



2001 ANNUAL REPORT

Raiffeisen *CENTROBANK AG*



Raiffeisen
CENTROBANK AG

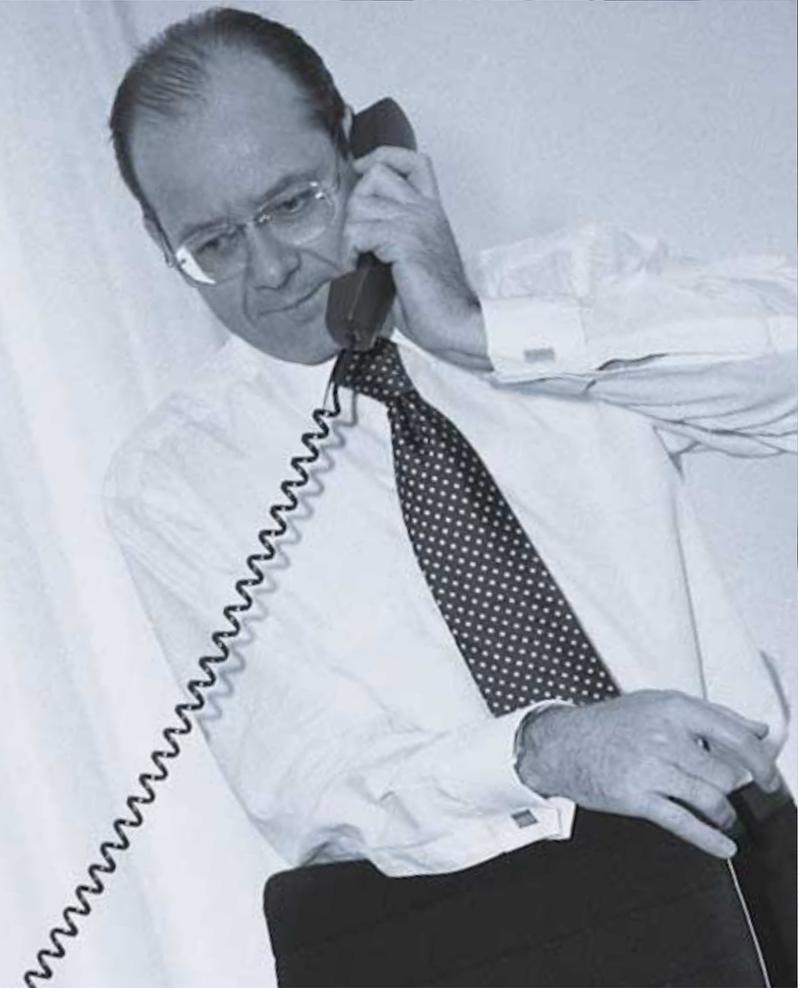
2001 Key Figures

| | 2001 € 1,000s | 2000 € 1,000s |
|--|------------------|------------------|
| BALANCE SHEET | | |
| Total assets | 669,001 | 732,486 |
| Subscribed capital | 47,599 | 47,600 |
| Reserves | 18,003 | 17,894 |
| Total net capital resources under § 23.14 Bankwesengesetz (Austrian banking act) | 64,403 | 65,135 |
| Required capital resources under § 22.1 Bankwesengesetz (Austrian banking act) | 28,023 | 36,963 |
| Solvency ratio | 19.3% | 15.6% |
| PROFIT AND LOSS ACCOUNT | | |
| Operating income | 26,862 | 27,784 |
| Operating expenses | (13,345) | (14,244) |
| Operating result | 13,517 | 13,540 |
| Expenditures arising from the valuation of current assets and from provisions for risks | (13,105) | (12,357) |
| Result of ordinary activities | 412 | 1,183 |
| Taxes | (285) | (258) |
| Annual surplus | 127 | 925 |
| Adjustment of reserves | (108) | (852) |
| Profit for the year | 19 | 73 |
| Profit brought forward | 552 | 479 |
| Net profit | 571 | 552 |
| EMPLOYEES | | |
| Employees (average for the year) | 98 | 93 |



Contents

| | |
|--|----|
| Bodies of the Company | 5 |
| Raiffeisen CENTROBANK Group | 6 |
| Foreword from the Chairman of the Supervisory Board | 9 |
| Foreword from the Chairman of the Executive Board | 11 |
| Commentary of the Executive Board | 13 |
| Trading and Sales of Securities and Derivatives | 13 |
| Company Research | 14 |
| Equity Capital Markets | 15 |
| Mergers & Acquisitions (M&A) | 16 |
| Private Equity and Venture Capital | 17 |
| Private Banking | 19 |
| Staff | 19 |



Bodies of the Company

Executive Board

Gerhard VOGT
Chairman

Christian SPERK

Eva MARCHART

Alfred Michael SPISS

Gerhard GRUND (since 1/1/2002)

Supervisory Board

Robert T. FOX
Chairman until 14/11/2001

Walter ROTHENSTEINER
Chairman since 14/11/2001

Herbert STEPIC
Deputy Chairman until 14/11/2001

Jerzy SUCHNICKI
Deputy Chairman until 14/11/2001

Helfried MAREK
First Deputy Chairman since 14/11/2001

Herbert STEPIC
Second Deputy Chairman since 14/11/2001

Malcolm F. WILLIAMS (until 14/11/2001)

Helfried MAREK (until 14/11/2001)

James L. POPE (until 14/11/2001)

Jerzy PLUSA (until 14/11/2001)

Karl SEVELDA (since 14/11/2001)

Christian TEUFL (since 27/4/2001)

from left to right:

Christian Sperk

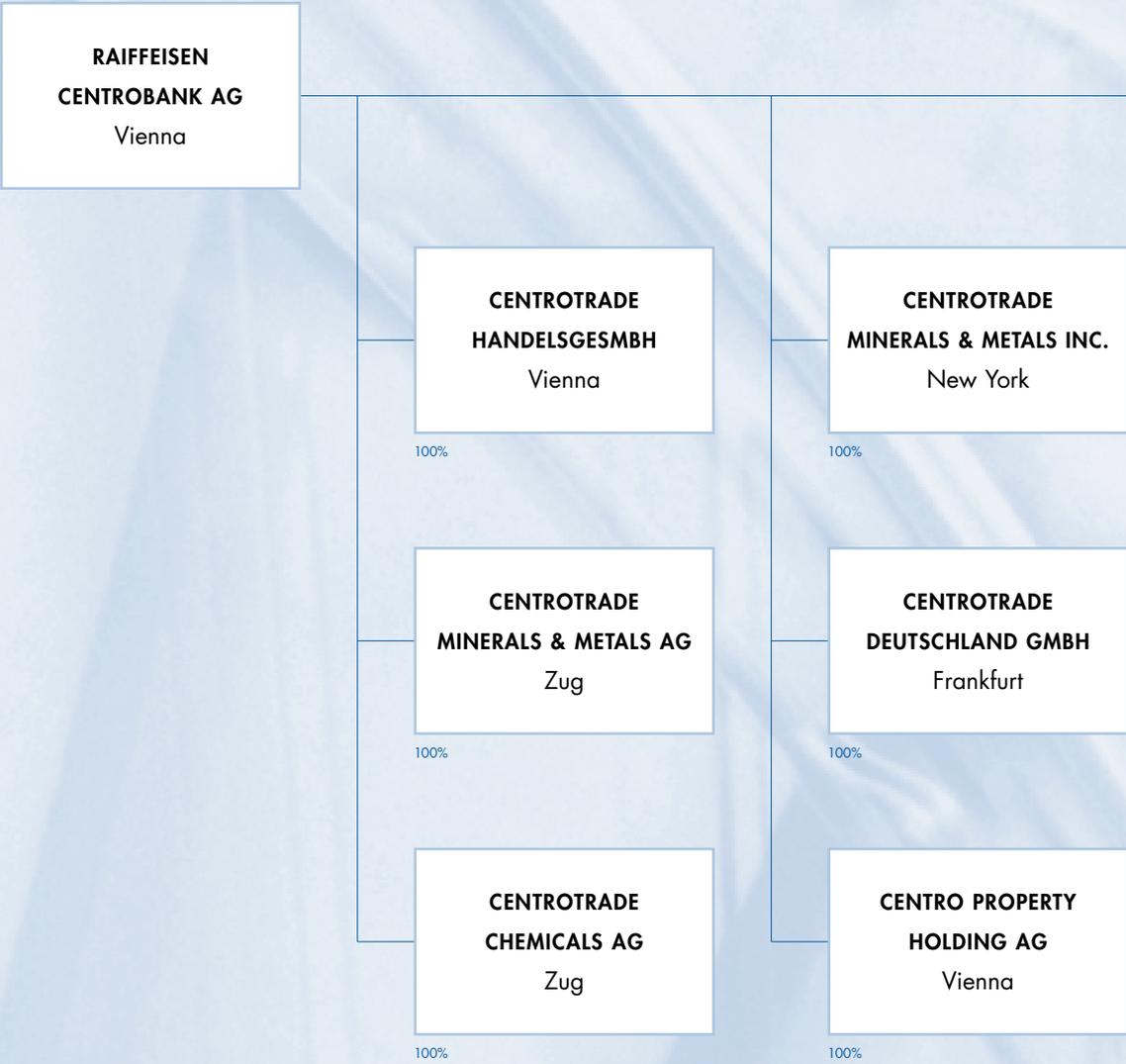
Gerhard Grund

Alfred Michael Spiss

Eva Marchart

Gerhard Vogt

Raiffeisen CENTROBANK Group



Representatives



As at May 2002



“Raiffeisen CENTROBANK combines specialized international calibre with the equities business of
The result is a dynamic and agile invest

Foreword from the Chairman of the Supervisory Board

To our customers:

It is a great pleasure for me as Chairman of the Supervisory Board of Raiffeisen CENTROBANK (RCB) to present the annual report of Raiffeisen CENTROBANK AG, which is a new and specialized investment bank within the Raiffeisen Banking Group.

I am even more pleased to be able to report that by the end of 2001, Raiffeisen Zentralbank Österreich AG had been able to acquire the shares held by CENTROBANK's other shareholders, thus increasing its stake in the company—with which it has maintained a long-standing relationship since 1984—from 40 to 100 per cent. RCB is now a streamlined and hard-hitting investment bank. It brings together expertise in the equities field within

the scope of a dynamic and agile entity that enjoys the support of a major Austrian financial institution. RCB is now a highly specialized entity within the Raiffeisen Banking Group that focuses its activities on the equities segment.

I therefore welcome RCB into our long-established Austrian banking group, which is a deeply rooted part of Central Europe's financial and industrial sectors.



Walter Rothensteiner
Chairman of the Supervisory Board

banking services of an
a major Austrian bank.
ment bank.”



“Raiffeisen CENTROBANK is a top-of-the-line Austrian provider of financial services in the equities segment.”

Foreword from the Chairman of the Executive Board

To our customers:

The 2001 financial year was certainly not “business as usual”. The global markets had a challenging and difficult year. Nevertheless, we achieved a very solid operating result, and a decision was also taken that represented a milestone for the future of our company: CENTROBANK became fully integrated into its long-standing shareholder Raiffeisen Zentralbank Österreich AG. The way was thus paved for our institution to become Austria’s top investment bank with the backing of an outstanding network in Central and Eastern Europe.

Raiffeisen CENTROBANK AG (RCB) is a top-of-the-line provider of financial services in the equities segment. We offer a full range of trading and sales services in both securities and derivatives that is unparalleled in Austria. We intend to become the pre-eminent specialist in “Emerging Europe” and the leading

equities researcher for Central and Eastern Europe. We will also focus on IPOs, mergers and acquisitions, private equity and venture capital, reflecting our commitment to offering our clients tailor-made solutions of an international calibre.

We aim high and we are confident of achieving our goals—based on the support of the Raiffeisen Banking Group, 25 years of expertise, and a track record of solid results in previous years.



Gerhard Vogt
Chairman of the Executive Board



“100 per cent dedication and personal commitment, teamwork and individual customer counselling—those are the foundations upon which Raiffeisen CENTROBANK’s vision is built.”



Commentary of the Executive Board

The Executive Board remained true to the company's proven traditions throughout 2001. We were genuinely one team, working together with our staff to deliver good results for both shareholders and customers. Thanks to our staff—with their day-to-day commitment to actively servicing customers within the scope of our operating activities—we were able to cultivate close relationships with our customers through our outstanding sales department, and we will devote every effort to continuing to maintain those relationships.

The last quarter of 2001 brought significant changes in the Executive Board and in our front-office areas. In 2002, a number of departments—Equity Capital Markets, Mergers and Acquisitions, Private Equity, Venture Capital, Company Research—were transferred from Raiffeisen Zentralbank Österreich AG (RZB) to Raiffeisen CENTROBANK (RCB), rounding off the full range of services we provide.

Since we became part of the RZB Banking Group, new strategies have been defined. The following areas will be particularly important:

Trading and Sales of Securities and Derivatives

The Securities Department again accounted for the lion's share of RCB's 2001 profit, and it will remain at the centre of our activities. Its good results were the fruit of the close relations we have maintained with our customers, of our expertise, and of our staff and the exceptional breadth of their capabilities.

Our focus is on providing services to institutional investors in Austria and abroad and on offering a wide range of warrants and special financial services to both institutional investors and a broader clientele.

We believe that there are three strategic prerequisites for success: leadership in the Austrian marketplace, a niche-player role within the European Union (in particular in Germany), and strategic expansion into Central and Eastern Europe.



The amalgamation of the equities trading operations of Raiffeisen Zentralbank Österreich AG and CENTROBANK gave us leadership of the market, with a market share of more than 20 per cent in the securities and derivatives segment. As the major market maker on the Vienna stock exchange, RCB has set new standards in the specialist market. Indeed, management of a share by RCB has become an acknowledged sign of quality.

RCB is consistent in its determination to reinforce its standing as niche player in the international equities business. It is a full member of various European securities and derivatives stock exchanges and is known as a highly skilled market maker and trader in the international marketplace. RCB is the sole Austrian provider of warrants and structured products, whose issues are listed

and traded on Europe's major warrants exchange in Stuttgart.

The combining of forces by Raiffeisen Zentralbank and CENTROBANK has also made RCB one of the foremost providers of securities from Central and Eastern Europe. The total integration of the Vienna and London branches will establish RCB as an "Emerging Europe" specialist. Our position in the region will gain added strength from our integration into RZB's 13 network banks and local banks in Central and Eastern Europe.

Company Research

The company research department is an essential provider of services to institutional investors and corporations. Strengthened by its integration into the Raiffeisen Banking



Group, RCB is the pre-eminent provider of company research services in Austria and in Central and Eastern Europe. We will endeavour to reinforce that position. Our activities in this field focus primarily on research services in connection with new issues, primary market reports emphasizing mainly Austrian companies listed on the Vienna, *Neuer Markt* Frankfurt, Nasdaq Europe and Zurich stock exchanges, as well as sector reports on selected stocks from the German-speaking area. Central and Eastern European countries are serviced by local offices or our branch in London.

Our research team has received numerous awards in recognition of its expert knowledge of companies, financial markets and economic processes. In 2000, Austrian economic and financial journalists voted it no. 1 in ability, and it was ranked no. 2 for performance in buy

recommendations and no. 3 on an individual-score basis during the *Analyst Awards 2001*.

That researching expertise supports the sales activities of our core departments—Securities and Derivatives, Private Equity and Venture Capital—to round off the service line.

Equity Capital Markets

The Equity Capital Markets Department provides a comprehensive range of services, including launches (IPOs, SPOs), private placements, structured products (e.g. convertible bonds), consultancy services during capital market transactions (e.g. during takeover bids, stock option programmes, stock splits and delistings) as well as follow-up services after IPOs.



Extensive knowledge of the market, a wide range of services and the maintenance of contacts with prospective clients and the financial community optimize earnings and diversify risks.

Despite an adverse environment for new issues in the international and Austrian capital markets during 2001, the ECM Department played a prominent role in new issues on the Vienna stock exchange (*Andritz AG*, *Palfinger AG* and *Energie-Versorgung Niederösterreich – EVN AG*), carried out two private placements and rendered consultancy services to a variety of clients.

The integration of RCB into the RZB Banking Group in Central and Eastern Europe and RCB's profound knowledge of the region

will add to the effectiveness of the ECM Department.

Mergers & Acquisitions (M&A)

The M&A segment had a difficult year in the face of the global economic downturn and serious doubts about the integrity of accounting practices in the USA. However, the situation should improve in 2002.

RCB together with Raiffeisen Investment AG (RIAG)—a subsidiary it has acquired from RZB—will benefit from the upturn and hope to increase their market shares in both Austria and the CEE countries. RIAG will be assisting RCB in the Austrian M&A market, above all by providing private equity services for medium-sized companies, developing business concepts



and acting as an advisor and consultant. We also provide advisory services to provinces and municipalities during privatizations within Austria. In Central and Eastern Europe, RIAG will be acting as a privatization consultant to governments and supranational organizations—the European Bank for Reconstruction and Development (*EBRD*), the World Bank and the European Union—and will be arranging acquisitions in the region.

Private Equity & Venture Capital

The Private Equity Department is primarily a provider of services to medium-sized Austrian companies. Following a boom in 2000, the private equity market suffered a severe slump in 2001. Competition was tough in the fundraising segment, while volumes of equity partici-

pations fell in the wake of value losses and difficulty exiting from investments. In addition, more strictly applied investment criteria exacerbated the drop in investment volumes. However, the situation in the market should improve in the second half of 2002.

The comparatively young Austrian market has entered a period of consolidation and “professionalization”. RCB will be offering top-quality investments in venture capital and private equity funds both within and outside the Raiffeisen banking organization. In addition, RCB acts as mediator in the sale of private equity of Austrian and foreign origins to the corporate sector. It is thus contributing to the Austrian market’s development and is acting as a hub for private equity and venture capital transactions within Central Europe.



Private Banking

Our customers have benefited for years from the personalized services of our team of experts, and in the future they will also benefit from a broader range of services and expertise of the kind that can only be provided by a larger bank.

RCB designs tailor-made solutions for a selected private banking clientele. We develop integrated asset management concepts and deal with any questions that may arise in connection with private and corporate assets.

Moreover, RCB arranges special private foundation models (so-called *Privatstiftungen*).

Staff

In anticipation of the development and expansion of new business segments in 2002 and the associated increase in the workforce, we reconfigured the pertinent departments last year and hired new staff for both front- and back-office functions. RCB can continue to count on the key assets in the implementation of its new ideas and the attainment of future goals: the knowledge and expertise of its staff.

The Executive Board:



Gerhard Vogt
Chairman



Christian Sperk



Eva Marchart



Alfred Michael Spiss



Gerhard Grund

