The intensive training is not only aimed at improving the participants' technical qualifications, but also at getting to know the Lazard bankers for the purposes of networking and intercultural exchange between the various sites. Analysts from 12 countries came together at this year's Lazard training.

In compliance with the provisions of § 65a BWG, Raiffeisen Centrobank AG finalized basic information about its internal measures for ensuring adherence to the corporate governance rules in accordance with the requirements of Raiffeisen Zentralbank Österreich (RZB) as the parent credit institution. In meeting these provisions, RCB introduced a "Fit & Proper" guideline that sets down a process for assessing the suitability of members of the Executive Board and Supervisory Board and of individuals in key positions and that defines the competencies and criteria for assessing professional suitability and personal reliability. This process is being implemented by an internal Fit & Proper Office and applies to new appointments and reappointments, as well as for existing positions (regular internal suitability evaluations). The Supervisory Board of RCB also set up a Nomination Committee pursuant to § 29 BWG. Its responsibilities especially include personnel issues relating to the management team and Supervisory Board; in its activities, it will place a particular focus on the sufficient knowledge and abilities of the nominees in accordance with their intended duties. The Group remuneration guidelines were also finalized in accordance with requirements of RZB. In particular, they include detailed rules for the general remuneration policy, special rules for the remuneration and selection of persons whose activities have an impact on the Bank's risk profile, and rules for the process for determining and deciding on bonuses and penalties; all of these rules comply with the legal remuneration principles. The guidelines will ensure that RCB's remuneration policy is consistent with solid and effective risk management and that it provides no incentive to assume risks that go beyond what RCB can reasonably tolerate. RCB has set up a Remuneration Committee as a committee of the Supervisory Board pursuant to § 39c BWG. This committee directly reviews the remuneration of members of upper management in risk management and compliance functions.

Outlook 2014

We expect growth in the Eurozone to accelerate steadily in 2014. The pace of economic growth that key trading partners (the USA and Great Britain, for example) are enjoying and the improved competitiveness of many (crisis) countries are cause to hope for solid support from exports. In light of the moderate economic outlook and low inflationary pressure, the European Central Bank (ECB) should maintain its very expansive monetary policy. The greatest risk factor is still political in nature, in the form of ineffective governments and the failure to implement reforms, followed by the lingering problems on the real estate and credit markets in some countries.

Economic growth of 2.3 per cent is projected for the CEE region in 2014. The development of the Eurozone will again be highly relevant for the entire region in 2014. The substantial economic recovery that is expected for Central Europe will be based on the developments in Poland, Hungary, the Czech Republic, and Slovakia, and will therefore have a strong foundation. Especially Poland is expected to see higher growth of 2.9 per cent, and economic experts are predicting that the Czech economy will begin growing again. Southeastern Europe is expected to see stable growth at 1.7 per cent in 2014. Romania's growth is projected to be 2.3 per cent, close to the regional average. In Russia, GDP is expected to expand by slightly below 2.0 per cent in 2014, after growth of 1.5 per cent in 2013. Expectations for investment activity and industrial production in the country are still restrained.

The positive development of the economy should also boost the equity markets, which are highly relevant for the direct business activities of Raiffeisen Centrobank. It is also expected that the continued low interest rate level will continue to have a strong influence on investor behavior and ensure positive sentiment on the equity markets. The equity price climb should continue in 2014, though at a slower pace than last year. This applies equally to the equity indices in RCB's important core markets such as the Austrian ATX, the Czech PX, and the Polish WIG20, where gains of between 8.5 and 12.7 per cent are projected.

These conditions should allow RCB's Equity Trading and Equity Sales departments to improve their results in 2014. RCB should be able to further improve its positive result in the segment from 2013. Conditions for the Structured Products department should be similar, and performance should continue in line with the record results achieved in 2013.

Even though the market conditions are likely to remain highly challenging, the good position that RCB Group occupies within RZB Group and in the core markets of Austria and Central and Eastern Europe should allow the Bank to achieve sustainable success in its central business areas again in 2014.

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

Another goal for 2014 is a stable cost base. Among other measures, the integration of various programs of our Group parent should enable us to reach our efficiency targets.

The Bank is aiming to surpass the consolidated result for 2013. The "Securities Trading & Sales and Treasury" segment should make the greatest contribution to this. The other bank departments and subsidiaries are also expected to make stable contributions.

Significant Events after the Balance Sheet Date

Closing down of four subsidiaries and one representative office

In the frame of an ongoing optimization of the range of products and the improvement of cross-country synergies within RBI Group, the Supervisory Board of Raiffeisen Centrobank AG resolved in its meeting on March 19, 2014 that in the fields of M&A and ECM four Raiffeisen Investment subsidiaries (Romania, Bulgaria, Czech Republic and Ukraine) and one representative office (Serbia) will be closed. Current business activities will be assigned to local Raiffeisen network banks.

As at the balance sheet date December 31, 2013 loan receivables from fully consolidated companies came up to € 0.045 million.

No negative financial consequences in relation thereto were known at the balance sheet date.

Research and Development

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

Statement of Legal Representatives pursuant to § 82 Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Vienna, April 11, 2014
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Report of the Supervisory Board

The annual financial statements for 2013 that were audited and approved without qualification by the elected financial auditor – KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, A-1090 Vienna – were presented to the 41st ordinary Annual General Meeting on April 29, 2014, and acknowledged.

KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft audited the consolidated annual financial statements for the 2013 financial year in April 2014 and awarded its unqualified audit opinion. The Supervisory Board scrutinized and approved the consolidated annual financial statements for the 2013 financial year that were audited by KPMG Austria AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Vienna, April 2014

Klemens Breuer
Chairman of the Supervisory Board

Consolidated Financial Statements of Raiffeisen Centrobank AG as at 31 December 2013 in accordance with International Financial Reporting Standards (IFRS)

Throughout this report, Raiffeisen Centrobank Group is used to refer to the Raiffeisen Centrobank Group. Raiffeisen Centrobank is used whenever statements refer solely to Raiffeisen Centrobank AG, the parent company.

The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts.

The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report.

Statement of comprehensive income

Income statement

in € thousand	Notes	1/1/-31/12/2013	1/1-31/12/2012[1]	Change
Interest income		4,633	8,186	(43.4%)
Interest expenses		(1,366)	(2,689)	(49.2%)
Net interest income	(2)	**3,268**	**5,497**	**(40.5%)**
Net allocation to provisioning for impairment losses	(3)	16	158	(89.7%)
Net interest income after provisioning		**3,284**	**5,655**	**(41.9%)**
Fee and commission income		34,751	31,873	9.0%
Fee and commission expenses		(19,073)	(17,578)	8.5%
Net fee and commission income	(4)	**15,678**	**14,295**	**9.7%**
Trading profit	(5)	46,094	49,300	(6.5%)
Valuation result from derivative financial instruments	(6)	0	0	0.0%
Net income from financial investments	(7)	920	38	>100.0%
General administrative expenses	(8)	(62,960)	(62,625)	0.5%
Other operating result	(9)	11,014	7,854	40.2%
Net income from disposal of group assets	(10)	(16)	0	100.0%
Profit before tax		**14,014**	**14,517**	**(3.5%)**
Income taxes	(11)	(2,759)	(2,593)	6.4%
Profit after tax		11,255	11,924	(5.6%)
Share of profit due to non-controlling interests		1,166	246	>100.0%
Group net profit		**12,422**	**12,170**	**2.1%**

[1] Adjustment of previous year data due to retrospective application of IAS 19 R

Other comprehensive income and total comprehensive income

in € thousand	Total 1/1.-31/12/2013	Total 1/1.-31/12/2012[1]	Group equity 1/1.-31/12/2013	Group equity 1/1.-31/12/2012	Non-controlling interests 1/1.-31/12/2013	Non-controlling interests 1/1.-31/12/2012
Profit after tax	**11,255**	**11,924**	**12,422**	**12,170**	**(1,166)**	**(246)**
Items which are not reclassified to profit and loss	**334**	**(411)**	**334**	**(411)**	**0**	**0**
Remeasurements of defined benefit plans	445	(548)	445	(548)	0	0
Deferred taxes on items which are not reclassified to profit and loss	(111)	137	(111)	137	0	0
Items that may be reclassified subsequently to profit or loss	**(743)**	**(266)**	**(654)**	**(292)**	**(89)**	**26**
Exchange differences	(743)	(266)	(654)	(292)	(89)	26
hereof unrealized net gains (losses) of the period	(743)	(266)	(654)	(292)	(89)	26
Deferred taxes on income and expenses directly recognized in equity	0	0	0	0	0	0
hereof unrealized net gains (losses) of the period	0	0	0	0	0	0
Other comprehensive income	**(409)**	**(677)**	**(320)**	**(703)**	**(89)**	**26**
Total comprehensive income	**10.846**	**11.247**	**12.102**	**11.467**	**(1.255)**	**(220)**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Other comprehensive income

In the reporting year, IAS 19R was implemented which required retrospective application. The required re-evaluation of defined benefit plans resulted in other comprehensive income of € 445 thousand. Retrospectively, the previous year was adapted by minus € 548 thousand.

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

Retained earnings

The following components of retained earnings developed as follows:

in € thousand	Remeasurements reserve	Exchange differences	Deferred taxes
Balance as at 1/1/2012[1]	**7**	**(2,601)**	**3**
Net change during the reporting year	(548)	(266)	137
Balance as at 31/12/2012	**(541)**	**(2,867)**	**140**
Net change during the reporting year	445	(743)	(111)
Balance as at 31/12/2013	**(96)**	**(3,610)**	**29**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Earnings per share

in € thousand	2013	2012[1]	Change
Earnings per share	**18.96**	**18.58**	**0.38**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

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

Balance sheet

Assets in € thousand	Notes	31/12/2013	31/12/2012	Change
Cash reserve	(14,33)	4,375	5,541	(21.0%)
Loans and advances to credit institutions	(15,33,34)	277,179	231,695	19.6%
Loans and advances to customers	(16,33,34)	100,242	87,516	14.5%
Impairment losses on loans and advances	(17,33)	(93)	(110)	(14.9%)
Trading assets	(18,33)	2,033,716	2,176,973	(6.6%)
Derivative financial instruments	(19,33)	42	19	>100.0%
Securities and financial investments	(20,33)	18,760	22,199	(15.5%)
Intangible fixed assets	(21,23)	314	440	(28.7%)
Tangible fixed assets	(22,23)	10,276	10,912	(5.8%)
Other assets	(24)	65,763	81,541	(19.3%)
Total assets		**2,510,575**	**2,616,728**	**(4.1%)**

Equity and liabilities in € thousand	Notes	31/12/2013	31/12/2012[1]	Change
Liabilities to credit institutions	(25,33,34)	117,245	163,100	(28.1%)
Liabilities to customers	(26,33,34)	119,864	136,936	(12.5%)
Provisions	(27,34)	21,500	23,026	(6.6%)
Trading liabilities	(28,34)	2,119,104	2,138,548	(0.9%)
Derivative financial instruments	(29)	344	769	(55.2%)
Other liabilities	(30,34)	26,259	24,972	5.2%
Subordinated capital	(31,34)	0	20,516	(100.0%)
Equity	(32)	106,258	108,862	(2.4%)
Consolidated equity		94,166	95,845	(1.8%)
Group net profit		12,422	12,170	2.1%
Non-controlling interests		(329)	846	>100.0%
Total equity and liabilities		**2,510,575**	**2,616,728**	**(4.1%)**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Statement of changes in equity

in € thousand	Subscribed capital	Capital reserves	Retained earnings	Group net profit for the period	Non-controlling interests	Total
Equity as at 1/1/2012	**47,599**	**6,651**	**48,794**	**13,887**	**760**	**117,692**
Effects of the retrospective application of IAS 19R	0	0	7	(7)	0	0
Equity as at 1/1/2012[1]	**47,599**	**6,651**	**48,801**	**13,880**	**760**	**117,692**
Capital paid-in	0	0	0	0	0	0
Transferred to retained earnings	0	0	(6,425)	6,425	0	0
Dividend payments	0	0	0	(20,305)	0	(20,305)
Comprehensive income	0	0	(703)	12,170	(220)	11,247
Other changes	0	0	(78)	0	306	228
Equity as at 01/01/2013	**47,599**	**6,651**	**41,595**	**12,170**	**846**	**108,862**
Capital paid-in	0	0	0	0	0	0
Transferred to retained earnings	0	0	(1,585)	1,585	0	0
Dividend payments	0	0	0	(13,755)	0	(13,755)
Comprehensive income	0	0	(320)	12,422	(1,255)	10,846
Other changes	0	0	225	0	80	305
Equity as at 31/12/2013	**47,599**	**6,651**	**39,915**	**12,422**	**(329)**	**106,258**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Other changes in equity are the result of exchange differences between the income statement and the balance sheet, and are attributable to changes in the shareholding in Group units. Details on other changes are provided in the Notes under item (32) "Equity".

Cash flow statement

in € thousand	2013	2012[1]
Group net profit	**11,255**	**11,924**
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial investments	1,884	2,336
Net provisions for liabilities and charges and impairment losses	8,084	13,098
Gains/losses from disposals of tangible fixed assets and financial investments	(1,110)	0
Other adjustments (net)	108,153	20,707
Subtotal	**128,266**	**48,064**
Change in assets and liabilities arising from operating activities after corrections for:		
Loans and advances to credit institutions and customers	(58,559)	7,979
Trading assets/trading liabilities (net)	4,672	(172,959)
Other assets/other liabilities (net)	16,203	2,530
Liabilities to credit institutions and customers	(62,499)	137,018
Cash flow from operating activities	**28,083**	**22,633**
Proceeds from the sale of:		
Tangible and intangible fixed assets	2	0
Financial investments and equity participations	4,051	0
Payments for the acquisition of:		
Financial investments and equity participations	0	(54)
Tangible and intangible fixed assets	(1,031)	(1,094)
Disposal of group assets of non-controlling interests	0	180
Cash flow from investing activities	**3,022**	**(968)**
Inflows/outflows of subordinated capital	(18,516)	34
Dividends paid	(13,755)	(20,305)
Cash flow from financing activities	**(32,271)**	**(20,271)**

[1] Adjustment of previous year data

in € thousand	2013	2012[1]
Cash and cash equivalents at the end of the previous period	**5,541**	**4,148**
Net cash from operating activities	28,083	22,633
Net cash from investing activities	3,022	(968)
Net cash from financing activities	(32,271)	(20,271)
Cash and cash equivalents at the end of the period	**4,375**	**5,541**

[1] Adjustment of previous year data

Cash flows for taxes, interest and dividends	2013	2012
Interest received	4,194	8,117
Dividends received	1,082	1,250
Interest paid	(1,053)	(2,533)
Income taxes paid	(1,993)	(625)

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

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

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

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

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

Segment reporting

Segments of Raiffeisen Centrobank AG

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

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

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

- Securities Trading & Sales and Treasury
- Equity Capital Markets,
- Credit Department
- Other Departments and Commodity Trading.

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

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

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

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

Assessment of segment results

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

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

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

1/1–31/12/2013 in € thousand	Securities Trading & Sales and Treasury	Equity Capital Markets	Credit Department	Other Departments and Commodity Trading	Transition	Total
Net interest income	1,257	45	2,381	(12)	(402)	3,268
Provisioning for impairment losses	0	0	0	0	16	16
Net interest income after provisioning	1,257	45	2,381	(12)	(386)	3,284
Net fee and commission income	(634)	14,813	93	1,004	402	15,678
Trading profit	46,277	(77)	0	(105)	0	46,094
Valuation result from derivative financial instruments	135	0	(135)	0	0	0
Net income from financial investments	(83)	1,003	0	0	0	920
General administrative expenses	(31,438)	(21,011)	(1,601)	(9,406)	497	(62,960)
Other operating result	2,000	59		9,183	(227)	11,014
Net income from disposal of group assets	0	0	0	0	(16)	(16)
Profit/loss before tax	**17,514**	**(5,169)**	**737**	**663**	**269**	**14,014**
Basis of assessment (credit and market risk)	434,263	3,625	90,300	40,088	0	568,275
Average assets	2,504,249	10,136	83,972	128,481	(99,109)	2,627,729
Average liabilities	2,442,249	3,746	3,823	171,508	(88,526)	2,532,801
Average number of staff	143	112	10	74	0	339
Cost/income ratio	64.4%	132.6%	64.7%	93.4%	-	81.8%
Average equity	69,588	3,181	14,470	18,136	(10,583)	94,792
Return on equity (ROE) before tax	**25.2%**	**-**	**5.1%**	**3.7%**	**-**	**14.8%**

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

1/1–31/12/2012[1] in € thousand	Securities Trading & Sales and Treasury	Equity Capital Markets	Credit Department	Other Departments and Commodity Trading	Transition	Total
Net interest income	4,037	(4)	1,833	(75)	(293)	5,497
Provisioning for impairment losses	0	0	0	0	158	158
Net interest income after provisioning	4,037	(4)	1,833	(75)	(135)	5,655
Net fee and commission income	(1,327)	14,249	253	827	293	14,295
Trading profit	49,935	(104)	0	-531	0	49,300
Valuation result from derivative financial instruments	(14)	0	14	0	0	0
Net income from financial investments	(55)	(93)	0	0	186	38
General administrative expenses	(31,436)	(20,371)	(1,685)	(9,799)	666	(62,625)
Other operating result	0	(1,811)	0	10,207	(543)	7,854
Net income from disposal of group assets	0	0	0	0	0	0
Profit/loss before tax	**21,139**	**(8,134)**	**416**	**629**	**467**	**14,517**
Basis of assessment (credit and market risk)	496,563	4,025	90,018	39,020	0	629,625
Average assets	2,368,650	12,070	76,482	144,456	(114,689)	2,486,968
Average liabilities	2,274,538	5,019	612	209,873	(101,706)	2,388,336
Average number of staff	141	109	9	75	0	334
Cost/income ratio	59.8%	166.5%	80.7%	94.0%	-	81.3%
Average equity	71,351	4,394	12,935	22,935	(12,983)	98,632
Return on equity (ROE) before tax	**29.6%**	**-**	**3.2%**	**2.7%**	**-**	**14.7%**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Notes

The company

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

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

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

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

The consolidated financial statements were approved by the Executive Board on April 11, 2014 and subsequently submitted to the Supervisory Board for examination and approval.

Basis of preparation

Principles

The consolidated financial statements for the 2013 financial year and the comparative amounts for the 2012 financial year were prepared in accordance with § 245a of the Austrian Commercial Code in connection with § 59a of the Austrian Banking Act and in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002, including the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). All standards published by the IASB to be applied to the financial statements 2013 and adopted by the EU have been applied, IAS 11, 20, 23, 29, 31, 40 and 41 as well as IFRS 2, 4, 5 and 6 were not applied because there were no relevant business transactions in the Group.

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

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

Application of new and revised standards

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

The amendment to IFRS 1 makes it clear that government loans are now excluded from the retrospective application of IFRS on transition to IFRS. These amendments will have no impact on the consolidated financial statements.

IFRS 7 (Disclosures: offsetting financial assets and liabilities; entry into force on January 1, 2013)

The amendments to IFRS 7 require entities to disclose information about rights to offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. Apart from the additional information under note (40) "Offsetting of financial assets and liabilities", the application of IFRS 7 has no material impact on the consolidated financial statements.

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

In May 2011, the IASB published IFRS 13 (Fair value measurement), which consolidates the rules on the measurement of fair value, which had been included in the individual IFRS, in one single standard and replaces with a uniform framework. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 is prospectively applicable to financial years that start on or after January 1, 2013. The transitional arrangements provide that the mandatory disclosures do not have to be applied to comparative information provided for periods prior to the first-time application of this standard. The first-time application has no material impact on the measurement of RCB's assets and liabilities. However, the application gives rise to changes especially in the notes. For example, information on the market values of financial instruments and on the classification of financial instruments, which previously had to be disclosed only in the annual financial statements, will now also have to be disclosed during the year. These quantitative disclosures are set out in "Other disclosures" under item (44) "Fair value of financial instruments reported at fair value".

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

As a result of changes to IAS 1, a new terminology was introduced for the income statement previously referred to as the "statement of comprehensive income". The latter term has been replaced by "statement of profit and loss and other comprehensive income". However, this is not mandatory. The new terminology has not been adopted.

Under IAS 1 as amended, a reporting entity may present the statement of profit and loss and other comprehensive income in one income statement or in two statements, one directly followed by the other. Nevertheless, the changes to IAS 1 require that the items of other comprehensive income must be grouped into two categories:

(a) Items that will not be reclassified subsequently to profit and loss, and
(b) Items that will be classified subsequently to profit and loss if specific conditions are met.

The income taxes attributable to the items of other comprehensive income must be assigned to those items. However, this does not rule out the presentation of the items of other comprehensive income before tax. The changes were applied retrospectively by the Group and the items of other comprehensive income adjusted correspondingly. Apart from the changes in presentation, the application of IAS 1 as amended has no further consequences for the presentation of the statement of comprehensive income.

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

In the reporting year, IAS 19 (Benefits to employees, revised 2011, IAS 19R) was applied retrospectively in the Group for the first time. The most significant amendment to IAS 19 relates to accounting for changes in defined benefit obligations and plan assets. The amendment requires the immediate recognition of changes in defined benefit obligations and in the fair value of the plan assets at the date of the change. As a result of the elimination of the corridor approach, all actuarial gains and losses are recognized immediately in other comprehensive income. As RCB did not apply the corridor method in previous periods, no material adjustments are necessary. The impact of the retrospective application of IAS 19R is evident, first, in the opening balance of the statement of changes in equity at January 1, 2012 and, second, in the transition to total comprehensive income. The comparative figures were adjusted correspondingly. No additional data pursuant to IAS 19R are disclosed for reasons of immateriality.

Impact of application of IAS 19R:

Impact of retrospective application of IAS 19R on 2012 total comprehensive income:

in € thousand	2012
Income statement	
General administrative expenses	548
Income taxes	(137)
Profit after tax	411
Share of profit due to non-controlling interests	0
Group net profit	411
Transition to total comprehensive income	
Remeasurements of provisions for retirement benefits and severance payments	(548)
Deferred taxes	137
Total comprehensive income	**0**

Impact of retrospective application of IAS 19R on the 2012 balance sheet:

in € thousand	2012
Retained earnings	(411)
Group net profit	411

Impact on the 2013 result if IAS 19R had not been applied:

in € thousand	2013
Income statement	
General administrative expenses	445
Income taxes	(111)
Profit after tax	334
Share of profit due to non-controlling interests	0
Group net profit	334
Transition to total comprehensive income	
Remeasurements of provisions for retirement benefits and severance payments	(445)
Deferred taxes	111
Total comprehensive income	**0**

Impact of retrospective application of IAS 19R on the 2013 balance sheet:

in € thousand	2013
Retained earnings	334
Group net profit	(334)

The impact of the application of IAS 19R on earnings per share is € 0.51 per share (2012: € 0.63 per share).

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

IFRIC 20 applies to stripping costs that are incurred in surface mining activity during the production phase of the mine. According to the interpretation, the costs of removal (stripping activity), which improves access to ore, are recognized as non-current assets if certain criteria are met. By contrast, current removal costs must be recognized in accordance with IAS 2. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the asset whose benefit is enhanced by the stripping activity. These amendments have no impact on the consolidated financial statements.

Annual Improvements to IFRS – 2009–2011 cycle (entry into force on January 1, 2013)

The Annual Improvements to IFRS – 2009–2011 cycle include a variety of amendments to different standards. The amendments are effective for annual periods beginning on or after January 1, 2013. These amendments will have no impact on the consolidated financial statements.

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

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

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

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

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

Joint ventures are added to the scope of the revised IAS 28, since, under IFRS 11, joint ventures may only be included in the consolidated financial statements according to the equity method. The revised version of IAS 28 is not expected to have any impact on the consolidated financial statements.

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

The amendments of IAS 32 clarify existing application issues relating to the offsetting of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right to set off" and "simultaneous realization and settlement". The revised version of IAS 32 is not expected to have any impact on the consolidated financial statements.

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

IFRS 10 replaces the parts of IAS 27 (Consolidated and Separate Financial Statements) that deal with consolidated financial statements. SIC-12 (Consolidation – Special Purpose Entities) will be replaced by IFRS 10. In IFRS 10, there is only one basis for consolidation, namely control. Under IFRS 10, control exists if an investor has all three of the following elements: (a) controlling influence over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's return. Extensive guidance has been added in the standard to deal with complex scenarios. From the perspective of RCB the future application of IFRS 10 will not have a significant impact on the consolidated group.

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

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

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

IFRS 12 is a disclosure standard regarding statements in the notes and is applicable to entities that have interests in subsidiaries, joint arrangements (joint ventures or joint operations), associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are far more extensive than those in the current standards. RCB assumes that the future application of IFRS 12 will have no impact on the consolidated financial statements.

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

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

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

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

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

The changes represent a correction of the disclosure rules that were changed more extensively than intended in connection with IFRS 13. These relate to impaired assets for which the recoverable amount is equivalent to fair value less costs of disposal. At present, the recoverable amount must be disclosed regardless of impairment. The correction now restricts the disclosure to actual impairments, but extends the disclosures to be made in such cases. RCB assumes that, apart from the possible need to make additional disclosures in specific cases, the changes will have no material influence on the consolidated financial statements.

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

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

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

IFRS 9 (Financial Instruments)

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

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

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

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

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

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

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

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

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

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

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

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

Critical accounting judgments and key sources of estimation uncertainty

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

Risk provisions for loans and advances

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

Fair value of financial instruments

Fair value is the price received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price can be directly observed or has been estimated on the basis of a measurement method. In determining the fair value of an asset or liability, the RCB takes account of certain features of the asset or liability (e.g. condition and location of the asset or restrictions in the sale and use of an asset) if market participants would also take account of such features in determining the price for the acquisition of the respective asset or for the transfer of the liability at the measurement date. Where the market for a financial instrument is not active, fair value is established using a valuation technique or pricing model. For valuation methods and models, estimates are generally used depending on the complexity of the instrument and the availability of market-based data. The inputs to these models are derived from observable market data where possible. Under certain circumstances, valuation adjustments are necessary in order to account for model risk, liquidity risk or credit risk. The valuation models are described in the notes in the section on financial instruments – Recognition and measurement. In addition, the fair values of financial instruments are shown in note (43) "Fair value of financial instruments not recognized at fair value" and the fair value hierarchy is shown in note (44) "Fair value of financial instruments recognized at fair value".

Deferred tax assets

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

Deferred taxes are not reported separately in the income statement and balance sheet. Details are provided in the statement of comprehensive income and in notes (11) "Income taxes", (24) "Other assets", and (27) "Provisions".

Provisions for pensions and similar obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. The interest rate used to discount the Group's defined benefit obligations is determined on the basis of the yields obtained in the market at the balance sheet date for top-rated fixed-income corporate bonds. Considerable discretion has to be exercised in this connection in setting the criteria for the selection of the corporate bonds representing the universe from which the yield curve is derived.

The main criteria for the selection of such corporate bonds are the issuance volumes of the bonds, the quality of the bonds and the identification of outliers, which are not taken into account. Mercer's recommendation is used to determine the interest rate. Assumptions and estimates used for the defined benefit obligation calculations are described in the section "Provisions for pensions and similar obligations".

Impairment of non-financial assets

Certain non-financial assets, including goodwill, are subject to an annual impairment review. Goodwill and other intangible assets are tested more frequently if events or changes in circumstances, such as an adverse change in business climate, indicate that these assets may be impaired. The determination of the recoverable amount requires judgments and assumptions to be made by management. The carrying amounts of goodwill are presented in note (21) "Intangible assets".

Consolidation methods

The consolidated financial statements include all major subsidiaries in which Raiffeisen Centrobank directly or indirectly holds more than 50 per cent of the shares or is able to exercise a controlling influence over financial and operating policies. Generally, these subsidiaries are included in the scope of the consolidated financial statements from the date on which the Group attains de facto control of the company and are excluded from the scope of the consolidated financial statements when the Group no longer has control of the company. Control exists if the control criteria listed in IAS 27 are met and RCB, as parent company, is therefore able to influence the financial and business policy of an affiliated company in order to benefit from the latter's activities. Accordingly, any organizational changes are immediately taken into account. Apart from changes in ownership, these also include changes to the Group's existing or new contractual obligations concluded with a unit. The results from subsidiaries acquired or disposed of during the year are recorded in the consolidated income statement, either from the actual date of acquisition or up to the actual date of disposal.

Non-controlling interests are reported under equity in the balance sheet, but shown separately from the equity attributable to the shareholders of Raiffeisen Centrobank. The share of profit due to non-controlling interests is also shown separately in the income statement.

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

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

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

Business combinations

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

Consolidation entries

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

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

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

Consolidation range

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

Units	31/12/2013	31/12/2012
As at the beginning of the period	13	13
First included in the reporting period	0	1
Merged in the reporting period	0	(1)
Excluded in the reporting period	(1)	0
As at the end of the period	**12**	**13**

The number of companies included into consolidation came up to 12. 11 companies were not included in the consolidated financial statements in 2013 (2012: 11) because they are immaterial for the presentation of the financial position and financial performance of the Raiffeisen Centrobank Group. These companies are carried at cost and reported as shares in affiliated companies under "Securities and financial investments".

In the reporting period the fully consolidated company Raiffeisen Investement (Malta) Limited, which is no longer operative, was excluded from consolidation.

An overview of the fully-consolidated companies and other interests is provided on page 84.

Foreign currency translation

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

The fully-consolidated companies prepared in foreign currencies were translated into Euros employing the modified current rate method in accordance with IAS 21. Equity was translated at its relevant historical exchange rate, while all other assets, equity and liabilities and the Notes to the financial statements were translated at the prevailing foreign exchange rates as of the balance sheet date. Differences arising from the translation of equity (historical exchange rates) were offset against retained earnings.

Income statement items were translated at the average exchange rate for the year, which was determined as the average of the exchange rates at the end of each month. Differences arising between the exchange rate as

of the balance sheet date and the average exchange rate applied in the income statement were offset against equity (retained earnings) and not recognized in the income statement.

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

The following exchange rates were used for foreign currency translation:

Change rate in local currency per €	2013		2012	
	Balance sheet date	Average for the year	Balance sheet date	Average for the year
Polish Zloty (PLN)	4.154	4.203	4.074	4.190
Malaysian Ringgit (MYR)	4.522	4.208	4.035	3.989
Romanian Leu (RON)	4.471	4.417	4.445	4.447
Russian Rouble (RUB)	45.325	42.444	40.330	40.235
Turkish Lira (TRY)	2.961	2.551	2.355	2.325
US Dollar (USD)	1.379	1.330	1.319	1.293

Accounting policies

Financial instruments: recognition and measurement (IAS 39)

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

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

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

1.a. Trading assets and trading liabilities

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

Derivatives held for trading purposes are shown under "Trading assets" and "Trading liabilities". Positive fair values including accrued interest (dirty price) are shown under "Trading assets". Negative fair values are recorded under "Trading liabilities". Positive and negative fair values are not netted. Changes in dirty prices are recognized in the income statement under "Trading profit". Derivatives not held for trading purposes are shown under "Derivative financial instruments". Trading liabilities also include any obligations resulting from the short-selling of securities.

1. b. Designated financial instruments at fair value

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

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

2. Financial assets held-to-maturity

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

3. Loans and advances

Non-derivative financial assets with fixed or determinable payment for which there is no active market are allocated to this category. These financial instruments are mainly recorded under item "Loans and advances to credit institutions" and "Loans and advances to customers". They are measured at amortized cost. If impairment occurs it is taken into account when determining the amortized cost. Impairment provisions and provisions for losses that have occurred but have not yet been identified are reported in the income statement under item "Impairment losses on loans and advances". Profits from the sale of impaired loans are recognized in the income statement under item "Provisioning for impairment losses".

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

This category contains those financial instruments (primarily equity participations, for which there is no active market) that did not qualify to be included in any of the other three categories. They are stated at fair value, if a fair value can be reliably determined. Valuation differences are shown directly in other comprehensive income, and are only recognized in "Net income from financial investments" if there is an objective indication of impairment or if the available-for-sale financial asset is sold.

For equity instruments, the objective indications of impairment include fair value that is significantly below cost or fair value that is less than cost for a prolonged period of time. In the Group, equity instruments classified as available-for-sale are written-off when the fair value over the last six months before the reporting date was consistently more than 20 per cent below carrying value, or in the last twelve months, on average, more than 10 per cent below carrying value. In addition to these quantitative indications (trigger events), qualitative indications from IAS 39.95 are considered. It is not permitted to include the appreciation in value in the income statement for equity instruments classified as available for sale, but rather this should be recognized in other comprehensive income under the item "Fair value reserve". This means that only impairments or disposals are to be shown in the income statement.

For unquoted equity instruments, for which reliable fair values cannot be assessed regularly and are therefore valued at cost less impairment losses, it is not possible to show an appreciation in value. This type of financial instrument is reported under "Securities and financial investments".

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

5. Financial liabilities
Liabilities are recognized at amortized cost. Discounted debt securities and similar obligations are measured at their present value. Financial liabilities are reported in the income statement under item "Liabilities to credit institutions", "Liabilities to customers" or "Subordinated liabilities". Interest expenses are stated under item "Net interest income".

Reclassification
In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets or available-for-sale assets can be reclassified to financial assets held-to-maturity. The Company neither utilized this option in 2013 nor in 2012.

Offsetting of financial instruments
In the case of identity of borrower and lender, offsetting of loans and liabilities with matching maturities and currencies occurs only if a legal right, by contract or otherwise, exists and offsetting is in line with the actually expected course of the business. Information on offsetting of financial instrument is provided in item (40) "Offsetting financial assets and liabilities".

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

a) Quoted prices in an active market (level I)
Fair value is best expressed as a market value if a published price quotation is available on an active market. This applies particularly to equity instruments and derivatives traded on stock exchanges as well as debt instruments traded in the interbank market. The valuation is mainly based on external data sources (stock exchange prices or broker quotes in liquid market segments).

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

To determine the fair value a credit value adjustment (CVA) is necessary to reflect the counterparty risk associated with OTC derivative transactions, especially of those contractual partners with whom hedging via credit support annexes has not yet been conducted. This amount represents the estimated fair value of a security which could be used to hedge against the credit risk of the counterparties to RCB-OTC derivative portfolios. The CVA will depend on the expected future exposure, the probability of default of the contractual partner and recovery rates. In the CVA collateral, netting agreements, termination options and other contractual factors are taken into account. The net valuation due to the changed credit risk of the counterparty is shown in note (5) "Trading profit".

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

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

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

Derivative financial instruments

Within the operating activity, RCB carries out different transactions with derivative financial instruments for trading and hedging purposes. RCB uses derivatives including swaps, standardized forward contracts, futures, credit derivatives, options and similar contracts. RCB applies derivatives in order to meet the requirements of the clients concerning their risk management, to manage and secure risks and to generate profit in proprietary trading. Derivatives are initially recognized at the time of the transaction at fair value and subsequently revalued to fair value. The resulting valuation gain or loss is recognized immediately in trading profit or in valuation result from derivative financial instruments, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here the timing of the recognition will depend on the type of hedging relationship.

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

Additional information on derivatives is provided in the notes (42) "Derivative financial instruments".

Hedge accounting

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

a) Fair value hedge

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

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

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

b) Cash flow hedge

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

Offsetting

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

Cash reserve

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

Impairment losses on loans and advances

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

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

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

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

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

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

Securities lending

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

Derecognition of financial assets and liabilities

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

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

Equity participations

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

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

Intangible fixed assets

Purchased software and goodwill are reported under this item.

Acquired intangible fixed assets with particular useful lives (software) are capitalized at acquisition cost and amortized over their estimated useful lives. The useful life for software amounts to between three and seven years.

As at the balance sheet date and impairment test for goodwill is carried out. In case of trigger events such impairment test is carried out in the course of the year. In case there is an indication of impairment of an asset, such impairment is to be recognized pursuant to IAS 36.

Tangible fixed assets

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

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

Land is not subject to scheduled depreciation.

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

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

Operating lease

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

Inventories

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

Provisions for pensions and similar obligations

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

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

in per cent	2013	2012
Discount rate	3.5	4.5
Expected increase in retirement benefits	2.0	2.0

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

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

in per cent	2013	2012
Discount rate	3.5	4.5
Average increase in salary	3.0	3.0

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

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

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

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

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

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

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

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

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

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

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

- earning a net profit,
- the achievement of the legally required core tier 1 ratio of RCB and of the RBI Group
- the performance of the business area and the affected person.

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

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

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

Trading profit
Trading profit comprises the trader margins resulting from foreign currency transactions and the results of foreign exchange translation, and all realized and unrealized gains and losses on financial assets and financial liabilities at fair value. In addition, it includes all interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses
General administrative expenses include staff and other administrative expenses as well as amortization/depreciation and impairment losses for tangible and intangible fixed assets.

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

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

Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment Advisory GmbH, have been members of the corporate group of Raiffeisen Zentralbank Österreich Aktiengesellschaft pursuant to § 9 of the Austrian Corporate Income Tax Act since 2008. In addition, since 2006 Raiffeisen Centrobank AG has also been a member of an equity group pursuant to § 9 Austrian Corporate Income Tax Act, in regard to a company in which it has a minority shareholding. Loans and advances and liabilities arising from a positive or negative tax contribution are reported respectively under (24) "Other assets" or (30) "Other liabilities".

Tax assets and tax liabilities of other Group companies are comprised in item (24) "Other assets" or item (27) "Provisions" respectively.

Other comprehensive income
Other comprehensive income comprises all income and expenses directly recognized in equity according to IFRS standards. Income and expenses recognized directly in equity that are reclassified in the income statement are reported separately from income and expenses recognized directly in equity that are not reclassified in the income statement. In particular, this includes differences resulting from the translation of equity held in foreign currency and - where applicable- changes resulting from the valuation of available-for-sale financial assets (Afs) and the related deferred taxes. Revaluations of defined benefit plans are reported in income and expenses recognized directly in equity that are not reclassified in the income statement.

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

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

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

Disclosures on segment reporting
Information on the operating segments of Raiffeisen Centrobank is provided under Segment Reporting on page 34ff.

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

Capital management
Disclosures on capital management, own funds and risk-weighted assets are presented in the notes under section (49) "Capital management and own funds pursuant to the Austrian Banking Act".

Notes to the Income Statement

(1) Income statement according to measurement category

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

in € thousand	2013	2012[1]
Net gains (losses) on financial assets and liabilities held for trading	**44,583**	**47,467**
Financial assets and liabilities at fair value through profit and loss	**104**	**711**
Net interest income	167	296
Gains (losses) on financial assets and liabilities at fair value through profit and loss	(64)	414
Available-for-sale financial assets	**2,065**	**874**
Net interest income	1,082	1,250
Net realized gains on available-for-sale financial assets	1,110	0
Impairment losses on available for sale financial assets	(126)	(376)
Loans and advances	**3,401**	**6,797**
Net interest income	3,385	6,639
Release of provisions of financial assets not measured at fair value through profit and loss	16	158
Financial liabilities at amortized cost	**(1,191)**	**(2,540)**
Interest expenses	(1,191)	(2,540)
Derivatives (hedging)	**(175)**	**(149)**
Net interest income	(175)	(149)
Net revaluations from exchange differences	**1,511**	**1,833**
Other operating income/expenses	**(36,285)**	**(40,476)**
Profit before tax from continuing operations	**14,014**	**14,517**

[1] Adjustment of previous year data due to the retrospective application of IAS 19R

(2) Net interest income

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

in € thousand	2013	2012
Total interest and interest-like income	**4,633**	**8,186**
Interest income	**3,541**	**6,908**
from deposits with central banks	10	16
from loans and advances to credit institutions	1,146	4,816
from loans and advances to customers	2,217	1,780
from securities	167	296
Current interest-like income	**1,093**	**1,278**
from shares in affiliated companies	1,082	1,250
from others	11	28
Total Interest and interest-like expenses	**(1,366)**	**(2,689)**
Interest expenses	**(1,361)**	**(2,679)**
for liabilities to credit institutions	(706)	(1,615)
for liabilities to customers	(145)	(356)
for subordinated capital	(336)	(559)
for derivative financial instruments (non-trading) net	(175)	(149)
Interest-like expenses	**(5)**	**(10)**
Net interest income	**3,268**	**5,497**

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

in per cent	2013	2012
Interest margin (total assets)	0.13	0.23
Interest margin (risk assets for credit risk pursuant to § 22 of the Austrian Banking Act)	1.69	3.03

(3) Provisioning for impairment losses

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

in € thousand	2013	2012
Individual loan loss provisions	**16**	**158**
Release of provisions for impairment losses	16	158
Total	**16**	**158**

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

(4) Net fee and commission income

in € thousand	2013	2012
Payment transfers	(98)	(206)
Loan administration and guarantee business	(16)	27
Securities business	3,517	31
Income from M&A advisory services	12,327	14,468
Other banking services	(51)	(25)
Total	**15,678**	**14,295**

Fee and commission income totaled € 34,751 thousand for the reporting year (2012: € 31,873 thousand), while fee and commission expenses amounted to € 19,073 thousand (2012: € 17,578 thousand).

The increase in net fee and commission income in the securities business is mainly attributable to market-related higher income from capital market transactions (2013: € 4,062 thousand; 2012: € 705 thousand). Income from M&A services decreased compared to the previous year.

(5) Trading profit

in € thousand	2013	2012
Interest-based transactions	(12,124)	(13,755)
Currency-based transactions	(468)	137
Equity/index- based transactions	58,686	62,919
Total	**46,094**	**49,300**

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

(6) Valuation result from derivative financial instruments

in € thousand	2013	2012
Valuation result from derivative hedging instruments (IAS 39, fair value hedges)	**0**	**0**
Changes in the present value of derivative financial instruments	(135)	14
Changes in the present value of the underlying transaction	135	(14)
Total	**0**	**0**

(7) Net income from financial investments

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

in € thousand	2013	2012
Net income from equity participations	**984**	**(376)**
Net valuations of equity participations	(126)	(376)
Net proceeds from the sale of equity participations	1,110	0
Net income from securities at fair value through profit and loss	**(64)**	**414**
Net valuations of securities at fair value through profit and loss	0	414
Net proceeds from the sale of securities at fair value through profit and loss	(64)	0
Total	**920**	**38**

Net valuations of equity participations relates both in 2013 and in 2012 to the write-down of shares in affiliated ompanies of Raiffeisen Investment Advisory GmbH not included in consolidation.

Net proceeds from the sale of equity participations relates to an equity participation of Raiffeisen Investment Advisory GmbH.

(8) General administrative expenses

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

in € thousand	2013	2012[1]
Staff expenses	**(38,903)**	**(41,661)**
Wages and salaries	(30,556)	(32,001)
Social security costs and staff-related taxes	(5,761)	(5,896)
Voluntary social expenses	(776)	(917)
Expenses for defined contribution pension plans	(698)	(917)
Expenses for defined benefit pension plans	(16)	(298)
Expenses for other post-employment benefits	(1,090)	(1,632)
Expenses for other long-term employee benefits	(6)	0
Other administrative expenses	**(22,298)**	**(19,005)**
Office space expenses	(2,404)	(2,605)
IT costs	(2,352)	(2,167)
Communication expenses	(4,277)	(3,879)
Legal, advisory and consulting expenses	(2,156)	(1,566)
Advertising, PR and promotional expenses	(1,418)	(1,333)
Office supplies	(424)	(428)
Car expenses	(441)	(481)
Security expenses	(31)	(31)
Travelling expenses	(1,252)	(1,160)
Training expenses for staff	(216)	(136)
Sundry administrative expenses	(7,329)	(5,218)
Depreciation on tangible and intangible fixed assets	**(1,758)**	**(1,960)**
Tangible fixed assets	(1,501)	(1,727)
Intangible fixed assets	(257)	(233)
Total	**(62,960)**	**(62,625)**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

Legal, advisory and consulting expenses include audit fees for Raiffeisen Centrobank and its Group companies. Of this total, the fee for the audit of the consolidated financial statements totaled € 290 thousand (2012: € 275 thousand) and the fee for other consulting services amounted to € 40 thousand (2012: € 29 thousand).

The increase in "Sundry administrative expenses" is primarily attributable to expenses for Executive Board members charged by Raiffeisen Bank Internatio-nal AG in the amount of € 2,889 thousand (2012: € 1,950 thousand).

(9) Other operating result

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

in € thousand	2013	2012
Net result arising from non-banking activities	9,807	11,251
Sales revenues from non-banking activities	311,890	410,518
Expenses from non-banking activities	(302,083)	(399,267)
Other taxes	(1,269)	(1,172)
thereof special bank levy	(1,077)	(1,077)
Net result from the allocation and release of other provisions	525	4
Net result from the repurchase of subordinated capital	2,000	0
Other operating income	1,949	1,263
Other operating expenses	(1,998)	(3,492)
Total	**11,014**	**7,854**

The decrease in "Net result arising from non-banking activities" relates to the trading profit of the olefin commodity trading subsidiaries. The decline in "Other operating expenses" is attributable to lower provisions and value adjustments of loans and advances relating to the M&A business.

(10) Net income from disposal of group assets

Net income from disposal of group assets in the amount of € 16 thousand (2012: € 0 thousand) results mainly from the exclusion of Raiffeisen Investment (Malta) Limited.

(11) Income taxes

Income taxes are comprised of the following:

in € thousand	2013	2012[1]
Current income taxes	(2,742)	(2,380)
Austria	(2,128)	(1,501)
Other countries	(614)	(879)
Deferred taxes	(17)	(213)
Total	**(2,759)**	**(2,593)**

[1] Adjustment of previous year data due to retrospective application of IAS 19R.

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

in € thousand	2013	2012[1]
Profit before tax	**14,014**	**14,517**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	(3,504)	(3,629)
Effect of divergent foreign tax rates	18	(38)
Tax deductions due to tax-exempt income from equity participations and other income	2,181	1,895
Tax increases due to non-deductible expenses	(229)	(305)
Other	(1,225)	(517)
Effective tax burden	**(2,759)**	**(2,593)**
Tax rate in per cent	**19,69%**	**17,86%**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

The item "Other" also includes tax savings from the Group taxation scheme in Austria in the amount of € 768 thousand (2012: € 791 thousand).

(12) Earnings per share

in € thousand	2013	2012[1]
Group net profit	12,422	12,170
Average number of ordinary shares outstanding	655,000	655,000
Earnings per share in	**18.96**	**18.58**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

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

Notes to the Balance Sheet

(13) Balance sheet according to measurement category

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

Assets by measurement category in € thousand	2013	2012
Cash reserve	**4,375**	**5,541**
Trading assets	**2,033,726**	**2,176,993**
Positive fair values of derivative financial instruments	119,046	157,946
Structured products	159,024	282,801
Shares and similar securities	338,453	205,265
Bonds, notes and other fixed-interest securities	597,643	827,276
Call/time placements for trading purposes	819,559	703,705
Financial assets measured at fair value through profit and loss	**13,389**	**16,689**
Shares	3,619	3,782
Bonds, notes and other fixed-interest securities	9,770	12,907
Available-for-sale financial assets (financial investments)	**5,371**	**5,510**
Shares in other affiliated companies	234	356
Other interests	5,138	5,154
Loans and advances	**443,091**	**400,643**
Loans and advances to credit institutions	277,179	231,695
Loans and advances to customers	100,242	87,516
Other non-derivative financial assets	65,763	81,541
Impairment losses on loans and advances	(93)	(110)
Derivatives (hedging)	**33**	**0**
Positive fair values of derivatives (hedging)	33	0
Other assets	**10,591**	**11,352**
Intangible and tangible fixed assets	10,591	11,352
Total assets	**2,510,575**	**2,616,728**

Equity and liabilities by measurement category in € thousand	2013	2012
Trading liabilities	**2,119,226**	**2,138,920**
Negative fair values of derivative financial instruments	995,748	869,748
Short-selling of trading assets	497,847	524,193
Issued certificates	625,631	744,980
Financial liabilities	**263,368**	**345,523**
Liabilities to credit institutions	117,245	163,100
Liabilities to customers	119,864	136,936
Subordinated capital	0	20,516
Other non-derivative financial liabilities	26,259	24,972
Derivatives (hedging)	**222**	**397**
Negative fair values of derivatives in fair value hedge (IAS 39)	222	397
Provisions	**21,500**	**23,026**
Equity	**106,258**	**108,862**
Total equity and liabilities	**2,510,575**	**2,616,728**

(14) Cash reserve

in € thousand	2013	2012
Cash in hand	231	278
Deposits with central banks	4,144	5,263
Total	**4,375**	**5,541**

(15) Loans and advances to credit institutions

in € thousand	2013	2012
Giro and clearing business	108,061	137,591
Money market business	169,118	94,104
Total	**277,179**	**231,695**

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

in € thousand	2013	2012
Austria	205,132	147,681
Other countries	72,047	84,014
Total	**277,179**	**231,695**

(16) Loans and advances to customers

in € thousand	2013	2012
Corporate customers – large	62,269	66,017
Retail customers – private individuals	37,973	21,500
Total	**100,242**	**87,516**

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

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

in € thousand	2013	2012
Austria	46,856	35,747
Other countries	53,386	51,770
Total	**100,242**	**87,516**

(17) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognizable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report on page 66ff. Impairment losses on loans and advances are allocated to the following asset classes according to the Basel II definition:

in € thousand	2013	2012
Retail customers – private individuals	93	110
Total	**93**	**110**

(18) Trading assets

Trading assets comprise the following securities and derivative financial instruments:

in € thousand	2013	2012
Bonds, notes and other fixed-interest securities	**597,643**	**827,276**
Bonds and notes issued by credit institutions	560,538	786,758
Bonds and notes of public issuers	32,454	35,983
Bonds and notes of non-bank issuers	4,650	4,536
Shares and similar securities	**338,453**	**205,265**
Shares	319,274	198,047
Mutual funds	19,179	7,218
Structured products	**159,024**	**282,801**
Positive fair values from derivative financial instruments	**119,037**	**157,927**
Interest-based transactions	699	3,300
Currency-based transactions	7	116
Equity/index-based transactions	118,331	154,511
Call/time placements for trading purposes	**819,559**	**703,705**
Total	**2,033,716**	**2,176,973**

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

"Bonds, notes and other fixed-interest securities" records a decrease compared to December 2012. This is due to the fact that call/time placements for trading purposes are used to hedge guarantee products issued by Raiffeisen Centrobank, thereby replacing the zero bonds. "Bonds and notes of public issuers" relates to a fixed-interest bond issued by the Federal Republic of Germany.

(19) Derivative financial instruments

in € thousand	2013	2012
Positive fair values of derivatives in fair value hedges IAS 39	**1**	**0**
Interest-based transactions	1	0
Positive fair values of derivatives in cash flow hedges IAS 39	**32**	**0**
Currency-based transactions	32	0
Positive fair values of other derivative financial instruments	**9**	**19**
Currency-based transactions	9	19
Total	42	19

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

(20) Securities and financial investments

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

in € thousand	2013	2012
Bonds, notes and other fixed-interest securities	**9,770**	**12,907**
Bonds and notes of public bodies eligible for refinancing	7,238	9,075
Other bonds and notes of public bodies	2,532	3,833
Shares	**3,619**	**3,782**
Equity participations	**5,371**	**5,510**
Shares in affiliated companies	234	356
Other interests	5,138	5,154
Total	18,760	22,199

The item "Other bonds and notes of public bodies" relates to a fixed-interest bond issued by the Republic of Poland. The item "Shares" relates to unlisted shares in a foreign holding company, which holds a majority interest in a mining project in South Africa.

Disclosures relating to associated companies pursuant to IAS 28:

In its annual financial statements for the year ended 31 December 2013 Syrena Immobilien Holding AG reports a balance sheet total of € 32,042 thousand (31/12/2012: € 31,984 thousand), equity of € 29,550 thousand (31/12/2012: € 29,475 thousand) and net profit for the year of € 71 thousand (2012: € 133 thousand).

(21) Intangible fixed assets

in € thousand	2013	2012
Goodwill	85	96
Software	229	345
Total	314	440

(22) Tangible fixed assets

in € thousand	2013	2012
Land and buildings used by the Group for own purposes	6,773	6,929
Office furniture and equipment as well as other tangible fixed assets	3,503	3,983
Total	10,276	10,912

(23) Development of fixed assets

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

Cost of acquisition or production in € thousand	Balance as at 1/1/2013	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as at 31/12/2013
Intangible fixed assets	**4,168**	**0**	**(17)**	**142**	**0**	**0**	**4,293**
Goodwill	139	0	(10)	0	0	0	128
Software and miscellaneous	4,029	0	(7)	142	0	0	4,164
Tangible fixed assets	**28,834**	**0**	**(74)**	**890**	**(6)**	**0**	**29,644**
Land and buildings used by the Group for own purposes	9,137	0	0	0	0	0	9,137
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	19,697	0	(74)	890	(6)	0	20,507
Total	33,002	0	(91)	1,032	(6)	0	33,937

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

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

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

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

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

(24) Other assets

in € thousand	2013	2012
Tax assets	3,681	2,888
Current tax assets	1,874	897
Deferred tax assets	1,808	1,991
Loans and advances arising from non-banking activities	31,706	39,459
Prepayments and other deferrals	1,809	1,649
Clearing claims from securities and payment transfer business	0	3,236
Inventories	25,513	32,170
Any other business	3,055	2,139
Total	**65,763**	**81,541**

The item "Loans and advances arising from non-banking activities" includes loans and advances from the rubber trading commodity subsidiaries, which, similar to item "Inventories", records a decline related to a decreasing demand in the wake of the general economic situation. In addition, the item includes loans and advances from the M&A business which decreased to € 5,052 thousand (2012: € 7,403 thousand).

Deferred taxes break down as follows:

in € thousand	2013	2012
Deferred tax assets	1,808	1,991
Provisions for deferred taxes	0	32
Total (net)	**1,808**	**1,958**

Net deferred taxes result from the following items:

in € thousand	2013	2012
Tangible and intangible fixed assets	1,096	1,131
Equity participations	1	37
Other assets	120	196
Provisions	485	437
Tax loss carryforwards	228	270
Other balance sheet items	124	159
Deferred tax assets	**2,055**	**2,229**
Other assets	0	164
Loans and advances to customers	56	99
Trading assets	12	4
Tangible and intangible fixed assets	9	0
Other liabilities	101	0
Other balance sheet items	69	4
Deferred tax liabilities	**247**	**271**
Net deferred taxes	**1,808**	**1,958**

(25) Liabilities to credit institutions

in € thousand	2013	2012
Giro and clearing business	17,216	12,655
Money market business	100,029	150,445
Total	**117,245**	**163,100**

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

in € thousand	2013	2012
Austria	80,242	132,675
Other countries	37,003	30,424
Total	**117,245**	**163,100**

(26) Liabilities to customers

in € thousand	2013	2012
Sight deposits	109,799	110,201
Time deposits	10,065	26,735
Total	**119,864**	**136,936**

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

in € thousand	2013	2012
Corporate customers – large	37,418	78,659
Retail customers – private individuals	82,446	58,277
Total	**119,864**	**136,936**

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

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

in € thousand	2013	2012
Austria	41,394	58,388
Other countries	78,470	78,548
Total	**119,864**	**136,936**

(27) Provisions

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

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

Item "Other" includes provisions for employee benefits in the amount of € 7,223 thousand (previous year: € 7,046 thousand). In addition, the item contains provisions for potential losses relating to the M&A business in the amount of € 981 thousand (previous year: € 1,555 thousand). No detailed overview is provided for reasons of immateriality.

(28) Trading liabilities

in € thousand	2013	2012
Negative fair values of derivative financial instruments	**995,626**	**869,376**
from trading in certificates with option character	885,881	709,603
from OTC options	82,708	77,292
from trading in warrants	1,819	2,760
from trading in OeTOB products	11,524	63,011
from trading in DAX options	9,967	10,993
from trading in other options	3,727	5,717
Short-selling of trading assets	**497,847**	**524,193**
Issued certificates (guarantee bonds)	**625,631**	**744,980**
Total	**2,119,104**	**2,138,548**

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

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

(29) Derivative financial instruments

in € thousand	2013	2012
Negative fair value of derivatives in fair value hedges (IAS 39)	**222**	**397**
Interest-based transactions	222	397
Negative fair values of other derivative financial instruments	**122**	**372**
Currency-based transactions	122	372
Total	**344**	**769**

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

(30) Other liabilities

in € thousand	2013	2012
Liabilities arising from non-banking activities	17,421	16,086
Accruals and deferred items	630	293
Clearing claims from securities and payment transfer business	12	1,801
Any other business	8,196	6,792
Total	**26,259**	**24,972**

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

(31) Subordinated capital

in € thousand	2013	2012
Subordinated capital	0	20,516
Total	**0**	**20,516**

"Subordinated capital", which was subscribed by Raiffeisen Malta Bank plc., Sliema, was repurchased in December 2013. Income in the amount of € 2,000 thousand was generated.

Expenses for subordinated capital totaled € 336 thousand in 2013 (2012: € 559 thousand).

(32) Equity

in € thousand	2013	2012[1]
Consolidated equity	94,166	95,845
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	39,915	41,595
Group net profit	12,422	12,170
Non-controlling interests	(329)	846
Total	**106,258**	**108,862**

[1] Adjustment of previous year data due to retrospective application of IAS 19R

The subscribed capital of Raiffeisen Centrobank AG continues to be divided into 655,000 zero par value shares. In accordance with the Articles of Association, the total nominal value equals € 47,598,850. Statement of changes in equity is available on page 32.

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

The Executive Board will propose to the Annual General Meeting that a dividend of € 21.00 per ordinary share be distributed from the balance sheet profit in the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2013, amounting to € 18,425 thousand. This represents a total dividend payment of € 13,755 thousand. The remaining amount of € 4,670 thousand will be carried forward to the new balance sheet.

Disclosures to financial instruments

(33) Breakdown of the remaining terms to maturity

31/12/2013 in € thousand	Payable on demand or with indefinite maturity	Up to 3 month	3 months to 1 year	1 to 5 years	Over 5 years
Cash reserve	4,375	0	0	0	0
Loans and advances to credit institutions	108,811	153,970	14,398	0	0
Loans and advances to customers (after impairment losses on loans and advances)	48,322	8,228	13,330	14,749	15,519
Trading assets	338,453	246,674	193,311	1,122,072	133,207
Securities and financial investments	8,991	0	9,770	0	0
Other assets	14,729	50,492	11,174	0	0
Total assets	**523,681**	**459,364**	**241,983**	**1,136,821**	**148,726**
Liabilities to credit institutions	20,251	96,350	645	0	0
Liabilities to customers	109,799	1,612	8,452	0	0
Trading liabilities	497,847	157,276	234,614	950,802	278,566
Other liabilities	20,251	96,350	645	0	0
Subtotal	**652,764**	**278,405**	**243,765**	**950,817**	**278,566**
Equity	106,258	0	0	0	0
Total equity and liabilities	**759,022**	**278,405**	**243,765**	**950,817**	**278,566**

31/12/2012 in € thousand	Payable on demand or with indefinite maturity	Up to 3 month	3 months to 1 year	1 to 5 years	Over 5 years
Cash reserve	5,541	0	0	0	0
Loans and advances to credit institutions	137,973	23,722	68,767	1,233	0
Loans and advances to customers (after impairment losses on loans and advances)	46,529	6,527	2,728	23,978	7,644
Trading assets	205,284	266,108	635,984	961,264	108,353
Securities and financial investments	9,292	0	12,907	0	0
Other assets	16,868	61,002	15,014	28	0
Total assets	**421,469**	**357,358**	**735,400**	**986,504**	**115,997**
Liabilities to credit institutions	15,686	147,413	0	0	0
Liabilities to customers	110,201	15,374	11,362	0	0
Trading liabilities	524,193	243,172	267,932	935,287	167,965
Subordinated capital	0	516	0	0	20,000
Other liabilities	23,481	24,794	95	397	0
Subtotal	**673,560**	**431,269**	**279,389**	**935,683**	**187,965**
Equity	108,862	0	0	0	0
Total equity and liabilities	**782,422**	**431,269**	**279,389**	**935,683**	**187,965**

(34) Related parties

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

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

Information on the business ties of the Raiffeisen Centrobank Group with the key management (Executive Board) is provided in section (52):

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

in € thousand	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	173,608	5,562	3,094	0
Loans and advances to customers	0	782	514	0
Trading assets	1,371,389	119,792	796	0
Securities and financial investments	0	234	5,135	0
Other assets (incl. derivatives)	21	195	9	0
Liabilities to credit institutions	77,265	2,512	1,962	0
Liabilities to customers	0	12,352	1	0
Provisions	1,825	0	0	0
Trading liabilities	23,741	2,644	0	288
Other liabilities (incl. derivatives)	3,191	2,789	21	0
Subordinated capital	0	0	0	0
Guarantees received	17,500	0	0	0

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

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

(35) Foreign currency volumes

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

in € thousand	2013	2012
Assets	517,155	473,775
Liabilities	441,645	362,025

(36) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

in € thousand	2013	2012
Assets	735,685	659,772
Liabilities	257,484	275,670

(37) Subordinated assets

The company had no subordinated assets, neither in 2013 nor in 2012.

(38) Assets pledged as collateral

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

in € thousand	2013	2012
Other liabilities	168,267	179,273
Total	**168,267**	**179,273**

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

in € thousand	2013	2012[1]
Loans and advances to credit institutions	105,890	111,945
Trading assets	95,492	113,053
Securities and financial investments	9,675	12,775
Total	**211,057**	**237,773**

[1] Adjustment of previous year data

(39) Operating lease

Future rental and lease payments are as follows:

in € thousand	2013	2012
Up to 1 year	1,123	1,488
1 to 5 years	4,493	4,713
Total	**5,617**	**6,201**

(40) Offsetting of financial assets and liabilities

31/12/2013 Assets in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivatives	35,781	0	35,781	25,111	10,272	399
Securities lending & similar agreements	1,793	0	1,793	0	1,793	0
Other financial instruments	0	0	0	0	0	0
Total	**37,574**	**0**	**37,574**	**25,111**	**12,065**	**399**

31/12/2013 Liabilities in € thousand	Gross amount of recognised liabilities set off in the balance sheet	Gross amount of recognised assets set off in the balance sheet	Net amount of recognised liabilities set off in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral pledged	Net amount
Derivatives	74,996	0	74,996	25,111	44,471	5,415
Securities lending & similar agreements	0	0	0	0	0	0
Other financial instruments	0	0	0	0	0	0
Total	**74,996**	**0**	**74,996**	**25,111**	**44,471**	**5,415**

31/12/2012 Assets in € thousand	Gross amount of recognised assets set off in the balance sheet	Gross amount of recognised liabilities set off in the balance sheet	Net amount of recognised assets set off in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
Derivatives	24,555	0	24,555	23,121	424	1,010
Securities lending & similar agreements	13,003	0	13,003	0	13,003	0
Other financial instruments	0	0	0	0	0	0
Total	**37,558**	**0**	**37,558**	**23,121**	**13,427**	**1,010**

31/12/2012 Liabilities in € thousand	Gross amount of recognised liabilities set off in the balance sheet	Gross amount of recognised assets set off in the balance sheet	Net amount of recognised liabilities set off in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments	Related amounts not set off in the balance sheet: Cash collateral pledged	Net amount
Derivatives	68,413	0	68,413	23,121	38,253	7,039
Securities lending & similar agreements	0	0	0	0	0	0
Other financial instruments	0	0	0	0	0	0
Total	**68,413**	**0**	**68,413**	**23,121**	**38,253**	**7,039**

Risk report

(41) Risks arising from financial instruments

Risk management principles

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

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

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

An independent risk management department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The Risk Committee, which meets weekly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board are the heads of the Credit Risk & ICAAP, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

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

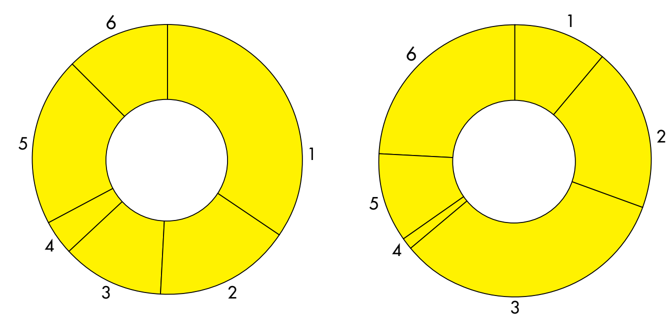
Risk capacity and risk management

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

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

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account. In both perspectives, all material risks are determined using a VaR model, Market risk constitutes the most significant risk from both perspectives. This accounts for roughly 35 per cent of total risk as at 31 December 2013 (2012: roughly 46 per cent).

Going-concern perspective as at 31/12/2013 // Liquidation perspective as at 31/12/2013



Going-concern perspective	31/12/2013	31/12/2012
1. Market risk	34.7%	45.6%
2. Credit risk	16.4%	14.3%
3. Operational risk	12.2%	8.2%
4. Business risk	4.1%	5.4%
5. Equity participation risk	20.3%	16.9%
6. Other risks	12.3%	9.7%

Liquidation perspective	31/12/2013	31/12/2012
1. Market risk	11.1%	17.0%
2. Credit risk	19.5%	19.4%
3. Operational risk	33.5%	28.7%
4. Business risk	1.3%	2.0%
5. Equity participation risk	10.6%	11.3%
6. Other risks	23.9%	21.5%

Market risk

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

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

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

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

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

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

in € thousand	31/12/2013	30/09/2013	30/06/2013	31/03/2013	31/12/2012
Interest rate risk	112	173	84	94	152
Foreign exchange risk	25	42	99	103	100
Price risk	617	1,045	1,114	1,294	1,774
Total	**754**	**1,260**	**1,297**	**1,491**	**2,026**

Comparative figures as at 31 December 2012:

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

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

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

in € thousand	31/12/2013	30/09/2013	30/06/2013	31/03/2013	31/12/2012
Going-concern (95 per cent confidence interval)	3,523	3,184	5,206	2,713	6,893
Liquidation (99.9 per cent confidence interval)	4,950	3,996	6,075	6,722	8,993

Comparative figures as at 31 December 2012:

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

Stress tests

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

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

Backtesting

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

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

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2013, the required securities trading book capital amounted to € 30.3 million (31/12/2012: € 34.7 million).

Interest rate risk

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

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2013 was as follows:

in € thousand	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	4,333	0	1,524	0
USD	158	0	0	0
Other	0	0	0	0

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

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

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

Credit risk

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

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

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

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

As at 31 December 2013, Raiffeisen Centrobank, in its individual financial statements, had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to € 1,834,485 thousand (2012: € 1,899,111 thousand) before deductions made for value adjustments.

Asset volume in € thousand	31/12/2013		31/12/2012[1]	
Bonds and notes issued by public issuers	32,454		35,983	
Loans and advances to credit institutions	1,320,342		1,238,164	
Loans and advances to customers	141,382		136,050	
Bonds, notes and other fixed-interest securities	340,119		488,088	
	1,834,297		**1,898,285**	
Product-weighted off-balance sheet transactions	188		826	
	1,834,485	**100.0%**	**1,899,111**	**100.0%**
Irrecoverable	93	0.01%	110	0.01%
Default potential	1,249	0.07%	1,411	0.07%
Requiring attention	33,903	1.85%	36,776	1.94%

[1] Adjustment of previous year data

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

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

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

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

31/12/2013 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair Value
Credit institutions	277,179	0	277,179	0	276,600
Corporate customers – large	62,269	0	62,269	0	62,230
Retail customers – private individuals	37,973	93	37,880	93	37,975
Total	**377,421**	**93**	**377,328**	**93**	**376,805**

31/12/2012 in € thousand	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair Value
Credit institutions	231,695	0	231,695	0	231,695
Corporate customers – large	66,017	0	66,017	0	66,124
Retail customers – private individuals	21,500	110	21,391	110	21,390
Total	**319,212**	**110**	**319,102**	**110**	**319,209**

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

Overdue financial instruments

The definition of default and the assessment of the expected recovery value are heavily influenced by the number of days payments are late. As at 31 December 2013, and as at 31 December 2012, Raiffeisen Centrobank had no overdue loans and advances that had not been reduced through individual loan loss provisions. Loans and advances not previously adjusted totaled € 377,328 thousand as at 31 December 2013 (31/12/2012: € 319,102 thousand).

Impaired financial instruments

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

31/12/2013 in € thousand	Individually impaired assets	Individual loan loss provisions	Individually Impaired assets after deduction of individual loan loss provisions	Collaterals for individually impaired assets	Interest on individually impaired assets
Retail customers – private individuals	93	93	0	0	0
Total	**93**	**93**	**0**	**0**	**0**

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

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

31/12/2013	Maximum credit exposure		Fair value of collaterals
in € thousand	Net exposure	Commitments/ guarantees given	Reselling/ repledging allowed
Credit institutions	277,179	275	275
Corporate customers – large	62,269	5,311	30,089
Retail customers – private individuals	37,880	1,012	29,806
Total	**377,328**	**6,599**	**60,171**

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

Operational risk

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analyzed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardized approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of VaR consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analyzing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters.

The calculation of VaR consistent risk values enables immediate and fully-intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This VaR consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to € 1.23 million as at 31 December 2013 (31/12/2012: € 1.23 million).

Equity participation risk

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2013 the carrying amount of the equity participations of Raiffeisen Centrobank totaled € 14.05 million (31/12/2012: € 14.07 million). The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 1.96 per cent (31/12/2012: 1.84 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal Limit Committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardized and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk. The limits are monitored at various levels: by the subsidiaries themselves, by the controlling subsidiaries department of Raiffeisen Centrobank and by the economic controls imposed by the Company's credit department within the context of the supervision of capital loans to subsidiaries. The information provided by all companies in which Raiffeisen Centrobank has an equity stake are merged into one single report each month and conveyed to the Executive Board of Raiffeisen Centrobank and also on a quarterly basis to the Supervisory Board.

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

Liquidity risk

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

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

31/12/2013 in € thousand	Carrying amount	Contractual cash flows	< 3 months	3–12 months	1–5 years	> 5 years
Non-derivative liabilities	**1,386,846**	**1,446,903**	**683,257**	**227,606**	**477,823**	**58,218**
Liabilities to credit institutions	117,245	123,211	8,498	114,713	0	0
Liabilities to customers	119,864	120,767	110,662	10,105	0	0
Other liabilities	1,149,737	1,202,925	564,097	102,788	477,823	58,218
Subordinated capital	0	0	0	0	0	0
Derivative liabilities	**995,970**	**1,031,089**	**169,464**	**108,579**	**499,009**	**254,037**
Derivatives in the trading book	995,626	1,030,745	169,342	108,579	498,787	254,037
Hedging derivatives	222	222	0	0	222	0
Other derivatives	122	122	122	0	0	0
Credit risks	**1,053**	**1,053**	**0**	**1,053**	**0**	**0**
Irrevocable credit commitments/standby facilities	1,053	1,053	0	1,053	0	0

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

Other risks

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

(42) Derivative financial instruments

The total volume of the unsettled derivative financial instruments, including structured products, as at 31 December 2013 comprises the following:

31/12/2013	Nominal amount by maturity				Fair values	
in € thousand	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	**1,765,862**	**1,542,738**	**706,417**	**4,015,017**	**119,079**	**(995,970)**
Interest rate contracts	**46,624**	**15,924**	**0**	**62,548**	**1,439**	**(296)**
OTC products						
Interest rate swaps	5,624	15,724	0	21,348	699	(232)
Options on interest-rate instruments	0	200	0	200	1	0
Products traded on stock exchange						
Interest rate futures	41,000	0	0	41,000	739	(64)
Foreign exchange and gold contracts	**110,506**	**0**	**14,737**	**125,243**	**48**	**(25,940)**
OTC products						
Forward exchange contracts	70,286	0	0	70,286	41	(122)
Gold contracts	11,835	0	14,737	38,391	7	(25,044)
Products traded on stock exchange						
Currency futures	16,566	0	0	16,566	0	(774)
Other currency contracts/gold contracts	11,819	0	14,737	26,556	7	(22,384)
Equity/index contracts	**1,454,297**	**1,386,871**	**668,079**	**3,509,247**	**114,587**	**(846,785)**
OTC products						
Equity-/index-based options – purchased	64,143	295,092	178,066	537,301	87,254	0
Equity-/index-based options – sold	170,754	473,137	283,725	927,616	0	(73,230)
Other equity contracts	0	35,762	0	35,762	549	0
Products traded on stock exchange						
Equity/index futures	762,250	597	0	762,847	16,567	(28,598)
Equity/index options	319,036	63,351	0	382,387	9,237	(8,366)
Other equity contracts	138,114	518,932	206,288	863,334	980	(736,591)
Commodities transactions	**107,031**	**127,219**	**11,415**	**245,666**	**2,962**	**(105,634)**
Precious metals transactions	**47,403**	**12,724**	**12,186**	**72,313**	**43**	**(17,315)**

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

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

31/12/2012[1]	Nominal amount by maturity				Marktwert	
in € thousand	< 1 year	1 to 5 years	> 5 years	Total	Positive	Negative
Total	**1,725,260**	**1,272,294**	**763,186**	**3,760,740**	**157,946**	**(870,144)**
Interest rate contracts	**69,148**	**28,473**	**0**	**97,621**	**3,300**	**(1,090)**
OTC products						
Interest rate swaps	13,048	28,473	0	41,521	3,300	(397)
Options on interest-rate instruments	500	0	0	500	0	0
Products traded on stock exchange						
Interest rate futures	55,600	0	0	55,600	0	(693)
Foreign exchange and gold contracts	**56,375**	**17,604**	**24,727**	**98,706**	**135**	**(31,369)**
OTC products						
Forward exchange contracts	23,938	0	0	23,938	19	(345)
Gold contracts	2,200	9,221	0	11,421	106	(650)
Products traded on stock exchange						
Currency futures	30,194	0	0	30,194	0	(1,682)
Other currency contracts/gold contracts	43	8,383	24,727	33,153	10	(28,693)
Equity/index contracts	**1,450,897**	**1,118,692**	**707,122**	**3,276,711**	**154,510**	**(837,685)**
OTC products						
Equity-/index-based options – purchased	207,152	234,065	219,228	660,446	69,592	0
Equity-/index-based options –sold	81,603	480,128	352,350	914,081	0	(181,770)
Other equity/index contracts	0	0	0	0	0	0
Products traded on stock exchange						
Equity/index futures	809,889	760	0	810,648	73,375	(89,278)
Equity/index options	231,806	70,388	0	302,194	9,941	(9,561)
Other equity contracts	120,447	333,352	135,544	589,343	1,603	(557,077)
Commodities transactions	**105,494**	**71,663**	**14,364**	**191,521**	**0**	**0**
Precious metals transactions	**43,346**	**35,862**	**16,973**	**96,181**	**0**	**0**

[1] Adjustment of previous year data

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

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

31/12/2013 in € thousand	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	0	4,375	0	4,375	4,375	0
Loans and advances to credit institutions	0	276,600	0	276,600	277,179	(579)
Loans and advances to customers	0	48,383	51,821	100,205	100,149	57
Equity participations	0	0	5,371	5,371	5,371	0
Liabilities						
Liabilities to credit institutions	0	117,222	0	117,222	117,245	(23)
Liabilities to customers	0	119,864	0	119,864	119,864	0
Subordinated capital	0	0	0	0	0	0

31/12/2012 in € thousand	Level I	Level II	Level III	Fair Value	Carrying amount	Difference
Assets						
Cash reserve	0	5,541	0	5,541	5,541	0
Loans and advances to credit institutions	0	231,695	0	231,695	231,695	0
Loans and advances to customers	0	46,639	40,877	87,516	87,408	106
Equity participations	0	0	5,510	5,510	5,510	0
Liabilities						
Liabilities to credit institutions	0	163,100	0	163,100	163,100	0
Liabilities to customers	0	136,936	0	136,936	136,936	0
Subordinated capital	0	0	0	20,516	20,516	0

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

in € thousand	31/12/2013			31/12/2012		
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading assets	**470,983**	**1,562,742**	**0**	**380,538**	**1,796,452**	**0**
Positive fair values of derivative financial instruments[1]	59,472	59,574	0	100,124	57,822	0
Structured products	0	159,024	0	13,004	269,796	0
Shares and similar securities	337,431	1,022	0	204,350	914	0
Bond, notes and other fixed-interest securities	74,080	523,563	0	63,060	764,215	0
Call/time placements for trading purposes	0	819,559	0	0	703,705	0
Financial assets at fair value through profit and loss	**9,770**	**0**	**3,619**	**12,907**	**0**	**3,782**
Shares	0	0	3,619	0	0	3,782
Bonds, notes and other fixed-interest securities	9,770	0	0	12,907	0	0
Derivatives (hedging)	**1**	**32**	**0**	**0**	**0**	**0**
Positive fair values of derivatives in fair value hedges (IAS 39)	1	32	0	0	0	0

[1] Including other derivatives

in € thousand	31/12/2013			31/12/2012		
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading liabilities	**594,400**	**1,494,258**	**30,568**	**688,546**	**1,416,741**	**33,634**
Negative fair values of derivative financial instruments[1]	96,607	875,827	23,314	164,405	679,031	26,311
Short selling of trading assets	497,793	54	0	524,141	52	0
Issued certificates (guarantee bonds)	0	618,377	7,254	0	737,658	7,322
Derivatives (hedging)	**222**	**0**	**0**	**397**	**0**	**0**
Negative fair values of derivatives in fair value hedges (IAS 39)	222	0	0	397	0	0

[1] Including other derivatives

Movements between Level I and Level II

In 2013, mainly derivative financial instruments on the equity and liabilities side were transferred between level I and level II driven by changed market liquidity of individual products.

Movements to and from Level III

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

Movement in Level III of financial instruments reported at fair value

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

in € thousand	As at 1/1/2013	Changes in consolidation range	Exchange differences	Purchases	Sales, redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2013
Financial assets at fair value through profit and loss	3,782	0	(162)	0	0	0	0	0	0	3,619

in € thousand	As at 1/1/2013	Changes in consolidation range	Exchange differences	Purchases	Sales, redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2013
Trading liabilities	33,634	0	0	0	0	(3,065)	0	0	0	30,568

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

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

Gains and losses resulting from financial instruments of the level III hierarchy amounted in 2013 to minus € 3,065 thousand (2012: € 2,208 thousand).

Qualitative information for the measurement of Level III financial instruments

Financial assets in € thousand	Type	Fair value	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
Shares	Shares	3,619	Approximation method	-	-
Total		**3,619**			

Financial liabilities in € thousand	Type	Fair value	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
				Closing period	0 - 16%
				Currency risk	0 - 5%
				Volatility	0 - 3%
Negative fair value of derivative financial instruments	OTC-options	23,314	Option model	Index-category	0 - 5%
				Closing period	0 - 3%
				Bid/ask spread	0 - 3%
				Volatility	0 - 3%
Structured products (guarantee bonds)	Certificates	7,254	Option Model	Index-category	0 - 2.5%
Total		**30,568**			

Other Disclosures

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

in € thousand	2013	2012
Contingent liabilities	**447**	**732**
Other guarantees	447	732
Credit risks	**1,053**	**4,225**
Irrevocable credit lines/standby facilities	1,053	4,225
Up to 1 year	1,053	4,225

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

in € thousand	2013	2012
Revocable credit lines/standby facilities	**5,098**	**2,369**
Up to 1 year	5,098	2,369

(46) Fiduciary business

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

in € thousand	2013	2012
Securities and financial investments	7,091	7,091
Other fiduciary assets	2,000	2,000
Fiduciary assets	**9,091**	**9,091**
Other fiduciary liabilities	9,091	9,091
Fiduciary liabilities	**9,091**	**9,091**

Disclosures based on Austrian regulations

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

in € thousand	2013 Listed	2013 Unlisted	2012[1] Listed	2012[1] Unlisted
Bonds and notes of public issuers	32,454	0	35,983	0
Bonds, notes and other fixed-interest securities	340,119	0	488,088	0
Shares and other variable-yield securities	356,441	145,312	286,705	205,996

[1] Adjustment of previous year data

(48) Volume of securities trading book pursuant to § 22 n-q of the Austrian Banking Act

in € thousand	2013	2012[1]
Securities	3,153,900	3,338,770
Other financial instruments	3,933,572	3,763,060
Total	**7,087,472**	**7,101,831**

[1] Adjustment of previous year data

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

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

The main focus in the control is on the common equity tier 1 and total equity ratio. Additionally, a risk capacity based on the VaR ratio is calculated both for a going-concern scenario, using aggregate risk cover defined on the basis of the risk strategy, and for a liquidation scenario. For further information please see the risk report.

Current regulatory developments – Basel III and CRR I/CRD IV respectively

The Basel Committee for banking supervision published a framework of global regulatory standards regarding capital adequacy and liquidity in December 2010. The aim of this framework is the strengthening of global capital and liquidity guidelines for a robust banking industry and an improved ability of the banking sector for absorption of financial and economic stress situations independent from the particular causes.

Basel III was implemented in the European Union via a regulation and directive. The final regulation (CRR I) and the directive (CRD IV) was published on 27 June 2013 in the EU Official Journal.

CRR I became effective on 28 June 2013 and represents applicable law for all EU member states as of 1 January 2014. CRD IV became effective on 17 July and had to be transferred by all EU member states into local law until 31 December 2013. The new framework has to be applied since beginning of 2014 with a transitional period until 2023.

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

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

The impacts of Basel III respectively CRR I/CRD IV are displayed and analyzed in scenario calculations by Controlling & Regulatory Reporting on an ongoing basis. The effects are included in planning and steering.

From 2014 on, the European Central Bank (ECB) takes over supervision of large banks in the Eurozone, whose balance sheet total exceeds € 30 billion or 20 per cent of the country's economic performance. As part of the RZB Cedit Institution Group, RCB is indirectly supervised by the European Central Bank (ECB).

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

in € thousand and per cent	2013	2012
Paid-in capital	47,599	47,599
Earned capital	41,721	30,721
Intangible fixed assets	(205)	(326)
Core capital (Tier 1 capital)	**89,115**	**77,994**
Deductions from Tier 1 capital (advance delivery)	0	0
Eligible Tier 1 capital (after deductions)	**89,115**	**77,994**
Long-term subordinated capital	0	20,000
Eligible supplementary capital (Tier 2 capital)	**0**	**20,000**
Deductions from supplementary capital	0	0
Eligible supplementary capital (after deductions)	**0**	**20,000**
Total own funds	**89,115**	**97,994**
Total own funds requirement	**57,436**	**61,199**
Excess own funds	31,679	36,794
Excess cover ratio in %	155.2%	160.1%
Core capital ratio (Tier 1) credit risk	47.0%	39.8%
Total Tier 1 ratio (incl. market and operational risk)	12.4%	10.2%
Own funds ratio in %	12.4%	12.8%

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

The total own funds requirement is as follows:

in € thousand	2013	2012
Risk-weighted assessment base pursuant to § 22 of the Austrian Banking Act	**189,788**	**195,988**
of which 8% minimum own funds for the credit risk pursuant to §§ 22a to 22h of the Austrian Banking Act	15,183	15,679
Own funds requirement for position risk in debt instruments, asset values and commodities	29,937	33,758
Own funds requirement for position risk in foreign currencies	342	933
Own funds requirement for operational risk	11,974	10,829
Total own funds requirement	**57,436**	**61,199**

(50) Average number of staff

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

Full-time equivalents	2013	2012
Salaried employees	330	322
Wage employees	9	12
Total	**339**	**334**

Full-time equivalents	2013	2012
Austria	248	244
Other countries	91	90
Total	**339**	**334**

(51) Expenses on severance payments and retirement benefits

in € thousand	2013	2012
Members of the Executive Board	629	1,741
Other employees	734	1,663
Total	**1,363**	**3,404**

The decrease in expenses on severance payments and retirement benefits is due to the takeover of employment contracts by Raiffeisen Bank International AG for three Executive Board members in 2012 and one Executive Board member in 2013 and a one-time payment related thereto.

Expenses on severance payments and retirement benefits for members of the Executive Board in the amount of € 450 thousand were charged by Raiffeisen Bank International AG and are included in "Other administrative expenses" (2012: € 557 thousand). In additions, retirement benefits for members of the Executive Board in the amount of € 500 thousand (2012: € 2,415 thousand) were paid out.

(52) Relations to key management

Remuneration of the Executive Board

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

in € thousand	2013	2012
Current remuneration	2,090	3,163

The table includes fixed and performance-based salary components, including bonuses and payments in kind. No remuneration for membership on the Executive Board or Supervisory Board of subsidiaries was granted. There are no contractual obligations regarding remuneration to previous members of the Executive Board. As to remuneration of the Executive Board € 1,785 thousand (2012: € 540 thousand) were charged by Raiffeisen Bank International AG (an associated company) and are included in "Other administrative expenses".

The members of the Supervisory Board received attendance fees totaling € 110 thousand for the period 2013 (2012: € 110 thousand).

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

in € thousand	2013	2012
Sight deposits	1,348	1,805

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

in € thousand	2013	2012
Sight deposits	105	48

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

(53) Corporate bodies

Executive Board	Eva Marchart Alfred Michael Spiss Gerhard Grund Wilhelm Celeda	Chief Executive Officer Deputy Chief Executive Officer Member of the Executive Board Member of the Executive Board
Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman since 15 July 2013 2nd Deputy Chairman until 15 July 2013
	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman
	Karl Sevelda Chief Executive Officer, Raiffeisen Bank International AG, Vienna	2nd Deputy Chairman since 15 July 2013
	Johann Strobl Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna and Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
	Herbert Stepic Chief Executive Officer, Raiffeisen Bank International AG, Vienna (until 7 June 2013)	Chairman until 15 July 2013
State Commissioners	Alfred Hacker, Tamara Els	

Vienna, April 11, 2014
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

(54) Significant Events after the Balance Sheet Date

Closing of four subsidiaries and one representative office
In the frame of an ongoing optimization of the range of products and the improvement of cross-country synergies within RBI Group, the Supervisory Board of Raiffeisen Centrobank AG resolved in its meeting on March 19, 2014 that in the fields of M&A and ECM four Raiffeisen Investment Advisory GmbH subsidiaries (Romania, Bulgaria, Czech Republic and Ukraine) and one representative office (Serbia) will be closed. Current business activities will be assigned to local Raiffeisen network banks.

As at the balance sheet date December 31, 2013 loan receivables from fully consolidated companies came up to € 0.045 million.

No negative financial consequences in relation thereto were known at the balance sheet date.

Auditor’s report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Raiffeisen Centrobank AG, Vienna, for the year from 1 January 2013 to 31 December 2013. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2013, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 31 December 2013 and a summary of significant accounting policies and other explanatory notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2013 and of its financial performance and its cash flows for the year from 1 January to 31 December 2013 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

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

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

Vienna, April 11, 2014
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Wolfgang Höller
(Austrian Chartered Accountant)

Consolidation Range

List of fully-consolidated companies

Company, registered headquarters (country)	Subscribed capital in local currency		Share in %	of which indirectly[1]	Type[2]
Centrotrade Chemicals AG, Zug (CH)	5,000,000	CHF	100.0%		SU
Centrotrade Commodities Malaysia Sdn Bhd, Kuala Lumpur, (MY)	1,400,000	MYR	100.0%		SU
Centrotrade Deutschland GmbH, Eschborn (DE)	410,000	EUR	100.0%		SU
Centrotrade Holding AG, Vienna (AT)	3,000,000	EUR	100.0%		SU
Centrotrade Minerals & Metals Inc., Chesapeake (US)	2,000	USD	100.0%		SU
Centrotrade Singapore Pte. Ltd., Singapore (SG)	500,000	SGD	100.0%		SU
Raiffeisen Investment Advisory GmbH, Vienna (AT)	730,000	EUR	100.0%		FI
Raiffeisen Investment Ltd., Moscow (RU)	47,904,192	RUB	50.1%		FI
Raiffeisen Investment Polska sp.z.o.o., Warsaw (PL)	3,024,000	PLN	50.0%		FI
Raiffeisen Investment Romania LLC, Bucharest (RO)	159,130	RON	100.0%		FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRL	99.0%		FI
Raiffeisen Centrobank AG, Vienna (AT)	47,599,000	EUR	100%		KI

Other investments

Other companies not included in consolidation

Company, registered headquarters (country)	Subscribed capital in local currency		Share in %	of which indirectly[1]	Type[2]
Centro Asset Management Limited, St. Helier (JE)	10,000	GBP	100.0%		FI
MENARAI Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Energy & Metals Beteiligungsverwaltungs GesmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Investment (Bulgaria) EOOD, Sofia (BG)	60,050	BGN	100.0%		FI
Raiffeisen Investment (Malta) Limited, Sliema (MT) in liquidation	5,000	EUR	99.8%		FI
Raiffeisen Investment s.r.o., Prague (CZ)	200,000	CZK	100.0%		FI
TOV Raiffeisen Investment Ukraine, Kiev (UA)	3,733,213	UAH	100.0%		FI
RAIBA Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
RI Investments, Warsaw (PL)	500,000	PLN	100.0%		FI
SOPHIA PLAZA Holding GmbH (AT), Vienna	35,000	EUR	100.0%		SU
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%		SU

Other interests

Company, registered headquarters (country)	Subscribed capital in local currency		Share in %	of which indirectly[1]	Type[2]
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000	EUR	0.0%		KI
ACG Bor Glasworks, Bor City (RU)	418,956,270	RUB	7.4%	7.4%	SU
Österreichische Raiffeisen-Einlagensicherung reg. Gen. m.b.H., Vienna (AT)	3,100	EUR	3.2%		SU
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000	USD	6.0%		SU
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	13,923,125	EUR	0.0%		SU
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%		SU
RSC Raiffeisen Service Center, Vienna (AT)	2,000,000	EUR	0,1%		FI

1 Shares held by companies that are not included in the consolidated financial statements (pro-rata share)
2 Company type
KI = Credit institution
FI = Financial institution
SU = Other companies

Management Report of Raiffeisen Centrobank AG for the 2013 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

As expected, the US economy grew much more slowly during the reporting period than in 2012. Real gross domestic product only expanded by 1.6 per cent, after having increased by 2.8 per cent in the previous year. This was in large part due to noticeable tax hikes at the beginning of the year that hampered private consumption, as well as further government spending cuts. The dispute about the budget and debt cap that finally brought the public administration to a halt for two weeks in October also caused considerable uncertainty among consumers and businesses.

Over the course of 2013, the Eurozone gradually climbed out of the recession that had set in at the end of 2011. Economic growth fell by 0.3 per cent in annual comparison in 2013, after having come in at minus 0.6 per cent in 2012. Quarterly growth rates were positive starting in the second quarter, and this was followed by rising leading economic indicators. At the end of the year, the economic upswing that the data were pointing to finally got off the ground. Now, it is gaining momentum and is also encompassing the peripheral countries. The extremely expansive monetary policy of the European Central Bank (ECB) and the ongoing rectification of foreign trade imbalances in Southeastern Europe supported this trend.

In contrast, the economies in Central and Eastern Europe (CEE) did not develop homogeneously. While the region achieved growth of 2.2 per cent in 2012, it did not quite reach the 1 per cent mark in 2013. Export growth remained moderate, and domestic demand was weak. Within the region Poland and Slovakia stood out as they did in 2012, though growth in these two countries slowed as well. While Poland's economy expanded by 1.9 per cent in 2012, it slowed to around 1.2 per cent in 2013. In the same period, Slovakia's growth fell from 2 to 0.9 per cent. Romania developed well, increasing its growth from 0.7 per cent in 2012 to 2.5 per cent in the reporting period. The development of the CEE economy was again determined by the Eurozone, the region's primary sales market.

Financial Markets

Looking back, 2013 will be seen as the year in which the serious tensions that had gripped the world's established equity indices since the outbreak of the financial crisis in 2008 were broken by record highs for some indices. In the USA, the leading economic indicators improved steadily. In Japan, measures taken by the government and central bank to weaken the yen were especially beneficial for the export industry, and in Europe, the end of the long recession and the extensive progress made in solving the sovereign debt crisis were the main factors behind the upswing on the equity market. The Nikkei 225 index gained more than 50 per cent on its best day since the beginning of the year. The Dow Jones climbed by more than 25 per cent over the year, and its European counterparts posted gains ranging from just under 6 per cent (ATX) and 15 per cent (Euro Stoxx 50) to well over 20 per cent (DAX). The development of the CECE index was less encouraging at a decline of 9.6 per cent. The Russian MICEX index rose by a slight 2 per cent.

As in 2012, the EUR/USD exchange rate moved in a narrow range of only US$ 0.10 between EUR/USD 1.28 and EUR/USD 1.38 in 2013. At the close of 2013, it listed at EUR/USD 1.36, just US$ 0.04 more than at the end of 2012. The exchange rate was again driven primarily by the monetary policies of the ECB and Federal Reserve Bank. Sustained speculations that cropped up in the middle of the year about possible reductions in the Fed's bond purchases caused noticeable exchange rate fluctuations. Gold suffered serious losses in 2013, and its price was lower in annual comparison for the first time since 2000.

Starting in the middle of 2013, the franc settled into a narrow range between EUR/CHF 1.22 and EUR/CHF 1.24. The interest rate differences between the Eurozone and Switzerland were the primary drivers of the currency movements.

Commodity Markets

After rising at the beginning of the year, natural rubber prices trended down until the middle of April, climbed again briefly to peak in the middle of May, and then fell again until the middle of July. A period of price decline and stagnation was followed by a slight rise until the prices came under pressure again at the end of the year. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was at around US$ 3,000 per metric ton at the start of the year, and peaked at US$ 3,130 per metric ton at the beginning of February. It listed at US$ 2,265 per metric ton at the end of the year.

Demand was again somewhat lower because of the vacillating economic conditions; supply exceeded demand and caused prices to fall. As a result, there is still an adequate supply in the exporting countries.

The olefins that are traded by Centrotrade Chemicals correlate with the oil price, which started the year at US$ 110 per barrel, rose to a high for the year of just under US$ 120 per barrel in the middle of February, and then fell to a low of less than US$ 100 per barrel in the middle of April. After the subsequent recovery phase, the price fluctuated around US$ 110 per barrel during the second half of the year.

Development of Business and Earnings 2013

Development of Earnings

With an operating income of € 70.062 million and operating expenses of € 47.784 million, an operating result of € 22.278 million was generated in the 2013 financial year. Under consideration of net valuations and net proceeds in the amount of minus € 0.621 million, the result on ordinary activities, came to € 21.657 million The previous year result on ordinary activities which came off at € 20.094 million was surpassed by € 1.563 million or 7.8 per cent.

in € million	2013	2012	Change
Operating income	**70.062**	**70.489**	**(0.6%)**
Staff expenses	(28.684)	(32.251)	(11.1%)
Other administrative expenses	(16.617)	(14.085)	18.0%
Depreciation	(1.754)	(1.930)	(9.1%)
Other operating expenses	(0.728)	(1.696)	(57.1%)
Operating expenses	**(47.784)**	**(49.962)**	**(4.4%)**
Operating result	**22.278**	**20.527**	**8.5%**
Value adjustments, net proceeds	(0.621)	(0.433)	43.5%
Result on ordinary activities	**21.657**	**20.094**	**7.8%**
Taxes	(5.147)	(4.343)	18.5%
Net profit for the year	**16.510**	**15.751**	**4.8%**

The operating income 2013 remained stable despite the particularly challenging market environment.

In line with the Bank's strategic alignment the result 2013 is primarily attributable to the Securities Trading & Sales department which generated a positive contribution to the profit in the amount of € 27.490 million. In addition, the results of the FX and Credit department, which contributed € 2.252 million and € 1.660 million to the profit and the results of the Subsidiaries department with a profit contribution of € 5.172 million are particularly remarkable.

Despite the weak market environment, the M&A business segment recorded a positive profit contribution in the amount of € 1.040 million. This was mainly due to the conclusion of several major M&A transactions and the resulting rise in sales volume in the fourth quarter.

The Equity Capital Markets department is still facing a particularly challenging market environment, but participated in several major capital market transactions

Operating expenses came up to € 47.784 million and were by 4.4 per cent or € 2.178 below the previous year result of € 49.962 million. Staff expenses of € 28.684 million undercut the previous year amount by € 3.566 million or 11.1 per cent. Other administrative expenses amounted to € 16.617 million and grew by € 2.532 million or 18.0 per cent compared to 2012. This rise is primarily due to contracts for Executive Board members taken over by Raiffeisen Bank International AG in August 2012 and May 2013. Expenses relating thereto are directly charged by RBI.

The cost-income ratio, which amounted to 70.9 per cent in 2012, decreased to 68.2 per cent due to the decline in staff expenses.

The result on ordinary activities 2013 amounted to € 21.657 million compared to € 20.094 million in the previous year. Due to tax expenses in the amount of € 5.147 million, made up of non-deductible input VAT (€ 1.901 million), non-deductible withholding taxes (€ 1.163 million), the Austrian bank levy (€ 1.077 million) and group taxation 2013 (€ 0.768 million), the net income for the year came to € 16.510 million (2012: € 15.751 million).

Balance sheet development

The balance sheet total decreased by roughly 4 per cent from roughly € 2,598 million to € 2,499 million compared to December 2012. Calculatory risk-weighted assets decreased by roughly 6 per cent from about € 765 million to about € 718 million, which was primarily attributable to a decline in the securities trading book of roughly 11 per cent.

On the asset side the most significant change compared to 2012 was in the item "Bonds, notes and other fixed-interest securities" (roughly 14 per cent of the balance sheet total on 31 December 2013 and roughly 19 per cent on 31 December 2012). The decrease by roughly € 148 million to roughly € 340 million is mainly due to a drop in listed bonds substituted by tradable money market deposits.

"Loans and advances to credit institutions" (roughly 53 per cent of the balance sheet total on 31 December 2013 and roughly 48 per cent on 31 December 2012) rose by roughly € 82 million to € 1,320 million. The item contains tradable money market deposits (roughly € 820 million), unlisted bonds (roughly € 230 million), as well as collateral for securities transactions and securities lendings (roughly € 89 million). Interbank deposits which rose by roughly € 74 million to roughly € 168 million compared to the previous year mainly comprise deposits in the amount of € 167 million at Raiffeisen Bank International (previous year: € 92 million). Collateral decreased by roughly € 21 million, unlisted bonds decreased by roughly € 82 million, whereas tradable money market deposits rose by roughly € 116 million.

The item "Shares and other variable-yield securities" (roughly 20 per cent of the balance sheet total on December 31, 2013 and roughly 19 per cent on December 31, 2012) recorded a rise by roughly € 9 million to roughly € 502 million. Foreign shares increased by roughly € 119 million, whereas domestic shares declined by roughly € 2 million.

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

The item "Other assets" (roughly 5 per cent of the balance sheet total on 31 December 2013 and roughly 7 per cent on 31 December 2012) decreased, mainly in listed options, by roughly € 42 million to € 128 million.

The item "Loans and advances to customers" (roughly 6 per cent of the balance sheet total on 31 December 2013 and roughly 5 per cent on 31 December 2012) rose by roughly € 5 million to roughly € 141 million, largely as the result of a rise in the volume of loans to corporate customers and private individuals.

The item "Bonds and notes issued by public bodies" (roughly 1 per cent of the balance sheet total on 31 December 2013 and 1 per cent on 31 December 2012) contains a bond issued by the Federal Republic of Germany which was acquired in June 2013.

Zero bonds, structured notes and tradable deposits purchased from RBI in relation to the issuing activities in the certificates business are included in "Loans and advances to credit institutions", "Shares and other variable-yield securities" and in "Bonds, notes and other fixed-interest securities" and come up to a total of roughly € 1,315 million (December 2012: roughly € 1,512 million). In addition, the item "Other assets" includes OTC options acquired from RBI in the amount of roughly € 56 million.

On the equity and liabilities side "Other liabilities" (roughly 58 per cent of the balance sheet total on 31 December 2013 and roughly 53 per cent on 31 December 2012) rose by roughly € 73 million. Part of this increase was offset by a decline in "Liabilities to credit institutions" (roughly 4 per cent of the balance sheet total on December 31, 2013 and roughly 6 per cent on December 31, 2012) by roughly € 44 million. The decline in item "Liabilities to credit institutions" by roughly € 44 million to € 112 million is mainly due to lower money market deposits of Austrian banks. The growth in "Other liabilities" by roughly € 73 million to roughly € 1,452 million is mainly due to an increased volume of certificates by roughly € 149 million while shortsellings of shares decreased by roughly € 108 million. Shortsellings were effected in connection with the market making activities of Raiffeisen Centrobank in relation to pension plans and represent offsetting items to equity and equity index futures as well as to cash positions on the asset side of the balance sheet.

The item "Liabilities to customers" (roughly 5 per cent of the balance sheet total on 31 December 2013 and roughly 6 per cent on 31 December 2012) recorded a decline by about € 18 million to roughly € 131 million and is mainly attributable to lower liabilities to Austrian customers.

"Securitized liabilities" (roughly 27 per cent of the balance sheet total on 31 December 2013 and roughly 30 per cent on 31 December 2012) decreased by roughly € 92 million to roughly € 677 million, mainly as a result of expired bonds.

"Subordinated capital" recorded a decrease by roughly € 20.5 million to € 0 million, which is primarily due to the repurchase of the subordinated bond by Raiffeisen Malta Bank plc. prior to maturity.

The decline in "Net profit for the year" (roughly 1per cent of the balance sheet total on 31 December 2013 and roughly 1 per cent on 31 December 2012) by roughly € 8.2 million to roughly € 18.4 million represents the balance of the dividend payment for the 2012 financial year coming up to € 13.8 million and the net income for the 2013 financial year in the amount of € 5.5 million.

Key data

in € million	2013	2012
ROE before tax	**23.7%**	**22.5%**
Cost/income ratio	**68.2%**	**70.9%**
Core capital (tier 1)	89.115	77.994
Subordinated bond (tier 2)	0	20.000
Eligible own funds	**89.115**	**97.994**
Own funds requirement	57.436	61.199
Surplus of own funds	31.679	36.795
Own funds ratio*	**12.4%**	**12.8%**
Core capital ratio**	**12.4%**	**10.2%**

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

Review of Business Segments

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Raiffeisen Centrobank (RCB) has been one of the largest players on the Austrian capital market in the certificates business and in equity and derivatives trading as well as in equity sales to institutional investors for many years, and is a leader on the markets of Central and Eastern Europe. Even though liquidity on the primary markets remained at a low level overall during 2013, the high expectations for the results from the equities and derivatives activities were met, especially thanks to higher market shares.

After further decreases in the first half of the year, turnover on the Vienna Stock Exchange increased by a moderate 7 per cent for the year as a whole. Especially the CEE Stock Exchange Group markets Prague (minus 33 per cent) and Budapest (minus 7 per cent) saw declines. The volume on the XETRA Frankfurt rose by 2 per cent, and the only market to see a substantial increase was the Warsaw Stock Exchange, which rose by 17 per cent. Under these conditions, gross income in customer business with stocks continued to suffer, as did market making and proprietary trading in general. RCB was the largest market participant on the Austrian equity market in 2013 with a share of 9.8 per cent of the Vienna Stock Exchange's spot market, and was the only Austrian bank among the top six market participants. RCB also generated the greatest sales of any market maker and specialist by far on the Vienna Stock Exchange. In 2013, roughly one third of all market maker trades went through RCB.

While some banks are further scaling back their activities, RCB's strategy is still to remain active on the equity markets and to further expand its presence. RCB has been a direct participant on the Prague Stock Exchange since May 2013. Growing shares of its core markets and new market maker mandates in Vienna, Warsaw, and on the Eurex Germany underscore this strategy. The strong position on its home market and the further expansion of its presence on liquid Eastern European markets like Poland and Russia are bearing fruit, and had a positive effect on the result for the year.

Business development was relatively homogeneous throughout the year, except for a somewhat weaker fourth quarter. Structured products made a significant contribution to this success. Institutional brokerage failed to meet the expectations, as it is still being hampered by the low number of primary market transactions and skepticism among international investors about RCB's core region.

Institutional Equity Sales

In equity sales, the continued adverse conditions on the equity markets and the further declines in customer business volume were actively countered with secondary market roadshow and presentation activities on the basis of sector reports and the presentation of individual companies. Ongoing customer service was intensified further, especially by increasing the focus on new customer acquisition above all in the English-speaking markets. During the reporting period, the RCB sales team worked closely with Company Research to complete a large number of activities to boost secondary market equities business: 41 company roadshows, 61 research roadshows, and nine reverse roadshows. In addition to the investor conference in Zürs, which gave 65 companies an opportunity to present themselves to 120 institutional investors in a total of 1,000 one-on-one and group meetings, two very successful investor conferences were also held in Warsaw and New York.

A key factor in institutional business remains the fact that Central and Eastern Europe (CEE) is still not a focus for international investors. Nevertheless, revenue declines were in part offset by new customer business and new markets. In terms of products, the sales focus is on the relatively large markets of Poland and Russia. Sales growth in CEE remained encouraging, and the share of equities trading with institutional investors in CEE grew from 28 per cent to 33 per cent.

The RCB sales team helped UNIQA Insurance Group complete a successful capital increase through intensive marketing efforts. As global coordinator and joint bookrunner, RCB placed 95 million shares at € 8 each together with a consortium. The successful cooperation of the local sales team with Raiffeisen Poland was a highlight in this.

Trading/Market Making

RCB again defended its market leadership in the Vienna Stock Exchange's market making segment in 2013. In the prime market, RCB received 34 of the 37 total market maker and/or specialist mandates, and its 31.5 per cent share of market maker turnover was roughly 14 percentage points greater than for the second largest market maker.

In addition to the Vienna Stock Exchange, RCB expanded its equities, certificates, and derivatives market making activities on various foreign exchanges like the Eurex Frankfurt, the Warsaw Stock Exchange, the Prague Stock Exchange, and the Bucharest Stock Exchange by winning new mandates and expanding its market making to new product classes.

Structured Products

The very positive course of business for the Structured Products department continued with a record result in 2013. Certificates are taking on an increasingly important role as a fixed element of modern portfolios. RCB saw significant growth in all of its core markets and customer groups. The open interest for RCB certificates rose again to an all-time high of € 2.8 billion (2012: € 2.6 billion), even surpassing the level achieved in 2006/2007. Total turnover for 2013 came to € 1.3 billion, an increase of nearly 30 per cent in annual comparison. With a share of over 70 per cent, bonus and guarantee certificates were the most popular product categories by far. Attractive yield potential with (partial) protection is in high demand in the current low-interest environment and also clearly generates added value for investors, as was confirmed by the certificate performance study that was published by RCB in September 2013. As an Austrian issuer, activity focused on the traditionally important home market and on major European indices such as the Euro Stoxx 50, Eastern European assets, and commodities. All in all, RCB issued 3,326 products in 2013, bringing the total of its publicly offered issues to over 4,000 as of the end of the year – another record. In addition to the Vienna Stock Exchange, all RCB certificates are listed on the leading European certificate exchanges in Stuttgart (EUWAX) and Frankfurt. The Central and Eastern European exchanges in Warsaw, Prague, Budapest, and Bucharest are also becoming more important in terms of the number of listed RCB products and turnover for these products. The excellent tradability of RCB certificates underscores the focus on product clarity for the investor and price transparency. On the regulatory front, RCB implemented the new EU prospectus directive with the approval of its new base prospectus by the Austrian Financial Market Authority (FMA) in June 2013.

Business on the core markets in Eastern Europe was especially gratifying. Revenue here rose by nearly 50 per cent in annual comparison. RCB is currently active in eight countries in Central and Eastern Europe and further intensified its collaboration with the local network banks in the region. In addition to the record revenue and the highest volume of outstanding certificates, more issues (subscriptions and private placements) and more training measures were also completed than ever before. Highlights included the successful transactions with Tatra Banka (single issue of a € 27 million bonus certificate) and the issue of an equity substitute for Raiffeisen Bank Romania in the amount of US$ 78 million.

Certificates are also becoming increasingly popular among customers of Austrian Raiffeisen banks. Records were set in terms of revenue and subscription volume. Numerous RCB training measures and customer events not only increased the Bank's presence, but also improved advisor and customer knowledge about certificates. Under the currently challenging conditions, especially with regards to the regulatory framework, RCB feels that the dissemination of knowledge and information is one of the most important sales measures for ensuring long-term success. The sustainability of RCB's certificate business is unique in Austria and Central and Eastern Europe. RCB is the only complete Austrian provider, both in terms of certificate types and underlyings. In addition to offering a broad product spectrum, RCB's structured product team boasts many years of active presence, extensive investor services, and innovative product ideas, and has long played a pioneering role in certificates in Eastern Europe. This has also been confirmed time and again by independent experts. RCB was crowned the best issuer in Austria for the seventh time in a row at last year's Certificate Awards Austria.

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

Equity Capital Markets (ECM)
Europe saw a total of 45 initial public offerings (IPOs) with an offer volume of over € 200 million each in 2013. Activity on the transaction market in Europe accelerated considerably in the second half of the year.

Despite the lack of IPOs in Austria, RCB lived up to its leading role in the Equity Capital Markets segment and concluded a total of ten equity transactions in the relevant European markets.

Highlights included involvement in the largest equity issue of the year on the Vienna Stock Exchange, the re-IPO of UNIQA Insurance Group, in the amount of € 757 million as joint global coordinator and joint bookrunner. This transaction was the largest equity issue on the Vienna Stock Exchange since 2010 and brought the UNIQA share into the ATX in addition to significantly increasing its free float from 7 per cent to over 35 per cent. Other highlights were the bookrunner positions in the second public offering (SPO) of Russia's Phosagro (€ 357 million) and in the IPO for Poland's PKP Cargo (€ 340.8 million) – in both cases as the only Austrian syndicate bank. The Bank was also involved in numerous transactions on the Romanian stock market, which saw a substantial increase in activity due to the partial privatization of state-owned companies.

On the Vienna Stock Exchange, RCB also assisted PORR AG with a capital increase of € 21 million as lead manager. Alongside numerous successfully fulfilled mandates, some planned transactions were not completed in 2013 due to specific market conditions.

Outside of the Austrian core market, RCB also marketed its competence through extensive consulting activities together with the local units in 2013, laying a solid foundation for the 2014 financial year. Russia, as the largest market in the CEE region and as one of the core markets for these activities, saw a similar level growth in terms of issue preparations and the filling of the deal pipeline in 2013. However, the Russian equity market was pulled down by the weakness of the emerging markets in general and contracted by 2 per cent (MICEX Index), and the volume of transactions completed in 2013 failed to meet the expectations. The activities on the Polish market, which was dominated by the reform of the Polish pension system in 2013 and saw a contraction of 7 per cent, expanded substantially during the reporting period and led to the first bookrunner mandate on the Polish market and the acquisition and preparation of further projects that are planned for 2014. The Romanian equity market saw a robust level of transactions, from which Raiffeisen profited as the market leader in the Romanian transaction business. All in all, the Bank was involved in five transactions with a total volume of € 677 million.

In addition to a large number of successfully completed transactions, much work also went into preparing for future projects in 2013. Given the positive development of the equity markets during the reporting period and the intensive customer talks and preparations, RCB's ECM team is optimistic about 2014 with regards to transactions in Austria and CEE. The regional focuses of the transactions outside of Austria are expected to be the Russian, Polish, and Romanian markets.

The results of the department are included in the report for the "Equity Capital Markets" segment.

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

After the worldwide decline in M&A in 2012 and the first half of 2013, considerably more activity was seen at the end of 2013. In its core region of Central and Eastern Europe (CEE) and Turkey, RCB concluded 24 noteworthy transactions and won 54 new mandates in the M&A segment. The volume of the completed transactions came to € 5.97 billion, and RCB made it to the top of the league table ranking of the leading M&A advisors in CEE, Austria, and Turkey in terms of the number of executed transactions for the first time.

The most noteworthy transactions during the reporting period included the advisory services provided to the Turkish Abraaj Group and the Aydinlar family regarding the sale of Acibadem Sigorata, a local insurance company, to the Malaysian state investment fund Khazanha Nasional. The transaction volume totaled € 150 million.

Another milestone transaction in Turkey with a deal volume of € 2.9 billion is the successful privatization of the four Turkish power utilities Akdeniz Elektrik Dağıtım A.Ş. ("Akdeniz"), Boğaziçi Elektrik Dağıtım A.Ş. ("Boğaziçi"), Gediz Elektrik Dağıtım A.Ş. ("Gediz") und Dicle Elektrik Dağıtım A.Ş. ("Dicle"). RCB also assisted Austria's Post AG with the takeover of 25 per cent of the Turkish parcel service ARAS Kargo.

The TMT and financial institutions markets experts also concluded various transactions in Bulgaria in cooperation with the local Raiffeisen Investment team. RCB advised Sanoma in the sale of its digital business to Darik News, and the QBE Insurance Group in the sale of its Macedonian activities to the Vienna Insurance Group.

In addition, RCB exclusively advised Borealis and First Energy Bank from Bahrain in the establishment of a joint venture in Bulgaria that acquired a 20.3 per cent stake in Neochim AD, a leading listed Bulgarian manufacturer and seller of fertilizers.

Another highlight was Advent International's sale of Deutek, the largest paint manufacturer in Romania, to Axxess Capital. RCB advised the seller in this transaction. The signing of a strategic alliance between Panasonic and Slovenia's Gorenje made the headlines, and the parties were advised by RCB together with Lazard.

The good performance of the M&A department was only impaired by declining business development in Russia and negative results deriving thereof.

Based on a well-filled pipeline for 2014 – especially in Turkey, Poland and Austria – slightly increasing growth in the M&A business is expected.

The results of the department are included in the report for the "Equity Capital Markets" segment.

Company Research
The Company Research department published 317 company updates in 2013. Of these company updates, 215 covered enterprises listed on Eastern European exchanges. New companies were again added to the coverage universe, including Acron, MegaFon, RusHydro, InterRAO, Alliance Oil, Yandex, Raspadskaya, and Grupa Azoty. A total of 132 companies were analyzed last year. Of the covered firms, 34 are headquartered in Austria, and 98 in Central and Eastern Europe or Russia.

Research activities focused on the generally friendly conditions for capital market transactions that especially applied in the second half of the year. The Company Research department assisted with the successful capital increases and IPOs of UNIQA, PKP Cargo, Romgaz, and Transgaz through transaction research and extensive investor education roadshows for European investors.

Roadshows were also held for multiple sector reports, including Russian and Polish Utilities, CEE Coal, Russian Steel, CEE Oil and Gas, Russian Retail and Polish Banks, and for the CEE Banking Report.

Reverse roadshows were also held for institutional investors in Austria, Budapest, and Kiev to account for the increasing investor interest in our region.

At the annual investor conference in Zürs, the Company Research department created separate company updates for all participating companies and fact sheets for companies that are now covered. The analysts were also booked for intensive one-on-one meetings. Investor analysts also participated in a large number of investor lunches arranged by RCB for Austrian companies.

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

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

Commodity Trading

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

The fully consolidated operating companies improved considerably compared with the first half of the year. However, the rubber group was unable to reach its ambitious budget for the year, especially because of the difficult conditions on the dry rubber market.

The second half of the year was also strong for olefin trading, but this success was not enough to entirely offset the poor first half of the year, and a balanced result was not achieved.

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

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

	2013	2012
Return-on-Equity before tax (in per cent)	23.7	22.5
Return-on-Equity after tax (in per cent)	18.1	17.7
Cost-income ratio (in per cent)	68.2	70.9

The higher profit before tax in annual comparison caused the return on equity before tax to rise from 22.5 per cent to 23.7 per cent. Accordingly, the return on equity after tax increased from 17.7 per cent to 18.1 per cent compared to the previous year.

As in annual comparison, operating expenses declined, the cost-income ratio dropped from 70.9 per cent in 2012 to 68.2 per cent in 2013.

Non-Financial Performance Indicators

	2013	2012
Employees at year-end	259	259
Average number of employees	259	255
Stock exchange memberships	10	10
Number of newly issued warrants and certificates	3,326	3,207

Compared to December 2012 the number of employees remained unchanged at 259 as at 31 December 2013. During the reporting year the number of employees increased on average by 4 persons to 259 employees.

The stock exchange memberships came up to 10 and remained unchanged to the previous year. Despite the challenging market environment, the number of warrants and certificates issued by the Bank in 2013 rose by 4 per cent to 3,326.

Risk Management

Principles

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

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

The management activities of the Executive Board are supported by the risk management concept, which provides a coordinated process for the handling of market risk, credit risk, operational risk, equity participation risk and other risks. The basic principles and methods underlying risk management are defined by the bylaws for the Supervisory Board and the Executive Board as well as the bank's organisational guidelines and manuals.
A comprehensive planning and controlling process enables the Executive Board to identify risks at an early stage, evaluate them and take appropriate countermeasures. Within the framework of its decision-taking authority the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments. An independent risk management department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The Risk Committee, which meets weekly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board are the heads of Credit Risk & ICAAP, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

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

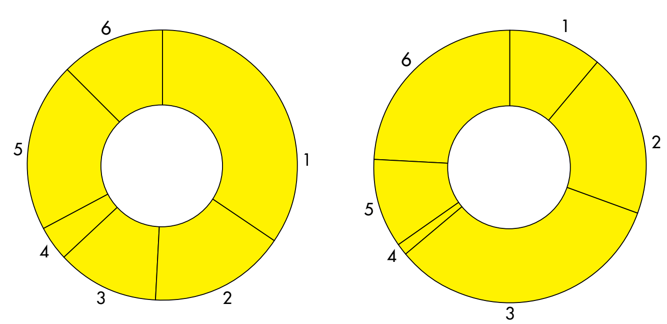
Risk capacity and risk management

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

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

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account. In both perspectives, all material risks are determined using a VaR model. Market risk constitutes the most significant risk from both perspectives. This accounts for roughly 35 per cent of total risk as at 31 December 2013 (2012: roughly 46 per cent).

Going-concern perspective 2013 // Liquidation perspective 2013



Going-concern perspective	31/12/2013	31/12/2012
1. Market risk	34.7%	45.6%
2. Credit risk	16.4%	14.3%
3. Operational risk	12.2%	8.2%
4. Business risk	4.1%	5.4%
5. Equity participation risk	20.3%	16.9%
6. Other risks	12.3%	9.7%

Liquidation perspective	31/12/2013	31/12/2012
1. Market risk	11.1%	17.0%
2. Credit risk	19.5%	19.4%
3. Operational risk	33.5%	28.7%
4. Business risk	1.3%	2.0%
5. Equity participation risk	10.6%	11.3%
6. Other risks	23.9%	21.5%

Market risk

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

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

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

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

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

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

in € thousand	31/12/2013	30/09/2013	30/06/2013	31/03/2013	31/12/2012
Interest rate risk	112	173	84	94	152
Foreign exchange risk	25	42	99	103	100
Price risk	617	1,045	1,114	1,294	1,774
Total	**754**	**1,260**	**1,297**	**1,491**	**2,026**

Comparative figures as at 31 December 2012:

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

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

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

in € thousand	31/12/2013	30/09/2013	30/06/2013	31/03/2013	31/12/2012
Going-concern (95 per cent confidence interval)	3,523	3,184	5,206	2,713	6,893
Liquidation (99.9 per cent confidence interval)	4,950	3,996	6,075	6,722	8,993

Comparative figures as at 31 December 2012:

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

Stress tests

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

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

Backtesting

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

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

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2013, the required securities trading book capital amounted to € 30.3 million (31/12/2012: € 34.7 million).

Interest rate risk

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

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2013 was as follows:

in € thousand	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	4,333	0	1,524	0
USD	158	0	0	0
Sonstige	0	0	0	0

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

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

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

Credit risk

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

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

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

To measure risk internally, Raiffeisen Centrobank uses a modified version of the Basel II IRB approach, which enables the determination of a Value-at-Risk consistent risk value and, unlike the original IRB formula, includes the expected loss. The credit risk of Raiffeisen Centrobank is monitored and analysed on a loan-by-loan (employing a comprehensive and well-founded analysis of potential debtor's creditworthiness and collateral) and portfolio-wide basis. The methods of calculation employed yield a comprehensive depiction of the company's credit-incurred risks and reveal their relative (when compared to market-related risks) lack of importance. As at 31 December 2013, Raiffeisen Centrobank in its individual financial statements had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to € 1,834,485 thousand (31/12/2012: € 1,899,111 thousand) before deductions made for value adjustments.

Asset volume in € thousand	31/12/2013		31/12/2012[1]	
Bonds and notes issued by public bodies	32,454		35,983	
Loans and advances to credit institutions	1,320,342		1,238,164	
Loans and advances to customers	141,382		136,050	
Bonds, notes and other fixed-interest securities	340,119		488,088	
	1,834,297		**1,898,285**	
Product-weighted off-balance sheet transactions	188		826	
	1,834,485	**100.0%**	**1,899,111**	**100.0%**
Irrecoverable	93	0.01%	110	0.01%
Default potential	1,249	0.07%	1,411	0.07%
Requiring attention	33,903	1.85%	36,776	1.94%

[1] Adjustment of previous year data

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

Operational risks

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analysed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardised approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of Value-at-Risk consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analysing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters.

The calculation of Value-at-Risk consistent risk values enables immediate and fully-intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This Value-at-Risk consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to € 1.23 million as at 31 December 2013 (31/12/2012: € 1.23 million).

Equity participation risk

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2013 the carrying amount of the equity participations of Raiffeisen Centrobank totalled € 14.05 million (31/12/2012: € 14.07 million). The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 1.96 per cent (31/12/2012: 1.84 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal Limit Committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardised and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk.

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

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

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

Liquidity risk

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

The major part of refinancing takes place through Raiffeisen Bank International AG, and the (structural) liquidity risk of Raiffeisen Centrobank is therefore lower.

Other risks

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

Internal Control System as Relevant for the Accounting System

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

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

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

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

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

Different principles for the measurement of assets and complex or changing business conditions can also cause substantial errors in the financial reporting. Estimates must regularly be made during the preparation of the financial statements. In all of these cases, there is an inherent risk that the actual developments may deviate from these estimates. This especially applies to the parameters in valuation models that are used to determine the fair values of financial instruments for which there is no current price quotation as well as to social capital, the outcome of legal disputes, the collectability of laons and advances, and the impairment of equity participations and inventories. In some cases, external experts are involved or publicly available information sources used to minimise the risk of incorrect estimates.

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

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

Human Resources

Raiffeisen Centrobank had 259 employees on December 31, 2013 (December 31, 2012: 259 employees).

In addition to numerous training courses in different departments, nine M&A analysts (from Vienna and various subsidiaries) had the opportunity to visit the analyst boot camp held by the investment bank Lazard in the summer of 2013. The intensive training is not only aimed at improving the participants' technical qualifications, but also at getting to know the Lazard bankers for the purposes of networking and intercultural exchange between the various sites. Analysts from 12 countries came together at this year's Lazard training.

The amendment to the Austrian Employee Protection Law (legal gazette I no. 118/2012), which entered into force on January 1, 2013, puts greater emphasis on the importance of mental health and the prevention of work-related mental stress. In the course of occupational health promotion, Raiffeisen Centrobank surveyed the mental stress level within the working environment, thus fulfilling statutory evaluation requirements. Evaluation was carried out on a broadly basis, supported by different sources of information (employess, management and HR, analysis of statistical company data, expert interviews, employee surveys and in-house workshops). On this basis, health promoting measures will be defined as the case may be, and will be implemented promptly in cooperation with the management, employees and HR. Subsequently, the measures taken will be reviewed and will be adjusted if deemed necessary. Results, evaluation and measures taken will be documented on a verifiable basis.

In compliance with the provisions of § 65a BWG, Raiffeisen Centrobank AG finalized basic information about its internal measures for ensuring adherence to the corporate governance rules in accordance with the requirements of Raiffeisen Zentralbank Österreich (RZB) as the parent credit institution. In meeting these provisions, RCB introduced a "Fit & Proper" guideline that sets down a process for assessing the suitability of members of the Executive Board and Supervisory Board and of individuals in key positions and that defines the competencies and criteria for assessing professional suitability and personal reliability. This process is being implemented by an internal Fit & Proper Office and applies to new appointments and reappointments, as well as for existing positions (regular internal suitability evaluations). The Supervisory Board of RCB also set up a Nomination Committee pursuant to § 29 BWG. Its responsibilities especially include personnel issues relating to the management team and Supervisory Board; in its activities, it will place a particular focus on the sufficient knowledge and abilities of the nominees in accordance with their intended duties. The Group remuneration guidelines were also finalized in accordance with requirements of RZB. In particular, they include detailed rules for the general remuneration policy, special rules for the remuneration and selection of persons whose activities have an impact on the Bank's risk profile, and rules for the process for determining and deciding on bonuses and penalties; all of these rules comply with the legal remuneration principles. The guidelines will ensure that RCB's remuneration policy is consistent with solid and effective risk management and that it provides no incentive to assume risks that go beyond what RCB can reasonably tolerate. RCB has set up a Remuneration Committee as a committee of the Supervisory Board pursuant to § 39c BWG. This committee directly reviews the remuneration of members of upper management in risk management and compliance functions.

Outlook 2014

We expect growth in the Eurozone to accelerate steadily in 2014. The pace of economic growth that key trading partners (the USA and Great Britain, for example) are enjoying and the improved competitiveness of many (crisis) countries are cause to hope for solid support from exports. In light of the moderate economic outlook and low inflationary pressure, the European Central Bank (ECB) should maintain its very expansive monetary policy. The greatest risk factor is still political in nature, in the form of ineffective governments and the failure to implement reforms, followed by the lingering problems on the real estate and credit markets in some countries.

Economic growth of 2.3 per cent is projected for the CEE region in 2014. The development of the Eurozone will again be highly relevant for the entire region in 2014. The substantial economic recovery that is expected for Central Europe will be based on the developments in Poland, Hungary, the Czech Republic, and Slovakia, and will therefore have a strong foundation. Especially Poland is expected to see higher growth of 2.9 per cent, and economic experts are predicting that the Czech economy will begin growing again. Southeastern Europe is expected to see stable growth at 1.7 per cent in 2014. Romania's growth is projected to be 2.3 per cent, close to the regional average. In Russia, GDP is expected to expand by slightly below 2.0 per cent in 2014, after growth of 1.5 per cent in 2013. Expectations for investment activity and industrial production in the country are still restrained.

The positive development of the economy should also boost the equity markets, which are highly relevant for the direct business activities of Raiffeisen Centrobank. It is also expected that the continued low interest rate level will continue to have a strong influence on investor behavior and ensure positive sentiment on the equity markets. The equity price climb should continue in 2014, though at a slower pace than last year. This applies equally to the equity indices in RCB's important core markets such as the Austrian ATX, the Czech PX, and the Polish WIG20, where gains of between 8.5 and 12.7 per cent are projected.

These conditions should allow RCB's Equity Trading and Equity Sales departments to improve their results in 2014. RCB should be able to further improve its positive result in the segment from 2013. Conditions for the Structured Products department should be similar, and performance should continue in line with the record results achieved in 2013.

Even though the market conditions are likely to remain highly challenging, the good position that RCB Group occupies within RZB Group and in the core markets of Austria and Central and Eastern Europe should allow the Bank to achieve sustainable success in its central business areas again in 2014.

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

Another goal for 2014 is a stable cost base. Among other measures, the integration of various programs of our group parent should enable us to reach our efficiency targets.

The Bank is aiming to surpass the consolidated result for 2013. The "Securities Trading & Sales and Treasury" segment should make the greatest contribution to this. The other bank departments and subsidiaries are also expected to make stable contributions.

Significant Events after the Balance Sheet Date

Closing down of four subsidiaries and one representative office

In the frame of an ongoing optimization of the range of products and the improvement of cross-country synergies within RBI Group, the Supervisory Board of Raiffeisen Centrobank AG resolved in its meeting on March 19, 2014 that in the fields of M&A and ECM four Raiffeisen Investment Advisory GmbH subsidiaries (Romania, Bulgaria, Czech Republic and Ukraine) and one representative office (Serbia) will be closed. Current business activities will be assigned to local Raiffeisen network banks.

No negative financial consequences in relation thereto were known at the balance sheet date.

Research and Development

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

Distribution of the Profit 2013

The 2013 financial year closed with a net income for the year of € 5,510,173.22. Including the profit carried forward of € 12,914,973.54 the net profit for the year amounted to € 18,425,146.76.

The Executive Board of Raiffeisen Centrobank recommends to the Supervisory Board that a dividend of € 21.00 per share be distributed from the net profit as at December 31, 2013. This corresponds to a total dividend amounting to € 13,755,000 for 655,000 shares. The Executive Board further recommends to carry forward the remaining profit of € 4,670,146.76.

Vienna, April 11, 2014
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Statement of Legal Representatives pursuant to § 82 Stock Exchange Act

We confirm to the best of our knowledge that the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties the Company faces.

Vienna, April 11, 2014
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Individual Financial Statements of Raiffeisen Centrobank AG as at 31 December 2013 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, 2013

Assets	31/12/2013 €	31/12/2013 €	31/12/2012 in € thousand	31/12/2012 in € thousand
1. Cash in hand and deposits with central banks		4,336,858.96		5,523
2. Bonds and notes issued by public bodies eligible for refinancing with central banks bonds and notes issued by public bodies and similar securities		32,454,189.04		35,983
3. Loans and advances to credit institutions				
a) payable on demand	102,260,954.35		129,160	
b) other loans and advances	1,218,080,621.93	1,320,341,576.28	1,109,004	1,238,164
4. Loans and advances to customers		141,288,614.35		135,940
5. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	9,769,507.70		12,907	
b) issued by other borrowers	330,349,324.96	340,118,832.66	475,181	488,088
6. Shares and other variable-yield securities		501,753,622.44		492,702
7. Equity participations		5,137,370.67		5,154
8. Shares in affiliated companies		8,911,516.79		8,911
9. Intangible fixed assets		204,600.00		326
10. Tangible fixed assets		15,356,251.64		16,076
thereof land and buildings used by the credit institution for own purposes: € 12,218,767.92 previous year: € 12,512 thousand				
11. Other assets		127,825,748.76		169,660
12. Prepayments and other deferrals		1,713,847.92		1,441
Total assets		**2,499,443,029.51**		**2,597,968**
Off-balance sheet items				
1. Foreign assets		706,717,092.01		626,866

Equity and liabilities	31/12/2013 €	31/12/2013 €	31/12/2012 in € thousand	31/12/2012 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	13,752,260.81		7,120	
b) with agreed maturity dates or periods of notice	97,911,140.93	111,663,401.74	148,138	155,258
2. Liabilities to customers				
a) repayable on demand	121,410,315.56		122,247	
b) with agreed maturity dates or periods of notice	10,064,825.30	131,475,140.86	26,735	148,982
3. Securitised liabilities (other securitised liabilities)		676,673,971.11		768,303
4. Other liabilities		1,451,614,070.43		1,378,558
5. Accruals and deferred items		194,337.93		185
6. Provisions				
a) for severance payments	4,238,109.95		5,016	
b) for retirement benefits	462,473.96		449	
c) other provisions	15,376,309.23	20,076,893.14	15,711	21,176
7. Subordinated liabilities		0.00		20,516
8. Subscribed capital		47,598,850.00		47,599
9. Capital reserves (committed)		6,651,420.71		6,651
10. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	20,500,000.00	21,530,936.83	9,500	10,531
11. Liability reserve pursuant to Article 23 para 6 Austrian Banking Act		13,538,860.00		13,539
12. Net profit for the year		18,425,146.76		26,670
Total equity and liabilities		**2,499,443,029.51**		**2,597,968**
Off-balance sheet items				
1. Contingent liabilities arising from guarantees and assets pledged as collateral security		695,536.88		1,152
2. Credit risks		33,089,534.11		22,694
3. Commitments arising from fiduciary business transactions		7,091,124.47		7,091
4. Eligible own funds pursuant to Article 23 para 14 Austrian Banking Act		89,115,467.54		97,994
5. Own funds requirement pursuant to Article 22 para 1 Austrian Banking Act thereof: own funds requirement pursuant to Article 22 para 1 nos. 1, and 4 Austrian Banking Act: € 27,203,000.00, previous year: € 26,542 thousand		57,435,000.00		61,199
6. Foreign equity and liabilities		225,665,734.49		216,793

Income statement for the 2013 financial year

	2013 €	2013 €	2012 in € thousand	2012 in € thousand
1. Interest and interest-like income		12,485,269.74		16,733
thereof fixed-interest securities	4,424,907.16		6,122	
2. Interest and interest-like expenses		(16,954,297.36)		(14,039)
I. Net interest income		**(4,469,027.62)**		**2,694**
3. Income from securities and financial investments				
a) Income from shares, share rights and other variable-yield securities	14,312,595.93		11,921	
b) Income from shares in affiliated companies	5,403,655.37	19,716,251.30	4,240	16,161
4. Fee and commission income		30,516,437.95		27,137
5. Fee and commission expenses		(19,704,581.12)		(18,869)
6. Net profit on financial trading activities		40,404,588.54		41,994
7. Other operating income		3,598,143.95		1,372
II. Operating income		**70,061,813.00**		**70,489**
8. General administrative expenses		(45,301,204.62)		(46,336)
a) staff expenses				
aa) wages and salaries	21,984,484.58		24,016	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	4,855,181.31		4,970	
cc) other social expenses	519,246.28		435	
dd) expenses for pensions and assistance	675,226.85		695	
ee) provisions for retirement benefits	2,650.23		303	
ff) expenses for severance payments and contributions to severance funds	647,087.34		1,831	
	28,683,876.59		32,250	
b) other administrative expenses	16,617,328.03		14,085	
9. Value adjustments on asset items 8 and 9		(1,754,232.58)		(1,930)
10. Other operating expenses		(728,312.94)		(1,696)
III. Operating expenses		**(47,783,750.14)**		**(49,962)**
IV. Operating result		**22,278,062.86**		**20,527**

	2013 €	2013 €	2012 in € thousand	2012 in € thousand
IV. Operating result (= amount carried forward)		**22.278.062,86**		**20.527**
11. Loans loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		(341,045.59)		(630)
12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets		17,735.37		197
13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		(297,893.94)		0
V. Result on ordinary activities		**21,656,858.70**		**20,094**
14. Income taxes (thereof passed on from parent company: € 767,845.42 (previous year: € 867 thousand)		(1.963.935,83)		(1.492)
15. Other taxes unless included in item 14		(3,182,749.65)		(2,851)
VI. Net income for the year		**16,510,173.22**		**15,751**
16. Allocation to retained earnings		(11,000,000.00)		0
VII. Profit for the year		**5,510,173.22**		**15,751**
17. Profit carried forward		12,914,973.54		10,919
VIII.Net profit for the year		**18,425,146.76**		**26,670**

Development of Fixed Assets in the 2013 Financial Year

Amounts in €	Cost of acquisition Balance as at 1/1/2013	Cost of acquisition Additions	Cost of acquisition Disposals	Cost of acquisition Balance as at 31/12/2013	Accumulated depreciation	Carrying amount 31/12/2013	Carrying amount 31/12/2012	Depreciation in the financial year 2013
I. Intangible fixed assets								
Software licenses	**3,673,782.63**	**127,430.22**	**0.00**	**3,801,212.85**	**3,596,612.85**	**204,600.00**	**326,117.00**	**248,947.22**
II. Tangible fixed assets								
1. Land and buildings used by the credit institution for own purposes thereof value of property: € 3,066,200.92; previous year: € 3,066 thousand	14,789,785.11	0.00	0.00	14,789,785.11	2,571,017.19	12,218,767.92	12,511,858.92	293,091.00
2. Office furniture and equipment	17,469,874.76	786,878.36	63,267.69	18,193,485.43	15,056,001.71	3,137,483.72	3,563,938.72	1,212,194.36
	32,259,659.87	**786,878.36**	**63,267.69**	**32,983,270.54**	**17,627,018.90**	**15,356,251.64**	**16,075,797.64**	**1,505,285.36**
III. Financial investments								
1. Shares in affiliated companies thereof in credit institutions: € 0.00	9,450,702.79	0.00	0.00	9,450,702.79	539,186.00	8,911,516.79	8,911,516.79	0.00
2. Equity participations thereof credit institutions: € 0.00	5,154,405.61	2,295.00	0.00	5,156,700.61	19,329.94	5,137,370.67	5,153,969.61	18,893.94
	14,605,108.40	**2,295.00**	**0.00**	**14,607,403.40**	**558,515.94**	**14,048,887.46**	**14,065,486.40**	**18,893.94**
Total	50,538,550.90	916,603.58	63,267.69	51,391,886.79	21,782,147.69	29,609,739.10	30,467,401.04	1,773,126.52

Financial Statements as at December 31, 2013

Notes

A. Accounting Policies

General principles
The financial statements of Raiffeisen Centrobank for the 2013 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 2012 financial statements.

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

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

Trading portfolio – valuation of securities, futures and options
A daily market price system is applied for the valuation of securities held for trading purposes or as other current assets.

In terms of securities held for trading purposes or as other current assets, the company's portfolio of shares in publicly-listed companies as well as fixed-interest securities is reported at the share price prevailing on the balance sheet date. If no quotes or share prices are available the value is determined by means of valuation models.

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

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

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

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

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

Equity participations and shares in affiliated companies
Equity participations and shares in affiliated companies are principally capitalized according to the principle of "going concern" (the ability to continue functioning as a business entity) at their cost of acquisition. Depreciation is carried out when, in all probability, permanent impairment has taken place.

Intangible and tangible fixed assets
The valuation of intangible 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% and 14.3% p.a. for intangible fixed assets, 2.5% and 10.0% p.a. for immovable fixed assets, and 10% - 33% for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. 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 valuated according to the present value method, or according to common option value methods for the option component.

Provisions for severance payments
The provisions for severance payments are designed to fulfill legal demands, as well as those arising from individual or collective contractual agreements. Provisions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 3.5% (previous year: 3.5%), as well as an unchanged annual salary increase amounting to 3.0%.

The AVÖ (Austrian actuaries' association) 2008-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation. The underlying presumption is a decreasing fluctuation rate in connection with the earliest possible retirement date, at the age of 60 for women and 65 for men, taking into account the changes to Austria's General Social Security Law in accordance to the Budgetary Amendment 2003. The premium reserve amounts to 67.12% of the statistical termination benefit obligations on the balance sheet date.

Provisions for retirement benefits
Provisions for retirement benefits are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 3.5% (previous year: 3.5%), an unchanged 2.0% increase in the probable profit sharing rate, and a retirement age of 65 years. The AVÖ (Austrian actuaries' association) 2008-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation.

The premium reserve for of the pension plan reinsurance concluded for future beneficiaries is reported as "Other assets".

Other provisions
Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined.

B. Notes to the Financial Statements

I. Cash in hand and deposits with central banks
The balance sheet item A 1, which encompasses cash in hand and deposits with the Austrian National Bank, is reported as € 4.337 thousand (31/12/2012: € 5.523 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

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

Comparative figures as at 31/12/2012

as at 31/12/2012 in € thousand	0-3 months	3-12 months	1-5 years	>5 years	Total
Bonds and notes issued by public bodies	0	0	0	35,983	35,983
Loans and advances to credit institutions	23,722	578,942	495,840	10,500	1,109,004
Loans and advances to customers	6,229	614	26,228	11,644	44,715
Bonds, notes and other fixed-interest securities	89,274	102,754	290,056	6,004	488,088
Shares and other variable-yield securities	93,759	33,322	156,574	0	283,655
	212,984	**715,633**	**968,698**	**64,131**	**1,961,446**

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

as at 31/12/2013 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank has a direct shareholding (< 50%)
Loans and advances to credit institutions	1,192,617	0
Loans and advances to customers	37,498	514
Bonds, notes and other fixed-interest securities	277,999	0
Shares and other variable-yield securities	140,401	0
Other assets	56,858	9
	1,705,373	**523**

Comparative figures as at 31/12/2012

as at 31/12/2012 in € thousand	Loans and advances to affiliated companies (direct/indirect > 50%)	Loans and advances to equity participations in which Raiffeisen Centrobank has a direct shareholding (< 50%)
Loans and advances to credit institutions	1,076,150	0
Loans and advances to customers	45,359	514
Bonds, notes and other fixed-interest securities	428,147	0
Shares and other variable-yield securities	218,511	0
Other assets	54,194	9
	1,822,361	**523**

III. Securities

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

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

Comparative figures as at 31/12/2012

as at 31/12/2012[1] in € thousand	Unlisted	Listed	Total	Valued at market price
Bonds and notes issued by public bodies, A2	0	35,983	35,983	35,983
Bonds, notes and other fixed-interest securities, A5	0	488,088	488,088	488,088
Shares and other variable-yield securities, A6	205,996	286,705	492,702	492,702
Equity participations, A7	5,154	0	5,154	x
Shares in affiliated companies, A8	8,912	0	8,912	x

[1] Adjustment of previous year data

The fair value of securities held as other current assets exceeded the acquisition costs by € 46 thousand as at December 31, 2013 (31/12/2012: € 17 thousand).

As at December 31, 2013 balance sheet items A 2 and A 5 include fixed-interest securities amounting to € 372,573 thousand (31/12/2012 balance sheet item A 2 and A 5: € 524,071 thousand) of which € 121,541 thousand (31/12/2012: € 192,028 thousand) will fall due in the forthcoming year.

Balance sheet items A 7 and A 8 were valued according to the moderate lower of cost or market principle.

IV. Equity participations and shares in affiliated companies

The following list contains information on companies in which the bank directly held a minimum 20% shareholding on the balance sheet date.

Figures as at 31/12/2013

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

*) unaudited figures
**) formerly Raiffeisen Investment AG

Comparative figures as at 31/12/2012

in € thousand Name Domicile	Shareholding in %	Equity	Annual results 2012
1 Centrotrade Holding AG Vienna	100	6,636*)	3,042*)
2 Centrotrade Chemicals AG Zug	100	8,285	174
3 Raiffeisen Investment Advisory GmbH**) Vienna	100	669*)	(500)*)
4 Centro Asset Management Ltd. Jersey	100	1,010*)	293*)
5 Syrena Immobilien Holding AG Spittal/Drau	21	29,475*)	140*)

*) unaudited figures
**) formerly Raiffeisen Investment AG

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 € 127,826 thousand (31/12/2012: € 169,660 thousand) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2013 in the amount of € 118,380 thousand (31/12/2012: € 157,072 thousand) as well as loans and advances on tax authorities of € 1,355 thousand (31/12/2012: € 545 thousand).

VII. Liabilities

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

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

Comparative figures as at 31/12/2012

as at 31/12/2012 in € thousand	0-3 months	3-12 months	1-5 years	> 5 years	Total
Liabilities to credit institutions	148,138	0	0	0	148,138
Liabilities to customers	15,373	11,362	0	0	26,735
Securitized liabilities	98,370	138,533	525,456	5,944	768,303
	261,881	**149,895**	**525,456**	**5,944**	**943,176**

VII.2. Liabilities to affiliated companies and equity participations

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

Comparative figures as at 31/12/2012

as at 31/12/2012 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	64,498	0
Liabilities to customers	12,826	0
Other liabilities	34,842	0
	112,166	**0**

VII.3. Securitized liabilities

The balance sheet item P 3 contains own issues totaling € 134,925 thousand (31/12/2012: € 236,904 thousand), which will fall due in the course of 2014.

VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 1,451,614 thousand (31/12/2012: € 1,378,558 thousand) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of € 1,442,430 thousand (31/12/2012: € 1,370,246 thousand).

VII.5. Subordinated liabilities

Subordinated liabilities refer to a subordinated bond amounting to € 20,000 thousand issued in 2008 to strengthen the own funds of Raiffeisen Centrobank pursuant to Supervisory Board requirements. Further to the repurchase of the subordinated bond from Raiffeisen Malta Bank plc, Sliema, in December 2013 the item amounts to € 0 thousand.

VIII. Share capital

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

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

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

IX. Provisions

Other provisions

The balance sheet item P6 c) "Other provisions" amounting to € 15,377 thousand (31/12/2012: € 15,711 thousand) includes the following:

in € thousand	31/12/2013	31/12/2012
Bonuses	4,412	6,195
Litigation risks	3,526	3,247
Overdue vacation	1,556	1,593
Legal, auditing and consulting expenses	452	469
Provisions for credit risks	968	630
Provisions for the Securities Trading & Sales Department	238	264
Provisions for M&A projects	812	1,408
Provisions for outstanding invoices	758	777
Provisions for charged costs for Executive Board members	2,451	734
Management fees	94	83
Sundry	110	311
Total	**15,377**	**15,711**

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 € 944 thousand (31/12/2012: € 1,068 thousand), thereof € 257 thousand (31/12/2012: € 245 thousand) to affiliated companies. For the 2014 financial year, rental costs are expected to total € 1,123 thousand and 5,617 thousand for the 2014-2018 financial years, of which the rental costs to affiliated companies will total € 258 thousand and € 1,291 thousand, respectively.

XI. Supplementary data

Assets and liabilities in foreign currencies

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

Current value in € thousand	31/12/2013	31/12/2012
Assets	507,128	460,386
Liabilities	430,487	348,271

Volume of securities trading book pursuant to Article 22 n-q Austrian Banking Act[1]

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

Volumen	31.12.2013	31.12.2012[1]
Securities	3,153,900	3,338,770
Other financial instruments	3,933,572	3,763,060
Total	**7,087,472**	**7,101,831**

[1] The chart is in line with the reporting requirements Ona of the Austrian National Bank

Unsettled futures and options contracts according to the VERA scheme[1]

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

in € thousand	31/12/2013	31/12/2012[2]
Purchase contracts		
Interest rate futures	5,000	0
Currency and interest rate swaps in a single currency	10,673	20,760
Options on interest-rate instruments	200	500
Forward exchange contracts/gold contracts	61,404	43,084
Futures in asset values	1,618	0
Index future contracts	600,857	649,499
Options on asset values and equity index options	674,804	785,482
Precious metals and commodity future contracts	17,863	24,481
Commodity options	48,071	49,880
Other forward transactions, future contracts, options and similar transactions	35,762	38,949

in € thousand	31/12/2013	31/12/2012
Sales contracts		
Interest rate futures	36,000	55,600
Currency and interest rate swaps in a single currency	10,673	20,760
Forward exchange contracts/gold contracts	83,083	51,338
Futures in asset values	375	0
Index future contracts	159,997	161,150
Options on asset values and equity index options	2,035,835	1,680,581
Precious metals and commodity future contracts	0	328
Commodity options	252,045	213,013

[1] The chart is in line with the reporting guidelines VERA of the Austrian National Bank (Part A 1a unconsolidated statement of assets)
[2] Adjustment of previous year data

Securities trading book

A securities trading book is maintained pursuant to Article 22 o of the Austrian Banking Act. On the balance sheet date the trading volume at fair values (derivatives on shares, commodities, precious metals and gold with delta values) amounts to:

in € thousand	31/12/2013	31/12/2012[1]
Shares/ mutual funds	(168,743)	(304,298)
Listed options	(21,485)	(6,100)
Futures	433,542	466,186
Warrants/ certificates	(516,744)	(423,394)
OTC options	307,027	73,711
Purchased bonds	1,530,651	1,811,629
Issued guarantee bonds	(676,501)	(767,099)
Total	**887,747**	**850,635**

[1] Adjustment of previous year data

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on equities and equity/index futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates mainly on equities and equity indices (Turbo, Discount, Bonus and Open-End Certificates), and guarantee bonds with a payment structure related to equity or equity indices.

Listed derivatives are reported in the balance sheet at the listed market price. Unlisted derivatives are reported in the balance sheet with synthetic market prices. In both cases, adjustments in value are recognized through profit or loss in the income statement. The synthetic market prices are determined according to the bank's own evaluation methods, which are examined and approved by the risk management teams and which are based on recognized option-theoretical models.

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

The volume of derivative financial instruments in the banking book relates to an OTC product to hedge interest rate risks and to FX forwards to hedge currency risks. FX forward transactions are primarily concluded to hedge currency risks of the commodity trading subsidiaries. The transactions are valued at fair value applying observable market parameter. Currency derivatives as at 31 December 2013 come up to a fair value of € 118 thousand (31/12/2012: € 37 thousand).

The underlying transaction in an interest rate derivative are loans and advances to customers and liabilities to credit institutions. The derivative is recognized in the balance sheet as valuation unit with the hedged item at acquisition costs. The interest rate hedge has been concluded until the underlying transaction matures in 2016. The effectiveness of the hedge relations is determined according to the "critical term match". No provision for losses was made, neither on 31 December 2013 nor on 31 December 2012, due to the effectiveness of the hedge relation. The fair value as at 31 December 2013 came up to minus € 221 thousand (31/12/2012: minus € 397 thousand).

Volumes of derivative financial transactions according to the VERA scheme[1] are as follows:

in € thousand	Nominal amount		Positive fair value		Negative fair value	
31/12/2013	Banking book	Trading book	Banking book	Trading book	Banking book	Trading book
1. Interest rate contracts	**9,343**	**53,204**	**(221)**	**6,265**	**222**	**50,058**
1.1. OTC products	**9,343**	**12,204**	**(221)**	**43**	**222**	**(43)**
Interest rate swaps	9,143	12,204	(222)	43	222	(43)
Options on interest-rate instruments	200	0	1	0	0	0
1.2. Products traded on stock exchange	**0**	**41,000**	**0**	**6,222**	**0**	**50,101**
Interest rate futures	0	41,000	0	6,222	0	50,101
2. Foreign exchange contracts	**89,534**	**54,957**	**118**	**16,573**	**(118)**	**25,044**
2.1. OTC products	**89,534**	**11,835**	**118**	**0**	**(118)**	**2,660**
Forward exchange contracts	89,534	0	118	0	(118)	0
Gold contracts	0	11.835	0	0	0	2,660
2.2. Products traded on stock exchange	**0**	**43,122**	**0**	**16,573**	**0**	**22,384**
Forward exchange contracts	0	16,566	0	16,566	0	0
Currency futures/Gold contracts	0	26,556	0	7	0	22,384
3. Equity contracts	**0**	**3,827,222**	**0**	**721,339**	**0**	**1,101,183**
3.1. OTC products	**0**	**1,500,679**	**0**	**87,803**	**0**	**73,230**
Equity-/index-based options - purchased	0	537,301	0	87,254	0	0
Equity-/index-based options - sold	0	927,616	0	0	0	73,230
Other equity-based contracts	0	35,762	0	549	0	0
3.2. Products traded on stock exchange	**0**	**2,326,543**	**0**	**633,536**	**0**	**1,027,954**
Share and other equity/ index options and future contracts	0	1,960,395	0	612,691	0	854,592
Commodities/precious metals	0	317,979	0	20,845	0	122,624
Certificates (Reverse Convertibles)	0	48,170	0	0	0	50,738
Total OTC products	**98,877**	**1,524,718**	**(103)**	**87,846**	**104**	**75,847**
Total listed products	**0**	**2,410,665**	**0**	**656,331**	**0**	**1,100,439**
Total	**98,877**	**3,935,383**	**(103)**	**744,177**	**104**	**1,176,286**

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

C. Notes to the Income Statement

I. Interest and similar income

in € thousand	2013	2012
for liabilities to credit institutions	1,128	4,788
for liabilities to customers	3,573	3,272
for securitized liabilities	7,784	8,673
	12,485	**16,733**

II. Interest and similar expenses

in € thousand	2013	2012
for liabilities to credit institutions	(1,998)	(1,679)
for liabilities to customers	(147)	(508)
for securitized liabilities	(14,809)	(11,852)
	(16,954)	**(14,039)**

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

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

III. Fee and commission income

in € thousand	2013	2012
from securities business	13,043	13,568
from M&A transactions	11,931	11,308
from ECM transactions	4,059	709
from credit business	83	173
from payment transactions	227	208
from other banking services	1,174	1,171
	30,516	**27,137**

IV. Fee and commission expenses

in € thousand	2013	2012
from securities business	(13,714)	(14,612)
from M&A transactions	(4,333)	(3,140)
from ECM transactions	(543)	(3)
from payment transactions	(218)	(202)
from other banking services	(896)	(912)
	(19,705)	**(18,869)**

V. Net profit on financial trading activities

in € thousand	2013	2012
from the valuation and sale of certificates and shares	(8,806)	(94,025)
from the valuation and sale of other options and futures	49,497	135,247
from the valuation of spot and futures positions	(286)	772
	40,405	**41,994**

VI. Other operating income

The item includes mainly income from the repurchase of the subordinated bond from Raiffeisen Malta Bank plc, Sliema, in the amount of € 2,000 thousand and income from the release of non-interest bearing provisions in the amount of € 382 thousand.

VII. General administrative expenses

in € thousand	2013	2012
Office space expenses (maintenance, operation, administration, insurance)	(1,396)	(1,536)
Office supplies, printed matter, literature	(393)	(394)
IT costs	(2,239)	(2,058)
Communication costs	(1,001)	(1,109)
Information services	(3,011)	(2,486)
Car expenses and travelling expenses	(1,085)	(1,061)
Advertising and promotional expenses	(1,218)	(1,194)
Legal, advisory and consultancy services	(1,277)	(1,080)
Contributions to associations	(436)	(658)
Sundry	(4,561)	(2,509)
	(16,617)	**(14,085)**

The rise in "General administrative expenses" is attributable to costs for Executive Board members charged by Raiffeisen Bank International AG since August 2012.

VIII. Other operating expenses

"Other operating expenses" amounting to € 728 thousand (31/12/2012: € 1,696 thousand) primarily relates to expenses charged for non-banking transactions in the amount of € 504 thousand.

IX. Income taxes

Income taxes are comprised of the following:

in € thousand	2013	2012
Group taxation	768	867
Taxes for former periods	33	(18)
Not recognized as foreign withholding tax	1,163	643
	1,964	**1,492**

X. Deferred taxes

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

XI. Subordinated capital

Expenses related to subordinated capital amounted to € 336 thousand (31/12/2012: € 559 thousand) for the period under review.

XII. Expenses for auditing the financial statements

Expenses for auditing the financial statements split into expenses for auditing and for tax consultancy services are contained in the consolidated financial statements.

D. Other Disclosures

Contingent liabilities

The breakdown of contingent liabilities arising from guarantees and sureties totaling € 696 thousand (31/12/2012: € 1,152 thousand) consists of the following:

in € thousand	2013	2012
Letters of credit	248	419
Guarantees	448	732
	696	**1,152**
thereof for affiliated companies	248	419

In accordance with Article 93 Austrian Banking Act, the bank is legally obliged to provide for proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Fachverband der Raiffeisenbanken (professional association of the Raiffeisen Banking Group). This also entails an affiliation with Österreichischen Raiffeisen Einlagensicherung reg. GenmbH., Vienna (the deposit insurance arm of the Raiffeisen Banking Group, registered as a limited liability company). In the financial year the theoretical claim on this insurance is limited to a rate of 1.5% of the assessment basis in accordance with Article 22 para 2 Austrian Banking Act at the balance sheet date, plus the weighted items of the securities trading book, also in accordance with Article 22 Austrian Banking Act. These contingent liabilities are reported at a market value of € 0.07.

Commitments shown under the balance sheet

Commitments shown under the balance sheet amounting to € 33,090 thousand (31/12/2012: € 22,694 thousand) refer to irrevocable and revocable credit lines and standby facilities.

Other financial obligations

There is a liability relating to an obligation up to PLN 1,500 thousand (letter of comfort for repayment of a loan to Raiffeisen Investment Polska Sp.z.o.o., Warsaw).

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2013:

Item A 2 Loans and advances to credit institutions

€ 115,912 thousand (31/12/2012: € 122,269 thousand)
Collateral deposited with banks and stock exchanges for the securities and options business

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

€ 84,156 thousand (31/12/2012: € 104,604 thousand)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 6 Shares and other variable-yield securities

€ 10,989 thousand (31/12/2012: € 10,900 thousand)
Collateral deposited with banks and stock exchanges for the securities and options business

Letters of comfort

As at the balance sheet date a non-binding letter of comfort towards an associated company was in existence. No circumstances were known which would have involved a provision for contingent losses.

Trustee transactions

Trustee transactions not included in the balance sheet refer to one equity participation held in trust.

Own funds

The own funds of Raiffeisen Centrobank pursuant to Article 23 Austrian Banking Act (Tier 1) are comprised of the following:

in € thousand	31/12/2013	31/12/2012
Subscribed capital	47,599	47,599
Capital reserve	6,651	6,651
Legal reserve	1,031	1,031
Reserve pursuant to Austrian Banking Act	13,539	13,539
Other reserves	20,500	9,500
	89,320	**78,320**

Number of staff

	31/12/2013	Annual average	31/12/2012	Annual average
Salaried employees (including Executive Board)	249	249	250	245
thereof part-time	26	27	25	23
Wage employees	10	10	9	10
thereof part-time	5	5	2	1
Total	**259**	**259**	**259**	**255**

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

At the balance sheet date no advances and loans had been granted to members of the Executive Board.
No advances, loans or guarantees were granted to members of the Supervisory Board.

Expenses for severance payments and retirement benefits

Expenses for severance payments and retirement benefits (including contributions to pension funds and staff retirement benefit plans, as well as provisions for severance payments) amounted to € 607 thousand (2012: € 1,150 thousand) for members of the Executive Board and to € 1,325 thousand (2012: € 1,679 thousand) for other employees. Payment to pension funds came up to € 216 thousand (2012: € 203 thousand).

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

Premium paid for reinsurance for retirement benefits amounted to € 0 thousand (2012: € 158 thousand). In the reporting year the income resulting from the increase in the surrender value of the insurance came up to € 11 thousand (2012: € 200 thousand)[1].

[1] Adjustment of previous year data

Remuneration for members of the Executive Board and Supervisory Board

In the 2013 financial year remuneration for four Executive Board members totaled € 2,090 thousand (2012: € 3,163 thousand). As to the remuneration of the Executive Board € 1,785 thousand were charged by Raiffeisen Bank International AG (an affiliated company) and are included in "Other administrative expenses".

Severance payments in the amount of € 500 thousand were paid to Executive Board members in the 2013 reporting year. Unchanged to the previous year in 2013 attending fees in the amount of € 110 thousand were paid to members of the Supervisory Board.

Group relations

The company is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna, and is integrated in its consolidated financial statements, as well as in the consolidated financial statements of Raiffeisen Bank International AG, Vienna which provides the consolidated financial statements for the least number of companies required.

Raiffeisen Centrobank itself is considered to be a parent company pursuant to Article 30 para 1 Austrian Banking Act. Provisions pertaining to the exempting consolidated financial statements pursuant to Article 245 para 5 Austrian Commercial Code are not applicable, due to the fact that securities issued by the company are traded on an organized stock exchange as stipulated in Article 2 (37) Austrian Banking Act. For this reason, the company draws up its own consolidated financial statements for its subgroup in accordance with International Financial Reporting Standards. These consolidated financial statements are available at the relevant parent company as well as at the Commercial Court of Vienna.

Since December 17, 2008, the company has been a member of the corporate group Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) pursuant to Article 9 Austrian Corporation Tax Act. The application submitted by the company to become a group member of the corporate group RZB as of the business year 2008 pursuant to Article 9 Austrian Corporation Tax Act was notified to the financial authorities on December 19, 2008 and was approved by notice on April 22, 2009.

The taxable results of the members of the group are attributed to the parent company. Any tax adjustments between the parent company and the individual members of the corporate group are regulated in the form of a tax allocation agreement.

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

Executive Board	Eva Marchart	Chief Executive Officer
	Alfred Michael Spiss	Deputy Chief Executive Officer
	Gerhard Grund	Member of the Executive Board
	Wilhelm Celeda	Member of the Executive Board
Supervisory Board	Klemens Breuer Member of the Management Board, Raiffeisen Bank International AG, Vienna	Chairman since 15 July 2013 2nd Deputy Chairman until 15 July 2013
	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	1st Deputy Chairman
	Karl Sevelda Chief Executive Officer, Raiffeisen Bank International AG, Vienna	2nd Deputy Chairman since 15 July 2013
	Johann Strobl Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna and Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	Member
	Werner Kaltenbrunner Executive Director Raiffeisen Bank International AG, Vienna	Member
	Herbert Stepic Chief Executive Officer, Raiffeisen Bank International AG, Vienna (until 7 June 2013)	Chairman until 15 July 2013
State Commissioners	Alfred Hacker, Tamara Els	

Vienna, April 11, 2014
The Executive Board

Eva Marchart
Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Alfred Michael Spiss
Deputy Chief Executive Officer

Wilhelm Celeda
Member of the Executive Board

Auditor's report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of Raiffeisen Centrobank AG, Vienna, for the fiscal year from 1 January 2013 to 31 December 2013. These financial statements comprise the balance sheet as of 31 December 2013, the income statement for the fiscal year ended 31 December 2013, and the notes.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2013 and of its financial performance for the year from 1 January to 31 December 2013 in accordance with Austrian Generally Accepted Accounting Principles.

Report on the Management Report

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

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

Vienna, April 11, 2014
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
(Austrian Chartered Accountant)

Wolfgang Höller
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