Annual Financial Report 2009

Raiffeisen CENTROBANK
Member of RZB Group

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Part 1
Raiffeisen Centrobank - Group

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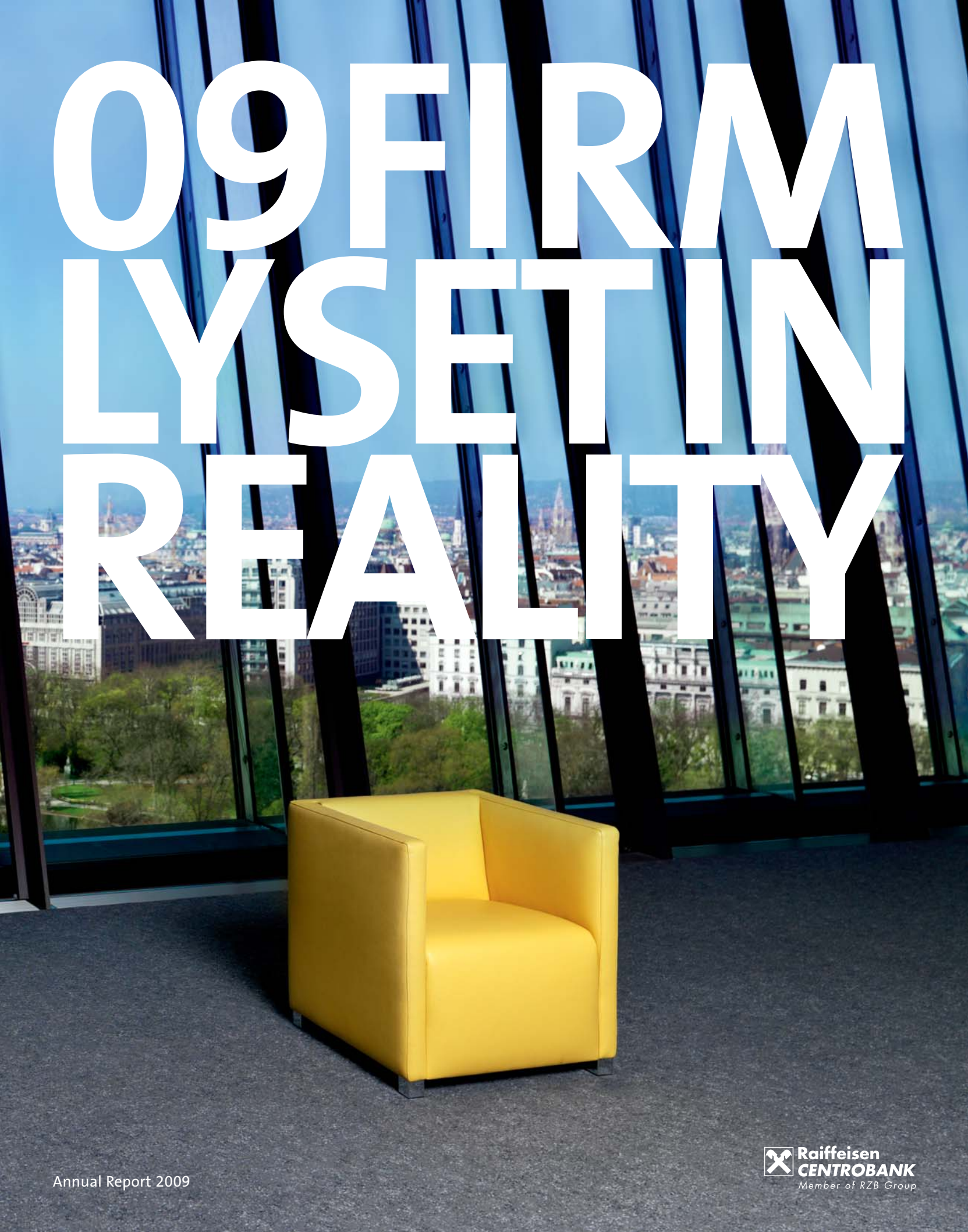

Annual Report 2009

Raiffeisen CENTROBANK
Member of RZB Group

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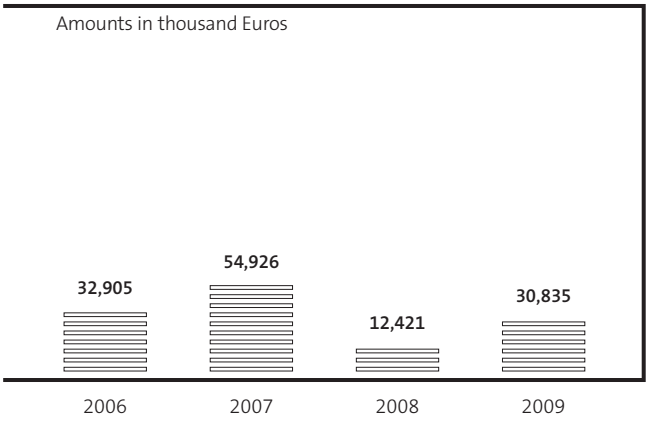
Key Data 2009 of Raiffeisen Centrobank Group

Amounts in thousand Euros / in percent	2009	2008	Change
Income Statement			
Net interest income	8,713	8,004	+ 8.9 %
Net fee and commission income	13,670	17,605	– 22.4 %
Trading profit	43,650	33,300	+ 31.1 %
General administrative expenses	– 57,767	– 53,353	+ 8.3 %
Profit before tax	30,835	12,421	+ 148.2 %
Profit after tax	25,980	10,643	+ 144.1 %
Balance Sheet			
Loans and advances to credit institutions	480,092	359,384	+ 33.6 %
Loans and advances to customers	51,490	96,104	– 46.4 %
Trading assets	1,355,765	1,167,902	+ 16.1 %
Liabilities to credit institutions	143,726	241,597	– 40.5 %
Liabilities to customers	119,559	215,589	– 44.5 %
Trading liabilities	1,537,839	1,130,609	+ 36.0 %
Equity incl. profit after tax	118,013	106,246	+ 11.1 %
Total assets	1,995,404	1,769,298	+ 12.8 %
Indicators			
Return on equity before tax	33.1 %	13.5 %	–
Cost/Income ratio	65.3 %	82.8 %	–
Bank-specific indicators pursuant to the Austrian Banking Act			
Eligible own funds	98,138	98,014	+ 0.1 %
Total own funds requirement	49,314	53,061	– 7.1 %
Excess own funds	48,824	44,953	+ 8.6 %
Excess cover ratio	199.0 %	184.7 %	–
Resources			
Employees at end of period	325	312	+4.2 %

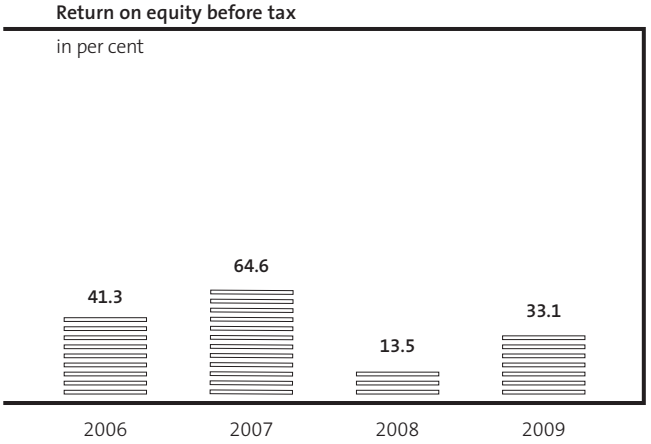
Profit before tax

Amounts in thousand Euros



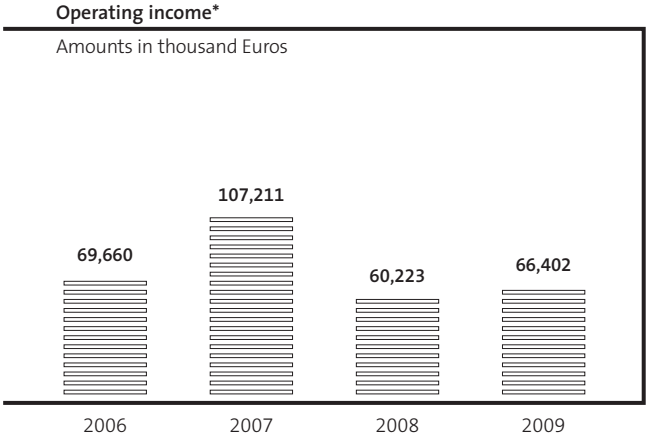
Return on equity before tax

in per cent



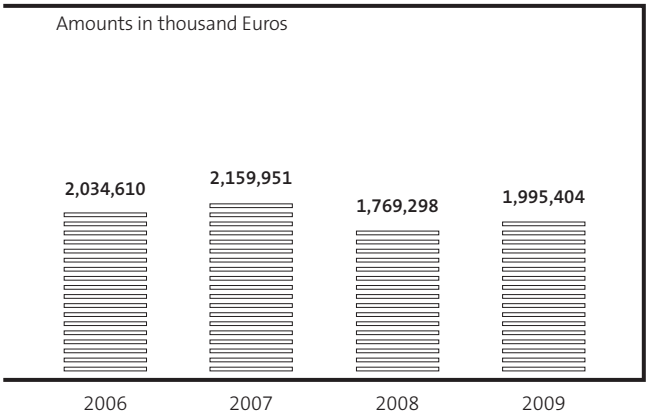
Operating income*

Amounts in thousand Euros



Total assets

Amounts in thousand Euros



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

Foreword by the Chairman of the Executive Board

2009 was a challenging year and a good one for the companies of the Raiffeisen Centrobank Group as a whole.

2009 will also go down in economic history as the year in which the "perfect storm" gathered over markets and regions. This is a phenomenon that meteorologists refer to when weather conditions, which individually would not be anywhere near as devastating, strike simultaneously. As a special organisation of the RZB Group for all services relating to equity transactions, our business activity focuses on trading in securities, issuing stock-related and stock index-related derivatives and structured products (certificates and guaranteed bonds), consulting on and executing capital market transactions as well as consulting on takeovers and mergers – the M&A business. This means that we operate in the core area of investment banking and were therefore directly affected by the fallout from the financial and economic crisis. It also means that 2009 was a year in which an entire industry came under the sustained fire of media and political criticism: in many areas this was fully justified and understandable, but at no time did it draw a distinction between the very differently operating market participants and the very different marketplaces.

It remains our goal to counteract this criticism of and behaviour towards an entire branch of industry by presenting evidence of sound business activity which is committed to long-term efficiency.

If the forecasts concurred that 2009 would not be the year of the recovery, but could at best be the year we touched bottom, then the example of turnovers on the Vienna Stock Exchange, the central barometer for our company, illustrates how dramatically things have developed: in 2008, which was already marked by the very weak months of November and December, annual turnover reached EUR 144.66 bn, before collapsing to EUR 73.01 bn in 2009. A quarterly comparison is even more dramatic, with turnover of EUR 45,56 bn in Q1 2008 stacking up against turnover of EUR 14.45 bn in Q1 2009. These figures illustrate the serious turbulences and distortions we had to adapt to and which the steep price rises from the end of Q1 2009 and increasing signs of recovery have been unable to change. Buying interest returned, but with great hesitation – it was, so to speak, a price rally without the feel-good factor.

We reacted to this with even greater commitment towards our customers, continued cost discipline without compromising on quality, investments in risk management and training, as well as the expansion and diversification of our product portfolio in response to changing customer needs.

In a year in which not a single IPO necessarily entailed company presentations or supported sales, our teams engaged in some two hundred presentation activities – double the number in 2008. They organised investor conferences, one-off roadshows across Europe, capital market days, workshops and training seminars, and participated in investors' fairs.

These activities also underscore the central bias of our business policy: we do not just pick and choose top-class transactions with fee volumes to match, but provide our customers – both companies and investors alike – with lasting, enduring support through all cycles of their business existence.

We support the real economy with a range of real services and products, and are not orientated towards speculative profits with high leverage – or to put it briefly: "Raiffeisen Centrobank, firmly set in reality."

In 2009, as in 2007 and 2008, a disciplined and uncompromising valuation policy produced not only stability, but has also already supported the recovery and is another cornerstone of our sustainable approach to doing business.

2009 was also the year that saw confirmation of our efforts to provide quality at the top of our industry: national and international awards both for individual members and the research team as a whole, national and international awards for our certificates and the appointment of one of our company's man-

*** Eva Marchart**
Chairman of the Executive Board

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agers to Chairwoman of the Board of the Austrian Certificate Forum highlight the level of recognition we enjoy within the industry. An award presented by the German Designer Club in Frankfurt in the category of Corporate Communication for our 2008 financial report also imbued us with a feeling of excellence.

The numerical bottom line of our business effort is excellent, not only when set against the backdrop of a recessionary market environment caused by a financial and economic crisis:

Group net profit before tax increased in 2009 to EUR 30.8 m, of which EUR 22.3 m were accounted for by the underlying banking business of Raiffeisen Centrobank AG and in particular on the segment of "Securities Trading & Sales and Treasury", in line with our strategic orientation.

Another point that must be highlighted is the M&A result of the Raiffeisen Investment Group, which was able to achieve a balanced operating result despite transaction figures in the markets of the CEE region, Russia and Turkey halving and transaction volumes collapsing to around one fifth of their previous level. This area of the business also includes the major effects of the addition of four CEE subsidiaries of Raiffeisen Investment AG to the scope of consolidation, with a positive first-time consolidation effect of EUR 4.1 m.

Another positive factor was the contribution of the Centrotrade Commodity subsidiaries of EUR 3.4 m, especially as it delivered a return on equity (ROE) of around 20 per cent in this segment, second only to the securities segment with around 35 per cent.

The result-orientated key figures for the Group as a whole of 33.1 per cent ROE and 65.3 per cent cost/income ratio, together with an equity ratio of 15.9 per cent, round off the picture of a fundamentally stable group with a focus on success.

Our staffing policy also reflects our efforts to create a modern, diversified business structure, whose positive contribution to enduringly successful business has been clearly proven:

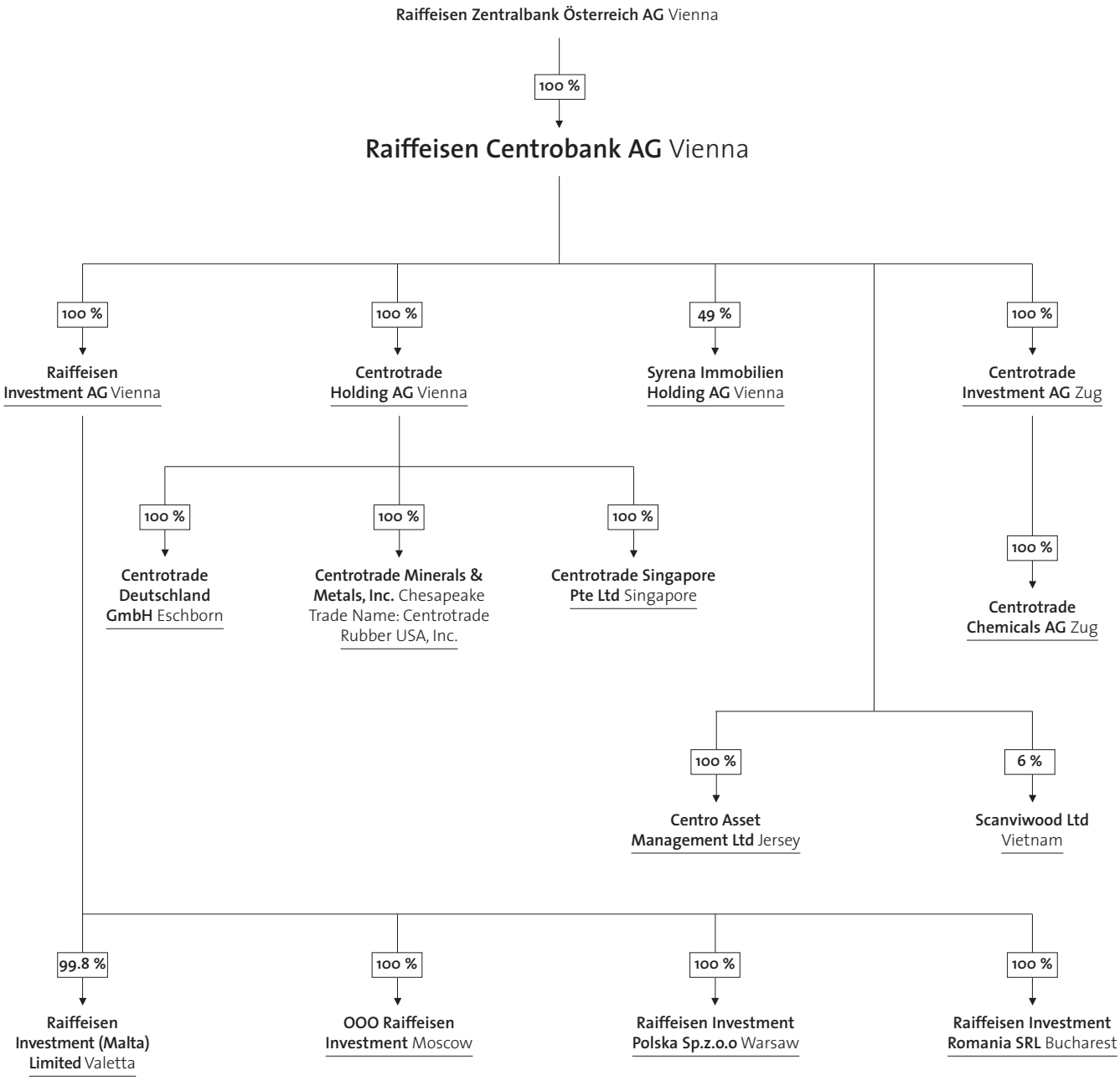
14 different nationalities are represented in the Vienna-based parent company Raiffeisen Centrobank AG alone, while the proportion of female senior managers and directors is 42 per cent, with an overall proportion of women of 43 per cent.

As far as developments in international financial market supervision are concerned, the efforts being made to enhance coordinated supervision, which covers all products and all market participants and contributes to the avoidance of excess risks, are only to be welcomed and supported from the perspective of the serious market participant. It is anticipated that these efforts will reduce distortions of competition and have a stabilising effect on the markets. As much as there should be no question that financial market supervision represents an EU-wide, or better still a global issue, there should also be no question that new banking taxes in the form of transaction taxes could only have a positive controlling function if they were implemented globally; even introduction across the EU would, at the very least, bring about a comparatively easy to implement change to international transaction streams, which would only be to the detriment of smaller markets and market participants.

This year, I would particularly like to highlight and acknowledge the services rendered by our staff over the past financial year: in a volatile environment devoid of the support of constant growth, it is frequently more difficult to provide excellent services, to act professionally and with risk awareness and to double one's efforts, even though the gains are not immediately evident. For this, I would like to thank you all.

We were also supported in our business activities by the confidence of our owner, Raiffeisen Zentralbank Österreich AG, represented by its appointed supervisory board members of our institution. Our thanks to them for their constant interest and constructive cooperation in our success and also to the numerous colleagues of our "sister" company, Raiffeisen International AG, with whom we cooperate in the CEE markets in so many ways.

Eva Marchart
Chairman of the Executive Board


Raiffeisen Zentralbank Österreich AG Vienna
100 %
Raiffeisen Centrobank AG Vienna
100 %
Raiffeisen Investment AG Vienna
100 %
Centrotrade Holding AG Vienna
49 %
Syrena Immobilien Holding AG Vienna
100 %
Centrotrade Investment AG Zug
100 %
Centrotrade Deutschland GmbH Eschborn
100 %
Centrotrade Minerals & Metals, Inc. Chesapeake Trade Name: Centrotrade Rubber USA, Inc.
100 %
Centrotrade Singapore Pte Ltd Singapore
100 %
Centrotrade Chemicals AG Zug
100 %
Centro Asset Management Ltd Jersey
6 %
Scanviwood Ltd Vietnam
99.8 %
Raiffeisen Investment (Malta) Limited Valetta
100 %
OOO Raiffeisen Investment Moscow
100 %
Raiffeisen Investment Polska Sp.z.o.o Warsaw
100 %
Raiffeisen Investment Romania SRL Bucharest

Corporate Bodies

Executive Board	Eva Marchart	Chairman
	Alfred Michael Spiss	Deputy Chairman
	Gerhard Grund	Member
Supervisory Board	Walter Rothensteiner Chairman of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	Chairman
	Patrick Butler Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	First Deputy Chairman
	Herbert Stepic Chairman, Raiffeisen International Bank-Holding AG, Vienna	Second Deputy Chairman
	Karl Sevelda Member of the Management Board, Raiffeisen Zentralbank Österreich AG, Vienna	Member
	Johann Strobl Member of the Executive Board, Raiffeisen Zentralbank Österreich AG, Vienna	Member
	Christian Teufl Director, Raiffeisen Zentralbank Österreich AG, Vienna	Member
State Commissioners	Peter Braumüller Divisional Director Tamara Els Deputy Assistant	

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

Foreword by the Chairman of the Supervisory Board

Dear Ladies and Gentlemen, In 2009 we experienced the most severe worldwide recession since 1945, which continued unabated up to the initial modest signs of recovery after the first half-year. This period brought a GDP decline of 3.5 percent for Austria, and the euro zone only managed to overcome the downturn after three negative quarters.

Stock markets across the world were affected by high volatility throughout 2009, with massive slumps at the beginning of the year followed by a let-up in this instability during the summer. The recovery on international markets has continued since that time. Risk aversion also began to subside, largely due to the economic stimulus packages implemented by national governments. Concerted cross-border measures also had a positive effect through support for the countries hardest hit by the crisis.

The challenges were significant for all financial market participants, but only a selected few were able to demonstrate strong staying power. For Raiffeisen Centrobank AG, which is responsible for the equity-based investment banking business of the RZB Group, 2009 was a successful year. Profit before tax recorded by the Raiffeisen Centrobank Group rose by more than 148 percent year-on-year to EUR 30.8 million.

The climate on the Vienna Stock Exchange remained difficult throughout the year. In spite of these adverse conditions, Raiffeisen Centrobank was able to maintain its market share of 7 percent.

This RZB specialised equity house also holds a top position in structured products. With a current total of more than 2,200 listed instruments, it has gained a market share of roughly 30 percent.

Raiffeisen Centrobank, as the equity house of the RZB Group, was once again the undisputed number one market maker and specialist on the Vienna Stock Exchange in 2009. This standing is even more remarkable given the massive crisis-related slump in many segments of the business.

Raiffeisen Centrobank reacted to the year's developments by adjusting and further developing its processes and systems to meet the changing needs of customers and market conditions, and thereby successfully directed the company through a year of consolidation. This reflects the basic understanding of business policies in the Raiffeisen family: a long-term perspective, future-oriented thinking, and the protection of sustainable growth.

A major contribution to the success of Raiffeisen Centrobank in 2009 was once again provided by the commitment, expertise, and performance of employees. The Supervisory Board would like to thank the Executive Board and staff of the Raiffeisen Centrobank Group for their extraordinary efforts. After an economically challenging year, we look forward to 2010 with significant optimism.

Walter Rothensteiner
Chairman of the Supervisory Board

*** Walter Rothensteiner**
Chairman of the Supervisory Board

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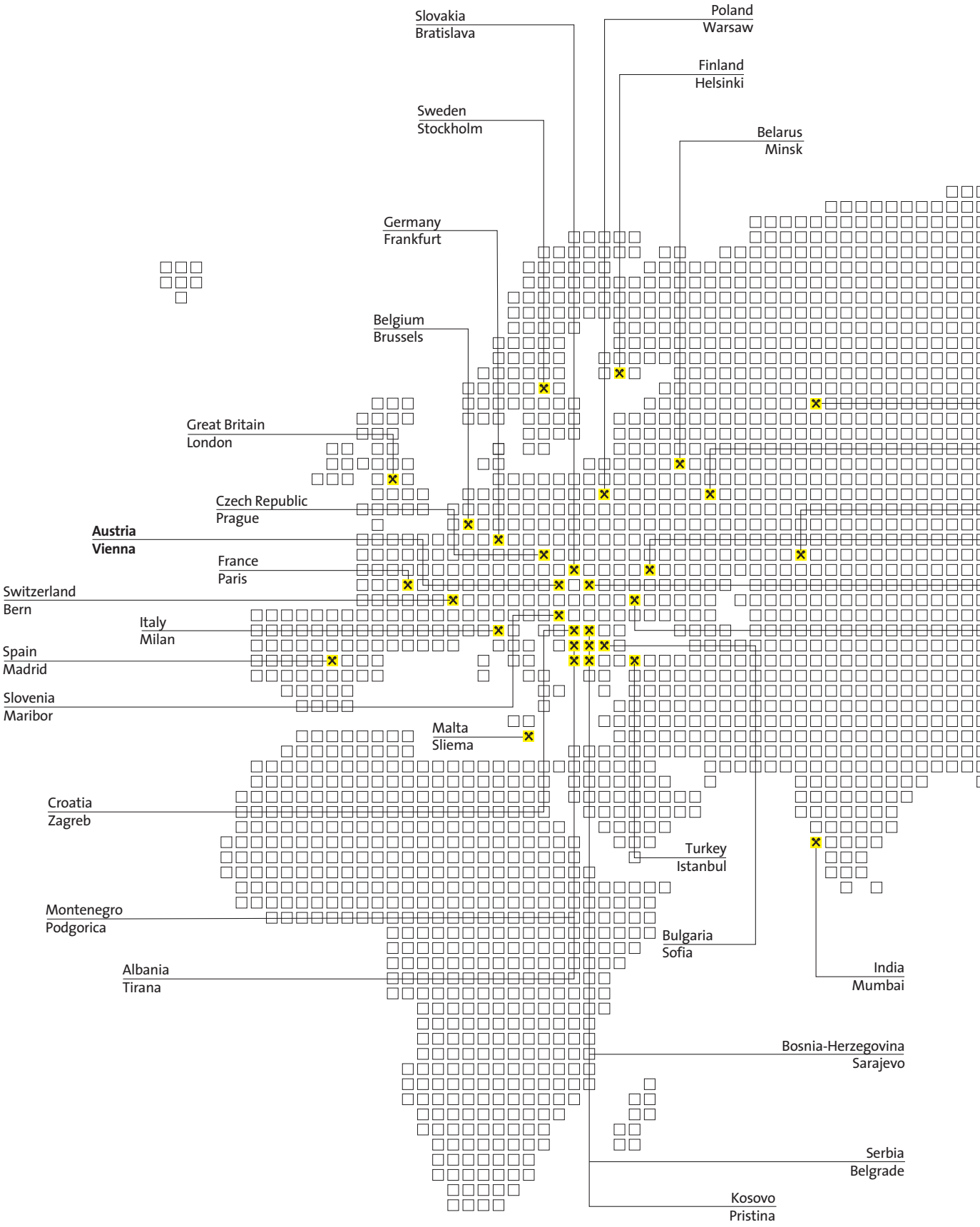
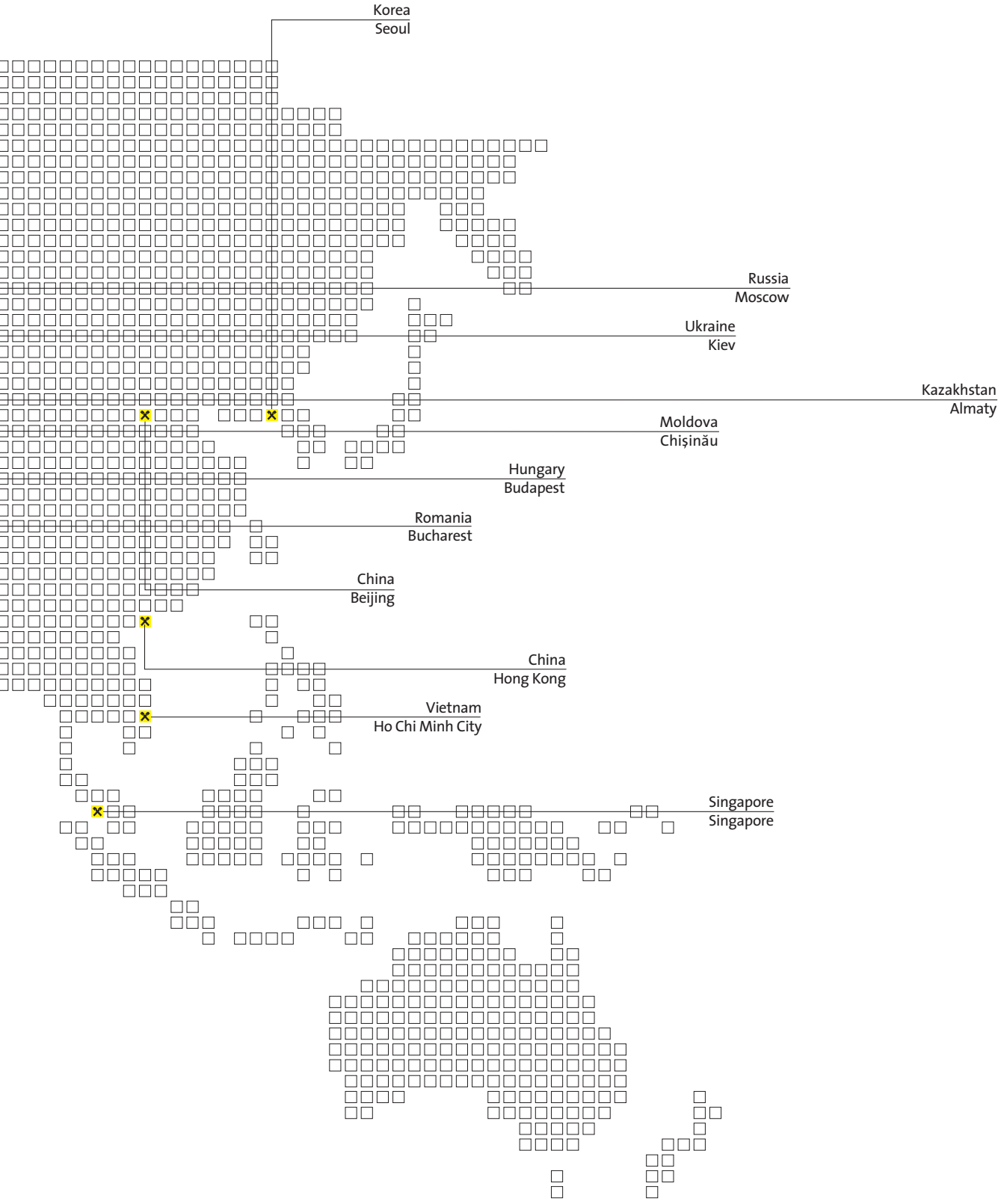
The RZB-Group




Korea
Seoul
Russia
Moscow
Ukraine
Kiev
Kazakhstan
Almaty
Moldova
Chişinău
Hungary
Budapest
Romania
Bucharest
China
Beijing
China
Hong Kong
Vietnam
Ho Chi Minh City
Singapore
Singapore

Corporate Governance

Raiffeisen Centrobank is not listed on a stock exchange. As the issuer of a broad range of structured products and one of the leading securities trading houses in Vienna and other securities exchange centres, Raiffeisen Centrobank bases its actions on the rules and principles of good and responsible mangement as defined in the Austrian Corporate Governance Code to the extent these rules and principles are applicable to Raiffeisen Centrobank. Raiffeisen Centrobank has not (yet) issued a formal statement of its commitment to comply with the Austrian Corporate Governance Code.

Efficient cooperation between the company's corporate bodies based on a climate of trust, as well as the protection of shareholders' interests and open and transparent communications represent the central principles of modern corporate governance for Raiffeisen Centrobank. The following examples illustrate the compliance of Raiffeisen Centrobank with the Austrian Corporate Governance Code during the financial year from 1 January to 31 December 2009; they are based on the January 2010 version of this code.

Executive Board

The Executive Board is comprised of several members, one of whom serves as chairperson. The distribution of duties and the cooperation between the board members is regulated by the by-laws.

The Executive Board is responsible for corporate communications, which decisively shape the image of the company, and is supported in this work by the respective departments of Raiffeisen Centrobank.

An internal Audit Department has been established as a staff function that reports directly to the Executive Board. This department prepares the audit schedule and reports regularly to the Executive Board on the most important results of its work.

Rules for internal transactions

The Executive Board passes its resolutions professionally on the basis of expert information and free of personal interests. The members of the Executive Board notify the Supervisory Board of all material personal interests in the transactions carried out by Raiffeisen Centrobank and its group companies as well as any conflicts of interest. All transactions between Raiffeisen Centrobank or its group companies and the members of the Executive Board or closely related persons or companies comply with industry standards and are approved in advance by the Supervisory Board.

The members of the Executive Board and key employees do not manage any companies or serve on the corporate bodies of other companies without the approval of the Supervisory Board, unless these companies are affiliated with the Raiffeisen Centrobank Group or Raiffeisen Centrobank owns a business interest in them. Furthermore, the members of the Executive Board and key employees do not execute transactions on their own account or for the account of third parties in a line of business pursued by Raiffeisen Centrobank, nor do they acquire interests as general partners in other companies without the consent of the Supervisory Board.

Supervisory Board

The Supervisory Board supervises and supports the Executive Board in the management of Raiffeisen Centrobank, above all with respect to decisions of fundamental importance.

The Supervisory Board has prepared a list of transactions by Raiffeisen Centrobank (and its group companies) that require its approval, and has also set monetary limits for these transactions.

Cooperation between the Supervisory and Executive Board

Open discussions between the Executive Board und Supervisory Board, and within these corporate bodies, form the basis for management in accordance with the principles of good corporate governance.

The Executive Board provides the Supervisory Board with regular, timely and extensive information on all relevant issues relating to the development of business, including the risk position and risk management of Raiffeisen Centrobank and its major group companies. The chairman of the Supervisory Board holds regular discussions, above all with the chairman of the Executive Board, in which the development of business and risk management are discussed. The Executive Board reports to the chairman of the Supervisory Board without delay on important issues as well as any events that could have significant importance for the profitability or liquidity of the company.

The Executive Board and the Supervisory Board together define the strategic direction of the company, and discuss the implementation of this strategy at regular intervals.

The Supervisory Board meets at least four times during each financial year.

Transparent information policy

Raiffeisen Centrobank places high value on open and transparent communications with shareholders and the interested general public. Accordingly, the company's website provides a wide range of information, including:

» Press releases, overview of key data
» Shareholder and ownership structure
» Annual reports available for download as PDF files
» Securities prospectuses available for download as PDF files
» Stock analyses and product brochures by Raiffeisen Centrobank available for download as PDF files, and much more.

Criteria for the independence of Supervisory Board members as defined by the Austrian Corporate Governance Code

A member of the Supervisory Board is considered to be independent if he or she has no business or personal affiliations with the company or its Executive Board that could lead to a material conflict of interest and are consequently capable of influencing the member's behaviour.

The Supervisory Board of Raiffeisen Centrobank has based the criteria for evaluating the independence of its members on the following guidelines:

» The Supervisory Board member should not have been a member of the Executive Board or a key executive of the company or a group company during the last five years.
» The Supervisory Board member should not maintain, or within the last year should not have maintained, any business relationships with the company or a group company that are considered significant for that member.
» The Supervisory Board member should not, in the last three years, have worked as an auditor of the company or served as a partner, shareholder, or employee of the firm that conducted the audit.
» The Supervisory Board member should not have served on the executive board of another enterprise in which a member of the company's Executive Board is a member of the supervisory board.
» The Supervisory Board member should not be closely related (direct descendant, spouse, companion, parent, aunt/uncle, sibling, niece/nephew) of a Supervisory Board member or any person in one of the above-mentioned positions.

All members of the Supervisory Board of Raiffeisen Centrobank are considered to be independent based on the criteria defined for this corporate body.

Compliance

The foundation for the business activities of Raiffeisen Centrobank – above all with respect to trading in financial instruments, investment advising, asset management, securities issues, and financial analysis, as well as to public relations and marketing – is formed by the Standard Compliance Code that was developed collectively by the Austrian banking sector. Raiffeisen Centrobank not only complies with the code in full, but in many areas significantly exceeds these rules and the relevant national and European legal standards (Markets in Financial Instruments Director, or "MiFID").

Monitoring of execution policy

Raiffeisen Centrobank has issued an internal manual that provides a detailed description of the organisational structure and processes involved in trading on behalf of customers and on its own account. All employees in the Securities Department have accepted the content of this internal manual as (the best possible means to implement) a binding execution policy for their activities.

Potential conflicts of interest can therefore be eliminated in advance, and an effective tool is available for the continuous monitoring of compliance with the execution policy for Raiffeisen Centrobank customers. The monitoring process involves the weekly random sampling of relevant trades for customers by the Compliance Department and an analysis of these samples to verify adherence to various criteria such as the correct execution time, correct execution market, best possible proceeds, availability of required customer approvals, etc. The reasons for any deviations are subsequently analysed and remedied.

The execution policy is regularly evaluated to ensure its correctness, and adjustments are made if necessary (e.g. to include the addition of new markets, etc.).

Avoidance of conflicts of interest and prevention of market abuse

Raiffeisen Centrobank has implemented a range of organisational measures to prevent insider trading (creation of confidentiality areas) and has also issued internal guidelines for dealing with insider information and other insider-relevant data (compliance manual). Raiffeisen Centrobank informs all employees of these measures in special training sessions and accordingly monitors compliance with these rules.

Regular updates and evaluation of the conflict register as well as the monitoring of trading activities to prevent market manipulation and the abuse of insider information supplement the above-mentioned measures and, together with the continuous monitoring of the execution policy, ensure the optimal protection of customer interests.

Transparent communications and reporting paths

The Compliance Department acts completely independent of instructions and communicates regularly with the Executive Board of Raiffeisen Centrobank in accordance with institutionalised procedures. An extensive report is issued annually to the Executive Board and the Supervisory Board of Raiffeisen Centrobank and to the corporate compliance department of Raiffeisen Zentralbank Österreich AG.

The Business Segments of Raiffeisen Centrobank

THE RAIFFEISEN CENTROBANK GROUP

It was the best of times, it was the worst of times ...

as Charles Dickens once wrote. Certain is that we can look back on a challenging year in which we were again able to utilise the strengths of our established position – our extensive know-how as Austria's only specialised financial institution for the equity business as well as our integration in the Raiffeisen Banking Group and our direct access to local markets in Central and Eastern Europe.

Raiffeisen Centrobank AG was the first equity house in Austria to develop an extensive network of direct stock exchange connections for its customers, above all in Central and Eastern Europe. This network-building began a number of years ago, and has since grown to include a dozen such connections. We make the expertise compiled over these many years and our close contacts with local markets available to institutional as well as private investors. Together with our high-quality advising and the commitment of our team, this has allowed Raiffeisen Centrobank to increase the number of private banking customers, even in these turbulent times.

As one of the leading Austrian issuing banks, Raiffeisen Centrobank maintains the best contacts to domestic and foreign investors. That forms the basis for the development of a broad-based portfolio of services. In the area of capital market transactions, Raiffeisen Centrobank services include the traditional activities connected with IPOs and SPOs or relisting as well as consulting, company evaluations, corporate structuring, assistance with marketing issues, and public/investor relations – all assets that are becoming more and more important in these times of major challenges.

Continued leading position in the east

We also offer our customers the services of our Equity Capital Markets team focused on Central and Eastern Europe, which transforms the enormous potential in these rapidly expanding markets into useful opportunities. Central, Eastern and Southeast Europe now represent key markets. Raiffeisen Centrobank is the only investment bank focused on stocks and the recognised specialist for domestic and Central and East European stocks. With its Securities Trading and Sales department, it is one of the leading market participants and the largest market maker on the Vienna Stock Exchange.

Our highly specialised, award-winning Company Research team is one of the best in the branch – and this cutting edge know-how is available not only to the investment bank, but also to investors, issuers, and customers. This knowledge also benefits the analysed companies in the form of branch and peer group research.

Raiffeisen Centrobank also provides high-quality, active asset consulting with its Private Banking team. Close cooperation with other specialist areas of the bank allow for the development of specially designed investment solutions that meet the individual risk profiles of private customers, foundations, and mid-sized companies.

Through its wholly owned subsidiary Raiffeisen Investment AG, Raiffeisen Centrobank covers the full range of services required for mergers and acquisitions as well as privatisations – with a local presence in 13 countries. This network has made Raiffeisen Investment AG one of the leading advisors for privatisations and company acquisitions throughout Central and Eastern Europe in recent years.

An activity somewhat outside the core business is the commodities trading carried out by Centrotrade Holding AG. These transactions have grown over time and are concentrated on rubber and olefins. The results of olefin trading activities were more than satisfactory and set a new record in 2009.

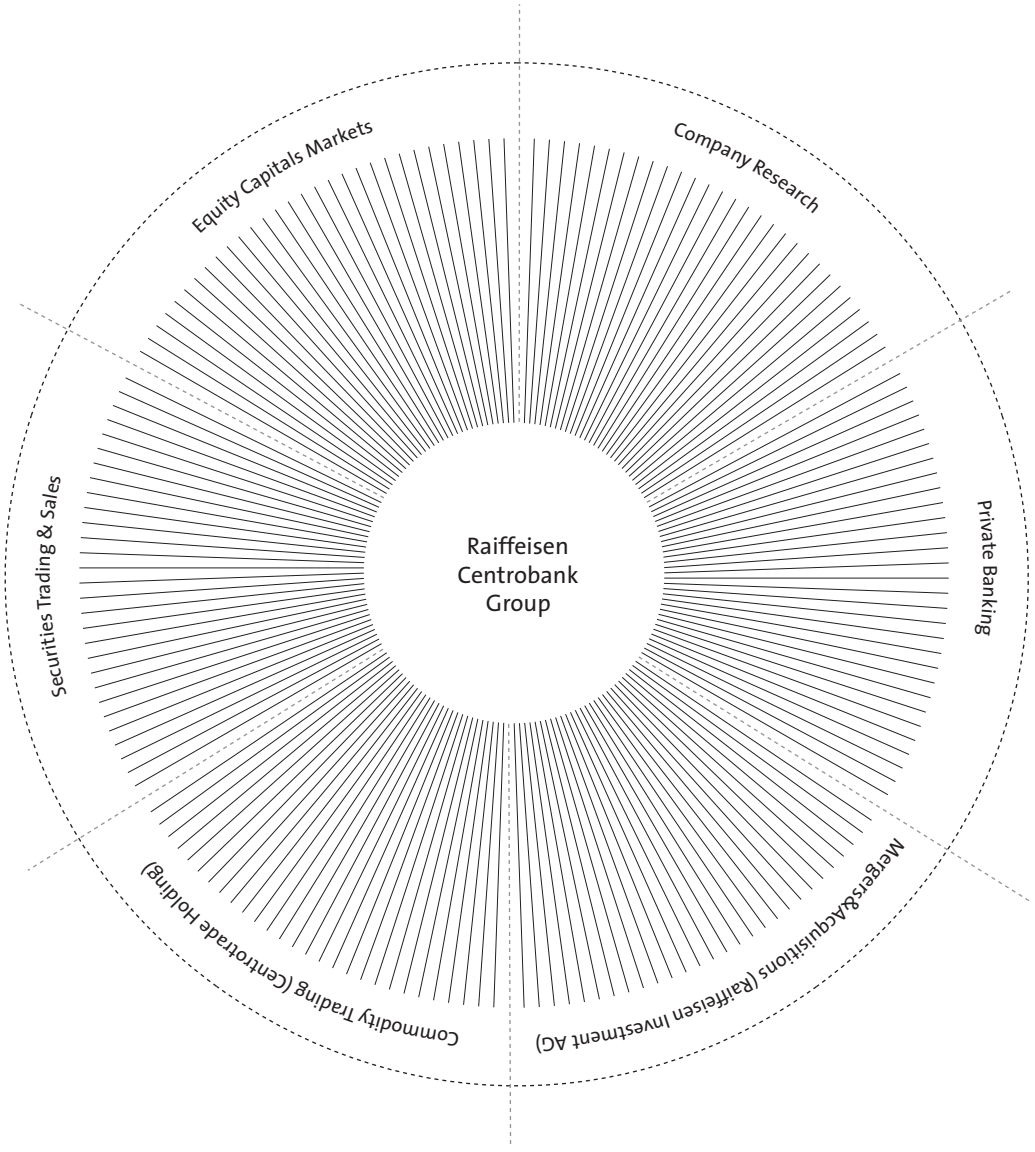
Individual requirements, individual solutions

One of the special strengths of Raiffeisen Centrobank lies in the development and placement of certificates. Our specialised know-how has been recognised for many years and makes Raiffeisen Centrobank one of the leading certificate houses in Austria.

Our expertise in certificates as an investment vehicle also applies to all other Raiffeisen Centrobank services: individual solutions as the result of teamwork by many different experts, long-standing positions in local markets and sectors, as well as advising that is focused on the needs of customers. That is the basis of our success – and the key data for 2009 are the visible expression of these results.

THE RAIFFEISEN CENTROBANK GROUP

An Overview of the Business Segments



SECURITIES TRADING AND SALES

Insight, foresight, and expertise

Raiffeisen Centrobank has been the sole Austrian investment bank specialised in stocks to be the largest market maker on the Vienna Stock Exchange and number two on the Austrian Futures and Options Exchange (ÖTOB) for many years. With 12 direct stock exchange connections, above all in Central and Eastern Europe, Raiffeisen Centrobank is also one of the leading specialists in this region.

The general mood on capital markets was marked by pessimism at the beginning of the year, but soon gave way to a more optimistic outlook towards the end of the first quarter. The economy passed the low point – not only in preliminary indicators, but also with respect to real data – and this development was strong enough to bring the year to a successful close from the viewpoint of capital markets.

Recovery is expected to continue, but up to now only the first steps have been taken to support sustainable growth. However, rising unemployment and the expiration of economic stimulus programmes could slow the upward momentum.

Stable market shares and satisfactory earnings

The trading volume on the Vienna Stock Exchange continued to decline during the fourth quarter, with results for 2009 falling 50 percent below the prior year. Raiffeisen Centrobank was unable to detach from this development, but succeeded in holding its market share relatively constant at 7 percent. With these results, Raiffeisen Centrobank again ranked fourth among all market participants.

Austrian derivatives trading on the ÖTOB showed a different picture, with a significantly lower decline of 20 percent. Supported by transactions in warrants and structured products, Raiffeisen Centrobank was able to defend its leading position in this segment of the Austrian market. The company also holds a leading position in East European derivatives traded on the ÖTOB with a share of 40 percent.

In spite of the difficult market environment, the Securities Department recorded sound development in 2009. Earnings rose by 47 percent over the previous year to nearly EUR 30 million.

Raiffeisen Centrobank was once again the largest market maker and specialist on the Vienna Stock Exchange during 2009. The company has also been linked directly to the stock exchange in Prague as a market maker since the reporting year.

The products issued by Raiffeisen Centrobank are not only listed in Vienna, but also on the leading European derivatives exchange. The sales volume of these products on the stock exchange in Stuttgart fell by 60 percent to EUR 70 million in 2009, but this decline was in part offset by the start of trading in Warsaw, Prague, Budapest, and on Scoach in Frankfurt.

A special honour for Raiffeisen Centrobank in 2009 was its recognition as "Certificate House of the Year" for the third time in succession.

A great deal to do, but the course was set

In spite of the unfavourable developments on stock markets, Raiffeisen Centrobank intensified its road shows and presentations in 2009 as a sign of its continuing and active support for customers. These activities were nearly doubled in comparison with the prior year and tripled in relation to 2006.

The investor conference in 2009 brought a new record number of participants. At the SEE Regional Capital Markets Conference in Vienna, which was organised in cooperation with the regional stock exchanges, 19 companies were presented to roughly 50 international investors. In Frankfurt, the first investor conference was held together with the Vienna Stock Exchange.

In addition to active work on the market, processes and structures were further optimised during the reporting year. These projects included the improvement of models for the calculation and management of market risk as well as the expansion of the order routing system.

CERTIFICATES

The investment all-rounders

The Raiffeisen Centrobank certificate portfolio comprises more than 2,200 listed instruments. Raiffeisen Centrobank is the market leader – both in the number and the range of issued certificates – for structured products in Austria. This position also serves as a benchmark for customers.

Recent years have seen a steady rise in the importance of the certificate market in Austria and Germany, even though the effects of the financial crisis on this segment were similar to the overall market with a substantial decline in trading volume during 2009. In contrast, the outstanding volume with Austrian private investors increased over the past year. Flexibility is a key factor for investors, above all in turbulent times on stock markets, and certificates represent an investment that is specially tailored to meet the risk profile and market expectations of the individual customer. In this case, the designation as an "investment all-rounder" is entirely justified. Certificates allow investors to profit from the performance of stocks, indices, precious metals, bonds, and commodities in every market phase. These instruments cover a wide range from conservative products with a capital guarantee to leveraged products.

Raiffeisen Centrobank, one of the leading issuers in Austria

The market for certificates, or structured financial products as they are frequently termed, has been one of the fastest growing financial markets in recent years. The EUWAX in Stuttgart, the largest certificate exchange in the world, currently includes over 380,000 products in which – according to statistics published by the German Derivative Association – approx. EUR 100 billion were invested during 2009. Raiffeisen Centrobank, as one of the leading Austrian issuers of structured products, currently offers more than 2,000 different certificates and warrants that are focused on Austria and the markets of Eastern Europe.

The election of Heike Arbter, head of the Structured Products team, as chairwoman of the board of Certificates Forum Austria in November 2009 underscores the recognition of the financial community that is enjoyed by Raiffeisen Centrobank in this area.

What are certificates?

According to the legal definition, certificates are bonds issued by an investment bank. They have a payout profile that is linked to the development of an underlying value – for example, an index, a stock, a commodity, or a basket of several underlyings. Trading with certificates is similar to trading with stocks. The issuer is required to provide continuous prices for the purchase and sale of the certificate, and also assumes the function of a market maker. In this way, investors are able to act at any time during stock exchange hours and can also resell their certificates.

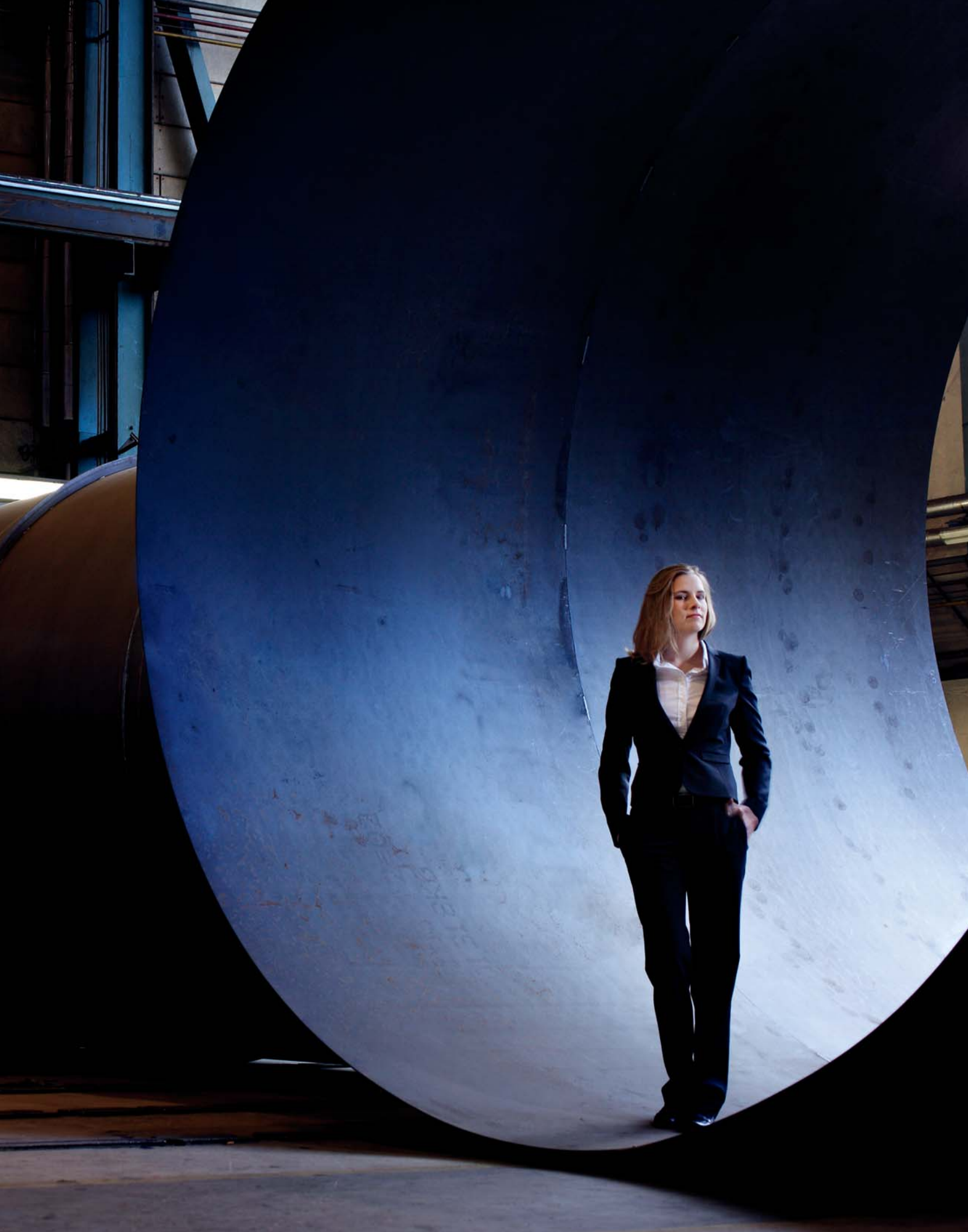
The Raiffeisen Centrobank markets

Raiffeisen Centrobank certificates have traded for many years on the Vienna Stock Exchange and on the EUWAX in Stuttgart, the leading derivatives exchange in Europe. In spite of the difficult environment in 2009, Raiffeisen Centrobank continued its activities to expand its market access and increased or launched trading in Warsaw, Prague, Budapest, and Frankfurt. These steps also allowed the company to counter the decline in revenues on established markets.

2009 – another award-winning year

The work of the Raiffeisen Centrobank certificates team was again recognised with numerous awards in 2009. In Austria, the team became overall winner of the Certificates Awards Austria for the third time in a row. The team also ranked third in the audience award "Certificates House of the Year" in Germany, while the newly developed Portfolio Navigator guarantee certificate was rated second in the category "Certificate of the Year" in 2009. In Poland, Raiffeisen Centrobank received the Warsaw Stock Exchange Award for Excellence for its contribution to the development of the certificate segment.

* Raiffeisen Centrobank at Andritz AG, Graz



* Raiffeisen Centrobank at Palfinger AG, Bergheim/Salzburg

* Raiffeisen Centrobank at RHI AG, Veitsch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* Raiffeisen Centrobank at Österreichische Post AG (distribution center), Vienna

COMPANY RESEARCH

A continuously expanding horizon

Transforming the immense volume of available information on international market developments into useful facts requires the continuous efforts and skills of a highly specialised pool of experts – and the Company Research Department of Raiffeisen Centrobank is such a pool. This team has recorded a steady series of successes for many years, as is evidenced by numerous awards.

The Company Research Department currently covers a total of 32 Austrian and 62 East European companies from the steel & materials, industry, banking, construction and building materials, IT & technology, oil & gas, real estate, telecommunications, utilities and cyclical and defensive consumer sectors, which are listed on 11 European stock exchanges. The goal for 2010 is to expand this coverage universe to more than 100 companies. Similar to the other areas in which Raiffeisen Centrobank is active, the strengths of the Company Research Department lie in a combination of local expertise (through on-site representatives or close cooperation within the Raiffeisen Banking Group) and experienced sector specialists in Vienna. That has made Raiffeisen Centrobank one of the leading specialists for stocks from Austria and the markets of Central and Eastern Europe for many years.

The products of the Company Research Department include regular sector and company analyses, quarterly strategy publications, weekly market outlooks, and an equity daily, as well as event-based commentaries. The Raiffeisen Centrobank research experts provide support for the company's sales team as well as institutional customers and the investment advisors of the Raiffeisen Banking Group.

The goal for 2009 – which was to provide investors with more and faster information in these times of uncertainty – was clearly reached with a record number of updates (+32 percent to 337).

With the start of coverage on A-TEC, Intercell, austriamicrosystems, BRE Bank, Cyfrowy Polsat, PGNiG, Budimex, Evraz, and NLMK, as well as the resumption of coverage on Gazprom, LUKoil, and Rosneft, the Company Research Department also expanded its coverage during the past year to meet the needs of investors for comprehensive sector monitoring.

Research on tour

As in previous years, the Company Research Department accompanied numerous investor conferences – including the meetings organised by Raiffeisen Centrobank in Vienna, Frankfurt, and Zürs – and also supported a wide range of road shows – among others in London, Dublin, Edinburgh, Geneva, Zurich, Frankfurt, Helsinki, Stockholm, Zagreb, Warsaw, and Poznań.

In keeping with the cross-country sector approach of Raiffeisen Centrobank, integrated sector reports were also published and marketed on oil & gas CEE, oil & gas Russia, telecommunications, utilities, and banks.

Research online

The redesign of the research website significantly expanded the range of publications, improved timeliness, and increased the search functions of the online offering. This new website is an exclusive service for institutional customers and is characterised by high user-friendliness.

International awards in 2009

International awards also confirmed that the Company Research Department met its central objective – namely to provide the best and verifiable quality research for customers – in an impressive manner during 2009. The team was recognised by the well-known US "StarMine Report" for the most accurate profit estimates on Austrian companies. Raiffeisen Centrobank was also the best ranked Austrian research house (fourth place). At the 2009 Börseexpress/VIG Analyst Award 2009, Company Research won the team rating with top annual performance of 118 percent for its investment recommendations. In addition, a member of the Company Research staff was the only representative of an Austrian bank among the leading three Austrian stock analysts with an outstanding second place in a Thomson-Reuters survey of fund managers.

EQUITY CAPITAL MARKETS

Combination is the key to success

Extensive know-how, over two decades of wide-ranging experience, strong placement capability and excellent local connections to markets in Austria and Central and Eastern Europe make the Raiffeisen Centrobank Equity Capital Markets team one of the leading domestic specialists in this segment. Not without reason has Raiffeisen Centrobank been one of the major players in the largest IPOs on the Vienna Stock Exchange in recent years.

With 20 years of experience in the structuring and execution of equity transactions, Raiffeisen Centrobank is one of the leading issuing banks in Austria. Its main areas of expertise include initial public offerings and capital increases, secondary public offerings, block trades and private placements. In addition to this expertise in the transaction business, Raiffeisen Centrobank also specialises in consulting, among others for listings, takeovers, and restructuring. This foundation also formed the basis for success in 2009, a difficult year for capital market transactions.

Although the Vienna Stock Exchange did not see a single initial public offering in 2009 or 2008 due to the steady downturn on financial markets that began in 2007, 11 capital increases with a combined volume of approx. EUR 2.5 billion were carried out during the past year. Raiffeisen Centrobank accompanied the capital increases by KTM Power Sports AG, Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, Warimpex Finanz- und Beteiligungs AG and UNIQA Versicherungen AG, and was thereby responsible for more than one third of all capital increases on the Vienna Stock Exchange. Raiffeisen Centrobank was also active as an underwriter at the international level through its participation in Citigroup's USD 17 billion capital increase.

Consulting as a focus in 2009 – new opportunities with a broader product portfolio

Raiffeisen Centrobank was able to acquire and successfully complete a number of consulting mandates during 2009, in spite of the difficult economic environment. For example, the company was charged with providing support and advising for the cross-border takeover of a listed company in cooperation with a German bank. The target of this friendly takeover by the Raiffeisen Informatik Group was the listed PC-Ware Information Technologies AG, Leipzig, whose shares are traded on the regulated market of the German Stock Exchange. The Equity Capital Markets team also supported the cancellation of the outstanding capital participation certificates of Ottakringer Brauerei, a transaction that was intended to simplify the capital structure, as well as the merger of Ottakringer Brauerei AG with Vöslauer Mineralwasser AG during the second half of the year. Numerous other projects included the squeeze-out at Feratel Media Technologies AG.

The transaction markets in Central and Eastern Europe

The effects of the financial crisis were responsible for an unusually sharp downturn on Central and East European markets during 2009. However, these markets were able to stabilise towards the end of the year and recoup part of the initial declines. This market recovery also led to an increase in the initially weak interest for capital market transactions. The stock exchange in Warsaw recorded the most activity with 38 transactions, including the privatisation of the Polish energy company PGE, which was the largest IPO in Europe for 2009 with an issue volume of over USD 2 billion.

Products like capital increases, convertible bonds, or consulting and services, which are less affected by a volatile capital market environment, represented the main focus of activities for the Equity Capital Markets CEE team in 2009. This concentration allowed Raiffeisen Centrobank to successfully win a consulting mandate with a listed British fund for an investment in Serbia and to also acquire a follow-up mandate for 2010.

The current difficult market environment led to the creation of a joint Equity Capital Markets department – Austria/Western Europe and CEE – during the 2009 financial year. This measure responds to the increasing complexity of capital market transactions, and also gives the team added flexibility to optimally utilise its longstanding know-how and local expertise.

* Raiffeisen Centrobank at Strabag SE (Lainzer tunnel), Vienna

* Raiffeisen Centrobank at Rosenbauer International AG, Leonding

* Raiffeisen Centrobank at Zumtobel AG, Vienna

* Raiffeisen Centrobank at OMV Aktiengesellschaft (refinery), Schwechat

PRIVATE BANKING

Market proximity and trust: the currency with lasting value

With a combination of financial advising, portfolio management, and brokerage, Raiffeisen Centrobank Private Banking has registered steady growth in the number of customers and managed assets. This success is based on absolute return management, which permits the development of specially designed investment strategies independent of benchmark constraints.

The trust of customers is supported by a strong commitment to individual advising, i.e. to the "Swiss Principle" – which is one of the reasons Raiffeisen Centrobank has not lost a single customer in recent years. These customer ties are strengthened by a steady focus on the implementation of specially designed solutions to meet a wide range of investment objectives.

The experienced 12-member team of Raiffeisen Centrobank manages assets with a total volume of EUR 1.8 billion. In 2009 the Private Banking department was able to increase its net income by 15 percent year-on-year. Two-thirds of the customers are private individuals and one-third companies or foundations, while roughly one-fifth of these investors come from foreign countries.

Close to customers, close to the market

The core activities of Private Banking cover financial advising and portfolio management as well as brokerage. In particular, trading-oriented investors benefit from the closeness of advisors to the marketplace and the leading position of Raiffeisen Centrobank on capital markets throughout Europe. Raiffeisen Centrobank Private Banking combines the discretion of a private bank with the resources of the Raiffeisen Banking Group.

Protect value, generate return

The investment philosophy of the Raiffeisen Centrobank Private Banking team will continue to focus on preserving customers' assets and generating an appropriate return for the defined level of risk. The basis for these activities is a continuous advising process, which adjusts the investment strategy in each market phase to reflect the customer's requirements. As part of this process, all portfolios are regularly analysed with respect to the attainment of targets. Wide-ranging, personal advising and transparent products represent the most important criteria for successful customer relationships.

Sound performance – in spite of the crisis

Many customers have altered their view of risk since the start of the recession in 2008. The preservation of assets and the reduction of risk therefore formed the central focus of activities in 2009, and this focus has only changed slightly with the recent strong upturn on stock markets. In this complex operating environment, the Private Banking team of Raiffeisen Centrobank has been able to generate sound performance for its customers.

The focal point of investments was shifted to issuers with top credit ratings, i.e. federal bonds issued by countries in the euro zone. These securities were supplemented by corporate bonds with federal guarantees or short-term bonds from issuers with strong credit ratings. Bonus certificates with low barriers and, in individual cases, guarantee certificates were also added to the portfolios. Stocks from selected companies with a concentration on Europe as well as stock funds (established markets, with the addition of emerging market funds) were also included on a step-by-step basis.

Profit-taking represented a key objective during the past year, and supported the realisation of up to 11 percent portfolio performance for mid-level risk profiles. Portfolios with a higher risk profile registered performance in the double-digit range.

The way of the future: increase in customers and volume

The personal approach and comprehensive advising strategy followed by Raiffeisen Centrobank were also reflected in an increase in customers during 2009, despite the effects of the crisis. Higher volumes were recorded with existing customers as well as new customers, and plans call for a continuation of this momentum during 2010.

RAIFFEISEN INVESTMENT AG

Think global, act local

A local market presence, flexible specialist know-how in Vienna, and the continuous exchange of information with an extensive network – the union of these factors makes Raiffeisen Investment AG one of the leading M&A advisors not only in Austria, but also in Central and Eastern Europe.

With local and regional representatives in 13 different markets across Central and Eastern Europe and more than 20 years of experience, Raiffeisen Investment AG, a wholly owned subsidiary of Raiffeisen Centrobank, is the leading specialist for mergers & acquisitions and privatisations in Austria, Central and Eastern Europe.

The success of Raiffeisen Investment AG reflects the synergies that arise for the benefit of our customers from the close cooperation within the Raiffeisen Banking Group. A well-established local presence in a wide variety of markets forms the basis for credibility and represents a valuable asset.

In addition to its integration in the structure of the Raiffeisen Banking Group, Raiffeisen Investment AG is supported in its activities throughout Central and Eastern Europe by an exclusive cooperation with the international investment bank Lazard Ltd.

Teams, synergies, and expertise

This success is based in part on the organisation of the individual project teams in a matrix structure. Country specialists from the specific region with profound knowledge of the market work hand in hand with experts on the relevant sectors. Both sides combine their know-how and experience to produce the best results for customers.

The experts are active in the fields of consumer goods, energy, heavy industry, and infrastructure, as well as life sciences, real estate, chemicals and industrials, and telecommunications/media/technology. Steady concentration on its core expertise has repeatedly placed Raiffeisen Investment AG among the top three on the Central Europe league tables in recent years.

Since its founding in 1990, Raiffeisen Investment AG has successfully completed more than 500 transactions in the areas of M&A, privatisation, and financial consulting in Austria and the CEE region. Consulting services are directed not only to local and international companies, but also to governments, national and international investor groups, as well as supranational organisations like the World Bank or the European Union.

The year 2009

The continuation of the economic crisis in 2009 further reduced the M&A volume on the international arena. This situation only began to stabilise during the fourth quarter of the 2009 financial year – which leads to a positive outlook on 2010. In this challenging market environment, Raiffeisen Investment AG was able to maintain its market position in the individual countries.

Raiffeisen Investment AG successfully completed 17 M&A transactions during the past year. One of the highlight deals was the consulting for the British private equity fund BC Partners in connection with its acquisition of the Synlab und Futurelab laboratory chain – one of the largest private equity operations in 2009. In Turkey, Raiffeisen Investment AG became the first Austrian investment bank to rank number one in the league tables of "mergermarket" magazine with a transaction volume of nearly EUR 1 billion.

In Austria, Raiffeisen Investment AG was able to strengthen its market position with a successful year in 2009. Five transactions were carried out for customers on the domestic market, including Siemens and the Lower Austrian electricity producer EVN, as well as the sale of Constantia Privatbank.

The gross fee volume fell by 29 percent to approx. EUR 18 million in 2009 as a result of the general market decline, but profit before tax nevertheless remained positive. For 2010 Raiffeisen Investment AG expects a substantial increase of at least 30 percent in the M&A volume in Europe – which would reflect the level in 2004/2005. Raiffeisen Investment AG will focus above all on the markets in Austria, Turkey, Russia, and Poland during the current financial year.

Management Report of Raiffeisen Centrobank AG as at December 31, 2009, in accordance with International Financial Reporting Standards (IFRS)

The Raiffeisen Centrobank Group refers to the corporate group of Raiffeisen Centrobank AG. The parent company is designated as Raiffeisen Centrobank. In the summing-up of rounded amounts the application of automatic calculating devices could result in rounding-off differences. The changes shown in per cent are based on the actual amounts, and not on the rounded figures.

Economic Environment

The tension on international financial markets began to ease in March with the general improvement of economic indicators. This trend continued during the fourth quarter of 2009, somewhat more hesitant than in earlier periods, but nevertheless far-reaching. From the viewpoint of capital markets, the year closed on a successful note. The turnaround was supported by billions in government financial assistance as well as the loosening of accounting rules for failing US banks and economic support programmes such as the scrapping premium for older motorcars. The shock resulting from the onset of the financial crisis in 2008 was followed by a (partial) market recovery during 2009. The beginning months were marked by substantial pessimism as a result of developments in the previous year, but this negative mood was soon overcome. The long-awaited signs of stabilisation and recovery ultimately appeared, above all in the financial branch and here particularly in the banking sector.

Economy

Following the severe recession at the end of 2008 and the beginning of 2009, the global economy passed through the low point, not only in preliminary indicators by also with real data. Most countries reported a notable improvement in GDP during the final quarter of 2009, with low, but still positive growth of 0.5–1.0 %. The coming months are expected to bring a continuation of this recovery, but up to now only the first steps have been taken on the long and presumably rocky road to sustainable development. Forecasts are showing a further rise in the already high unemployment rates into the second half of 2010 which, in connection with the expiration of economic stimulus programmes, should slow the upward momentum. However, this is not expected to trigger a relapse of the hopefully ebbing recession. This economic scenario indicates that inflation should remain at a very low level, with no major changes in the near future. Development in 2009 was also influenced by the sharp rise in the cost of oil, which was offset by generally weak demand and a resulting cap on the upward shift in worldwide prices.

For the CEE region, the anniversary year 2009 marked a significant low point in economic development since the fall of the Iron Curtain two decades earlier. Most of these countries, with the notable exception of Poland, recorded substantial GDP declines that ranged up to 13 % in Ukraine. The current recovery in this region is comparatively modest due to the high budget deficits that must be reduced and the resulting limited latitude for fiscal measures. In addition, the heavy dependence on foreign banks for financing represents a bottleneck.

Financial markets

The easing of tensions in the real economy also influenced the bond market and brought clear losses as well as rising yields for benchmark government bonds, not only during the fourth quarter, but also for the entire year. Ten-year government bonds in the euro zone lost over 6 %, while US bonds with the same term fell by 13 %. The corresponding yields rose from 2.1 % to 3.5 % in the US dollar and from 2.8 % to 3.2 % in the euro. Prime interest rates in the USA remained unchanged throughout the entire year and continued at a historically low 0.1 %. The European Central Bank also reduced key interest rates substantially during the course of the year from 2.5 % to a historical low of 1 %. Monetary measures such as "quantitative easing" (central bank purchases of securities) have become less frequent and the cancellation or expiration of expansive monetary policies is expected soon, first in the USA and then also in Europe. In this environment the value of the US dollar versus the euro changed only slightly during the year, falling slightly from approx. 1.41 at the end of December 2008 to approx. 1.43 at year-end 2009.

The upturn that finally took hold of the previously volatile stock markets – which recorded sharp drops of up to 30 % at the beginning of the year, followed by an increase of more than 50 % from the lows in March – continued with the growing macroeconomic stabilisation. Results for the entire year were therefore

positive on most markets. With an annual performance of approx. +20 %, the major international indices such as the Dow Jones, Nikkei, and EuroStoxx were clearly outpaced by the ATX and CEE markets with +40 % and the Russian RTX with +100 %. Moderate declines on global stock markets due to seasonal or economic factors, as experienced by the ATX (–6 %) in the last quarter of 2009, cannot be excluded over the short-term.

Business Development 2009

After a notable decline in the prior year due to the global financial crisis, the development of business and earnings in the Raiffeisen Centrobank Group returned to a positive course in 2009 and stabilised at the level before the record year 2007.

The group net profit after tax totalled EUR 25.980 million for the 2009 financial year, which represents an increase of EUR 15,337 million or about 144 % in comparison with 2008. The largest contribution to earnings was again provided by Raiffeisen Centrobank, which generated after-tax profit of EUR 23.687 million. Raiffeisen Investment AG ranked second with profit after tax of EUR 3.011 million, followed by Centrotrade Chemicals AG with profit after tax of EUR 2.887 million.

In addition to the earnings recorded by consolidated companies, the income statement for 2009 also contains a positive effect of EUR 4.603 million from the initial inclusion of five companies that were not consolidated in the past. The full consolidation range of the Raiffeisen Centrobank Group, which previously comprised seven companies, was expanded as of 1 January 2009 to also include the subsidiaries of Raiffeisen Investment AG in Russia, Poland, Romania, and Malta, as well as Centrotrade Singapore, which is involved in rubber trading.

The development of earnings in 2009 reflected a year-on-year decline in net fee and commission income, a clear improvement in trading profit, higher general administrative expenses, and a substantial increase in other operating result. Net interest income amounted to EUR 8.713 million, and slightly exceeded the prior year level of EUR 8.004 million. This increase resulted from a reduction in refinancing requirements as well as lower interest income and expense due to the general decline in interest rates.

Net fee and commission income fell by EUR 3.935 million to EUR 13.670 million (2008: EUR 17.605 million) following a decline in net fee and commission income recorded by Raiffeisen Centrobank and Raiffeisen Investment AG. This decline reflected the virtual standstill in initial and secondary public offerings well into the second half of 2009 in the wake of the global financial and economic crisis as well as a crisis-related collapse in M&A transactions across Central and Eastern Europe.

Trading profit, which is generated almost entirely by Raiffeisen Centrobank AG, reached EUR 43.650 million in 2009 and exceeded the prior year results of EUR 33.300 million by EUR 10.350 million. In addition to the stabilisation of financial markets and the resulting positive effects on stock prices and credit risk discounts, intensified advising for individual customer segments and the selective realisation of business opportunities had a positive influence. These factors supported a significant improvement in results from trading activities. Declines were recorded in the customer commissions business (sales) during 2009 because of the sharp decline in stock market turnover.

Group income – which comprises net interest income, net fee and commission income, trading profit, and income from financial investments – rose by EUR 6.179 million or approx. 10 % over the prior year to EUR 66.402 million in 2009.

General administrative expenses increased EUR 4.414 million, from EUR 53.353 million in 2008 to EUR 57.767 million for the reporting year. Approx. EUR 4.1 million, or nearly the entire amount, resulted from the initial inclusion of five companies in the consolidated financial statements. Higher personnel costs at Raiffeisen Centrobank, where the extremely restrictive personnel policies from 2008 were equalised for business reasons, were largely offset by a reduction in operating costs.

Other operating result rose by EUR 16.836 million to EUR 22.471 million (2008: EUR 5.635 million). This improvement was supported by an increase of about EUR 3.6 million in income from the commodity trading subsidiary and an increase of approx. EUR 1.8 million in other consulting income recorded by Raiffeisen Investment AG. Other operating result also includes revenues of about EUR 1.6 million from non-banking activities, which were recorded by the five companies initially consolidated in 2009. In addition, this position comprises a positive effect of about EUR 4.6 million from the above-mentioned initial consolidations (see the notes to the financial statements for additional details). The remaining difference in the year-on-year change is explained primarily by the partial reversal of a provision created in 2008 for VAT obligations resulting from a tax audit. Moreover, the additions to provisions by Raiffeisen Investment AG in 2008 were negatively influenced by impending regress claims.

Profit before tax totalled EUR 30.835 million, which represents an increase of approx. 148 % or EUR 18.414 million over the prior year. After the deduction of income taxes, which amounted to EUR 4.855 million in 2009, the group net profit after tax amounted to EUR 25.980 million (2008: EUR 10.643 million).

The balance sheet total rose by approx. 13 % or EUR 226.106 million over the level at year-end 2008 to EUR 1,995.404 million as of 31 December 2009. The major change in assets was recorded under trading assets (about 68 % of the balance sheet total as of 31 December 2009 vs. approx. 66 % as of 31 December 2008), which increased by EUR 187.863 million to EUR 1,355.765 million. This growth resulted above all from an increase in the volume and value of the fixed interest securities and stocks reported under trading assets. The majority of the bonds purchased by RZB represent collateral for the guarantee products issued by Raiffeisen Centrobank.

Due to the hedge relationships, this development should be evaluated in connection with the increase in trading liabilities that is discussed below under the description of changes in liabilities and equity. The stocks reported under trading assets comprise the hedged positions for issued certificates, warrants, and short sales together with purchased options, futures, and zero bonds, as well as components of the bank's market maker activities.

Loans and advances to credit institutions (about 24 % of the balance sheet total as of 31 December 2009 vs. approx. 20 % as of 31 December 2008) increased by EUR 120.708 million to EUR 480.092 million (31.12.2008: EUR 359.384 million). This position is comprised chiefly of interbank deposits and collateral for securities lending. The change in relation to the prior year resulted primarily from an increase in interbank deposits, whereby the balances at year-end 2009 consisted mainly of investments transferred to RZB.

Loans and advances to customers declined during the 2009 financial year (approx. 3 % of the balance sheet total as of 31 December 2009 vs. approx. 5 % as of 31 December 2008). This EUR 44.614 million reduction to EUR 51.490 million (31.12.2008: EUR 96.104 million) reflected the repayment of a major loan as well as the above-mentioned increase in the consolidation range and related consolidation effect.

The major changes under liabilities reflected the development of assets and were recorded under trading liabilities (about 77 % of the balance sheet total as of 31 December 2009 vs. approx. 64 % as of 31 December 2008). Trading liabilities increased by EUR 407.230 million to EUR 1,537.839 million at the end of the 2009 financial year (31.12.2008: EUR 1,130.609 million). These liabilities are comprised primarily of structured products issued by Raiffeisen Centrobank, e.g. the well-known Winner and Blue Chip certificates, as well as warrants and other certificates such as the turbo certificates on indexes and individual stocks. The positive development of prices for the respective underlyings led to adjustments in inventory values during the past year. Increases were also recorded in the volume and value of the short sales of stocks included under this position. These short sales are connected with the market making activities of Raiffeisen Centrobank and chiefly represent counter-items to stock and index futures as well as cash positions that are reported under loans

and advances to credit institutions. Additional information is provided in the above comments on the development of trading assets and on the hedging relationships between these items.

The development of liabilities to credit institutions (about 7 % of the balance sheet total as of 31 December 2009 vs. approx. 13 % as of 31 December 2008) reflected the lower refinancing volume during the year. These liabilities fell by EUR 97.871 million year-on-year to EUR 143.726 million (31.12.2008: EUR 241.597 million).

Liabilities to customers (approx. 6 % of the balance sheet total as of 31 December 2009 vs. approx. 12 % as of 31 December 2008) fell by EUR 96.030 to EUR 119.559 million (31.12.2008: EUR 215.589 million) primarily due to a decline in deposits, especially from commercial customers.

Group equity rose from EUR 106.246 million at year-end 2008 to EUR 118.013 million as of 31 December 2009. Equity was increased by group net profit for the 2009 financial year and reduced by a EUR 13.755 million distribution of profit for 2008.

Review of Business Segments

Banking segments

Securities Trading & Sales and Treasury

The global financial crisis left a clear mark on earnings in 2008, but this trend was successfully corrected during 2009 with a strong year-on-year improvement in segment earnings.

An analysis by geographical origin shows a significant decline in the share of earnings generated in the CEE region, which resulted from the complete standstill of market transactions in individual countries as well as a sharp drop in the share of earnings recorded in Austria. This was contrasted by an increase in the share of earnings on EU markets. Other contributing factors for the earnings decline were the decrease in customer commissions that accompanied the drop in market turnover and a slump in the customer business. However, the selective realisation of business opportunities led to an increase in trading and product income.

With respect to the development of risk parameters, the market risk did not produce an overall negative effect and – in contrast to 2008 – credit risk did not bring about any significant costs.

Although monthly trading volumes increased during the course of the year, the total trading volume on the Vienna Stock Exchange for 2009 was roughly about 50 % less than the prior year and nearly approx. 60 % below the peak value recorded in 2007 – a development that is also reflected in the trading volumes for Raiffeisen Centrobank. The company's trading volume fell by a significant amount to approx. EUR 4.8 billion (2008: approx. EUR 11 billion), but its market share on the Vienna Stock Exchange remained relatively constant at about 7 % (2008: approx. 8 %). Raiffeisen Centrobank ranked fourth among all market participants in 2009. The Raiffeisen Banking Group as a whole reached the second place.

The Austrian derivatives business on the ÖTOB was able to detach from this development, with a substantially lower decline of only roughly 20 % in the number of traded contracts. The growth in this business was supported by the increasing number of hedging contracts with investment companies for pension plan programmes. With a share of roughly 30 %, Raiffeisen Centrobank continued to rank second in this market segment.

Including the business with warrants and structured products – with approx. 2,200 listed instruments, the share of the structured products market currently totals aprrox. 30 % – Raiffeisen Centrobank was again able to defend its leading position with stock derivatives in Austria. The company also increased its share of East European derivatives trading on the ÖTOB to about 40 % (2008: approx. 30 %) and thereby regained its leading position in this segment.

Raiffeisen Centrobank once again received nearly 50 % of the mandates awarded in the April 2009 auction, and consequently maintained its position as the largest market maker and specialist on the Vienna Stock Exchange.

All structured and derivative products issued by Raiffeisen Centrobank are not only listed in Vienna, but also on the European derivatives exchange in Stuttgart, which represents the principal trading market. The sales volume of Raiffeisen Centrobank products on the Stuttgart securities exchange fell by a significant 60 % to approx. EUR 70 million in 2009. This decline was in part offset by the start of trading on exchanges in Warsaw, Prague, and Budapest, as well as the Scoach Europa AG in Frankfurt. The leading position of Raiffeisen Centrobank in the Austrian certificates business was underscored by the third award in succession as Certificate House of the Year for 2009 at the Certificate Award Austria.

In spite of the difficult developments on stock markets and, above all, in the volume of the customer business, Raiffeisen Centrobank intensified its road shows and presentations for the secondary market business in 2009. These activities were supported by sector reports and presentations on individual companies as part of ongoing services for customers, and were nearly doubled in comparison with the prior year and tripled in relation to 2006.

Equity Capital Markets (ECM)

Austria

The uncertain development that has characterised financial markets since 2007 continued throughout 2009 and had a significant effect on the interest of Austrian companies in securities issues. As in 2008, there were no IPOs in this country during the entire reporting year. A number of capital market transactions, which included the participation of Raiffeisen Centrobank in the preparatory phase, were unfortunately cancelled due to the unfavourable market climate. Eleven capital increases were nonetheless carried out in Austria during 2009 (with a total volume of approx. EUR 2.5 billion), whereby four were accompanied by Raiffeisen Centrobank. The past year also saw an increase in the number of mandates as well as the expansion of consulting activities.

The start of proceedings in 2008 for the (friendly) cross-border takeover of PC-Ware, which is listed in Germany, by the Raiffeisen Informatik Group came to a successful close at the beginning of 2009. Moreover, this product – a 10 % capital increase that is not subject to prospectus requirements under the Stock Exchange Act or the Capital Markets Act – was advertised on the Austrian capital market after completion of the takeover, and raised considerable interest among issuers. Raiffeisen Centrobank successfully executed and settled transactions with a total volume of approx. EUR 150 million at the beginning and end of the year, which involved capital increases of roughly 10 % each by KTM Power Sports AG and UNIQA Versicherungen AG. In addition, Warimpex Finanz- und Beteiligungs Aktiengesellschaft carried out a 10 % capital increase under the lead management of Raiffeisen Centrobank as part of an accelerated bookbuilding process with the prior exclusion of subscription rights. Raiffeisen Centrobank also supported Raiffeisen Zentralbank Österreich Aktiengesellschaft as a consultant and settlement agent for the placement of EUR 500 million in Raiffeisen participation capital 2008/2009 during summer 2009.

In economically uncertain times that can also give rise to the reorientation of corporate strategies, the Raiffeisen Centrobank Equity Capital Markets team accompanied Austrian companies during various stages of the long-term and in part ongoing processes connected with the structuring of capital market transactions. These activities included the execution of a capital increase for Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, which took the form of a subscription offering to existing shareholders with the goal of attracting a strategic investor with a share of approx. 10 % after the capital increase. Notwithstanding its concentration on Europe, Raiffeisen Centrobank was also active in the international arena as an underwriter in the syndicate for one of the world's largest transac-

tions in 2009 – the Citigroup capital increase with a total volume of roughly USD 17 billion. In the area of equity-linked deals, which have also been affected by the difficult market conditions, Raiffeisen Centrobank accompanied the issue of a EUR 135 million convertible bond by conwert Immobilien Invest SE as co-lead manager at the beginning of 2010.

In 2009 Raiffeisen Centrobank also served as a consultant for numerous well-known Austrian companies with which it maintains longstanding and successful partnerships. Ottakringer Brauerei AG was assisted by Raiffeisen Centrobank on the cancellation of the outstanding capital participation certificates at the beginning of 2009 to simplify the capital structure and on the merger with Vöslauer Mineralwasser AG. The Equity Capital Markets team also supported the squeeze-out of the minority shareholders of Feratel Media Technologies AG by TMB Tourismus- und Medien Beteiligungs GmbH.

Central and Eastern Europe (CEE)

The interest in capital market transactions also remained very low in the CEE region during the first six months of 2009, but the relevant operating conditions improved during the second half of the year. The absence of alternative financing sources was reflected in the placement of capital increases to raise funds for restructuring, refinancing, and the strengthening of liquidity. The highest transaction activity in Central and Eastern Europe was recorded on the Warsaw Stock Exchange, not least as the result of several privatisations. The largest IPO in Europe during 2009 also took place in Warsaw.

In connection with the stronger focus of the product portfolio on capital increases, convertible bonds and services – which are less affected by volatile capital markets – the ECM CEE department carried out numerous presentations for companies in Slovenia, Poland, Russia, Croatia, Serbia, Bosnia and Herzegovina, Romania, and Ukraine. This department received a consulting mandate from a listed British fund for a holding in Serbia and also acquired a follow-up mandate for 2010.

The ongoing difficult market environment was met with cost savings as well as the adjustment of the organisational structure to improve synergies between the previously separate ECM and ECM CEE departments.

The earnings recorded by the Equity Capital Markets department are included in the segment report under Capital Market Transactions. These earnings include the Mergers & Acquisitions business of Raiffeisen Investment AG and are negative in 2008 and 2009 because of the adverse market environment.

Company Research

The goal to provide investors with faster, more direct, and more extensive information led to a record number of 337 updates to analyst reports in 2009 (2008: 256). Raiffeisen Centrobank also started coverage on numerous companies including austriamicrosystems, A-Tec, BRE Bank, Cyfrowy Polsat, PGNiG, Budimex, Evraz, and NLMK, and resumed coverage of Alumil Rom Industry, Albalact, Gazprom, LUKoil, and Rosneft.

The outstanding quality of the analyses prepared by the Raiffeisen Centrobank team was also confirmed by numerous national and international awards in this difficult year. The Company Research Department was recognised for the best earnings forecasts in Austria by the renowned StarMine Report. Raiffeisen Centrobank also ranked fourth as the best-placed Austrian research house in the category for investment recommendations. In a Thomson-Reuters survey of fund managers, the Raiffeisen Centrobank industry experts were rated second for the best analysis of Austrian stocks – making the company the only Austrian bank under the top three. The Company Research Department also won the performance-based team rating at the 2009 VIG Analyst Award with annual results of 118.1 % for its investment recommendations (versus the ATX with 42.54 %).

As has been the practice for many years, the sector reports on oil & gas, telecommunications, banks, and utilities were presented at road shows in Vienna and to international investors in London, Dublin, Geneva, Zurich, Frankfurt, Helsinki, Zagreb, Warsaw, and Poznań. Road show reports on utilities, construction, metals, and banks were also presented to investors in London, Dublin, Edinburgh, Frankfurt, Warsaw, Zurich, Geneva, and Vienna several times during the year. These road shows as well as opportunities to maintain direct and regular contact with the analysts are well received by investors and play an important role in building trust.

The costs of the Company Research Department are allocated to the other Raiffeisen Centrobank departments and included in the segment report under Securities Trading & Sales and Treasury, Capital Market Transactions, and Private Banking.

Private Banking

The earnings generated by asset management and securities transactions rose substantially in 2009 due to increased investments in bonds and the recovery on stock markets. In contrast, interest income declined as a result of the low level of interest rates.

In spite of the challenging environment, the individual approach and extensive investment advising of Raiffeisen Centrobank were also reflected in an increase in customers during 2009. The volume of deposits returned to the 2007 level with approx. EUR 1.8 billion as of 31 December 2009 (31.12.2008: approx. EUR 1.5 billion), and the number of customer accounts rose to nearly 1,000.

This growth was supported by an increase in the volume of investments with existing customers as well as the acquisition of new customers. The expansion of cooperation with the local Raiffeisen network banks, above all in Russia, also made a positive contribution to the development of business. Two-thirds of the customers are private persons, while companies and foundations comprise the remaining one-third.

Subsidiaries

Raiffeisen Investment AG Group

Raiffeisen Investment AG, a wholly owned subsidiary of Raiffeisen Centrobank, and its subsidiaries have successfully served as consultants for M&A transactions and privatisations in the CEE region and South-eastern Europe for 20 years. As a result of their growing significance, the companies in Romania, Russia, Poland, and Malta were fully consolidated as of 1 January 2009. The local expertise of the Raiffeisen Investment offices in these countries is supplemented by specialised industry teams (telecommunications/media/technology, energy, industrials, food & beverage/retail, pharmaceuticals/life sciences, and financial sponsors), whose continuous contact with the companies in these sectors keeps them up to date on developments and trends. These sector specialists work together with the local teams on individual transactions.

The continuation of the economic crisis throughout 2009 was responsible for a further decline in the volume of M&A transactions, a situation that only began to stabilise during the fourth quarter of the year. Raiffeisen Investment AG was able to maintain its market positions, even under these challenging conditions, and successfully complete 17 M&A transactions. Of special note were the consulting services for the British private equity fund BC Partners for the acquisition of the Synlab and Futurelab laboratory chains. This was the largest private equity deal in 2009, and also drew considerable media interest. Raiffeisen Investment AG was particularly successful in Turkey during the reporting year, where it became the first Austrian investment bank to lead the league tables of the information provider “mergermarket” with a transaction volume of nearly EUR 1 billion. The development of business in Austria was also sound, with Raif-

feisen Investment AG successfully strengthening its market position. Five transactions were carried out for customers on this market, including Siemens and the Lower Austrian electricity producer EVN, as well as the sale of Constantia Privatbank. The market downturn led to a decline in the gross fee volume, which fell to roughly EUR 18 million (2008: EUR 25.4 million).

For 2010 Raiffeisen Investment AG expects a substantial increase of at least 30 % in the M&A volume in Europe – which would reflect the level in 2004/2005. Expectations are particularly high for the positive development of the markets in Austria, Turkey, Russia, and Poland.

The earnings recorded by Raiffeisen Investment AG and its subsidiaries are included in the segment report under Capital Market Transactions. Together with the results recorded by the Equity Capital Markets department of Raiffeisen Centrobank, this segment reported a loss in 2008 and 2009 due to the unfavourable market environment.

Commodity Trading

The subsidiaries of Centrotrade Holding AG, Vienna, which are combined under the Centrotrade Group, are active in rubber and olefin trading. As a result of its growing importance, Centrotrade Singapore Pte Ltd was fully consolidated in the financial statements of the Raiffeisen Centrobank Group as of 1 January 2009.

Olefin trading activities brought record results in 2009. Latex trading, which is included under the rubber unit, was satisfactory, while hard rubber trading was still negatively influenced by problems in the automobile and sub-contractor industries.

The earnings generated by the commodity trading companies are included in the segment report under Other Bank Departments and Commodity Trading.

Performance Indicators

Financial indicators

	2009	2008
Return on equity before tax (in %)	33.1	13.5
Cost/income ratio (in %)	65.3	82.8
Earnings per share (in Euro)	39.66	16.25

The significant year-on-year improvement of the net profit combined with a nearly constant level of equity led to an increase in the return on equity before tax from 13.5 % to 33.1 %. Since the growth in income substantially exceeded the development of expenses during 2009, the cost-income ratio also improved from 82.8 % in 2008 to 65.3 % for the reporting year.

Earnings per share were calculated on an unchanged number of 655,000 ordinary shares outstanding, and rose by approx. 144 % to EUR 39.66 in 2009.

Non-financial indicators

	2009	2008
Average number of employees for the year	337	306
Stock exchange memberships	13	12
Number of newly issued warrants and certificates	1,841	1,433

The Raiffeisen Centrobank Group had an average of 337 employees in 2009, which represents an increase of 31 or 10 % over the prior year. This growth was related above all to the initial consolidation of five companies, which led to an increase of 43 in the average number of employees. In contrast, the average workforce in Raiffeisen Centrobank and Raiffeisen Investment AG fell by 11 employees during the reporting year.

Raiffeisen Centrobank acquired membership in the Bucharest Stock Exchange during 2009, which raised the number of stock exchange memberships to 13. The number of warrants and certificates issued during the reporting year rose by roughly 28 % to 1,841.

Risk Management

In an operating environment that is still characterised by high market volatility, a modern risk management system that permits the professional limitation and management of risks is particularly important for Raiffeisen Centrobank with its specialisation on trading and brokerage with stocks and stock derivatives.

As a subsidiary of RZB, Raiffeisen Centrobank is integrated in the risk management system of the RZB Group. This system, with its various risk management units at different levels of the corporation, guarantees that all major risks are measured and limited, and also ensures that transactions are based on an appropriate balance of risks and earnings. The risk management concept comprises parameters required by law and supervisory regulations as well as the type, scope, and complexity of transactions and the resulting risks.

The risk management concept of Raiffeisen Centrobank is focused above all on the company's particular risk profile. The foundations of and methods for risk management are defined in the rules of procedures for the Supervisory Board and Executive Board as well as in organisational guidelines and manuals. A comprehensive planning and controlling process makes it possible for the Executive Board to identify risks at an early stage, to assess these risks, and to implement the necessary countermeasures. The Executive Board makes decisions on risk policy within the scope of its authority and approves the principles of risk management, the definition of limits for all relevant risks, and the procedures for monitoring risks. This risk policy represents an integral part of the company's overall risk management – the management of earnings and risks in all areas of business are linked together through this system.

An independent risk management unit, which is part of the controlling department, assists the Executive Board in the performance of these duties. This unit reports regularly to the Executive Board, and evaluates the current risk situation based on the company's risk capacity and relevant risk limits. It supports the Executive Board in allocating the risk budget and managing risks. The risk management unit, in its supporting function for the entire corporation, is responsible for the implementation and ongoing adjustment of the methods used to measure risk and the improvement of risk management instruments as well as the maintenance and updating of all relevant manuals and guidelines. The Risk Committee meets regularly to discuss all issues and regulations related to risk management. Its activities involve the preparation of recommendations for the Executive Board and the passing of resolutions. The Risk Committee is comprised of the members of the Executive Board as well as the heads of the Risk Committee, securities and treasury departments. In addition, the Asset Liability Committee periodically evaluates the interest rate risk, balance sheet structure risks, and liquidity risks to which the company is exposed.

Raiffeisen Centrobank uses innovative methods and concepts in its risk management. The basis for risk management is formed by a risk strategy, which is focused on risk inclination and capacity. This strategy flows into a comprehensive limit system that covers the entire company and permits a detailed analysis of the desired risk exposure at the operating segment, department and desk level. Another important factor is the quantification of operational risk based on a consistent value-at-risk parameter. Raiffeisen Centrobank is therefore able to measure operational risk and to include the results of this analysis – together with the main risks to which the company is exposed, i.e. market and credit risks – in the overall risk management activities of the Executive Board.

Raiffeisen Centrobank has increased the use of stress tests and backtesting since 2009. The performance and analysis of stress tests represent a valuable addition to the value-at-risk model because of their focus on extreme events. Stress tests involve artificial changes to various risk factors in the Raiffeisen Centrobank portfolio (primarily for market risk and credit risk, subsequently also for operational and liquidity risk), in order to simulate the effects of unusual market situations. 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 possible measures.

Backtesting procedures are used to evaluate the accuracy of the value-at-risk calculations. This procedure involves the comparison of hypothetical daily gains and losses under the buy-and-hold assumptions with the amounts forecasted by the value-at-risk model.

Additional information on risks and risk management is provided by the risk report in the notes to the financial statements.

Internal Control System for Group Accounting Processes

Raiffeisen Centrobank and its corporate bodies place high value on balanced and complete reporting, whereby compliance with all applicable legal regulations is an absolute prerequisite. The Executive Board is responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the requirements of the company. The duty of this internal control system is to support management, and thereby guarantee effective and continuously improved controls for accounting. The control system is designed to ensure compliance with guidelines and regulations and, at the same time, to create optimal conditions for specific control measures.

An integral component of the internal control system used by Raiffeisen Centrobank for many years is formed by an approval process with directives and instructions for strategically important areas of the business. As part of the RZB Group, the Raiffeisen Centrobank Group is also subject to the instructions and regulations issued by its parent company. Compliance with these rules is monitored by internal audits at the individual institution and group levels.

The preparation of the consolidated financial statements is based on applicable Austrian law, in particular the Austrian Banking Act ("Bankwesengesetz") in connection with the Austrian Commercial Code ("Unternehmensgesetzbuch"), which regulates the preparation of consolidated financial statements by financial institutions. International Financial Reporting Standards (IFRS), as adopted in the EU, represent the accounting framework for the consolidated financial statements.

The technical (quantitative) preparation of the consolidated financial statements for Raiffeisen Centrobank was outsourced to RZB because of the membership in this corporate group, and is carried out by the RZB Group finance department. The qualitative aspects are completed by the controlling and reporting department of Raiffeisen Centrobank.

The consolidated financial statements are prepared on the basis of standardised, group-wide forms. The accounting and valuation standards are defined in the RZB Group accounts manual and are binding for the preparation of the financial statements. Any changes in the instructions and standards are communicated to the involved units at the annual RZB Group reporting meeting.

The preparation of the individual financial statements in accordance with Group requirements is decentralised, and is the

responsibility of the individual operating units. The accounting staff and heads of the group companies are responsible for the complete recording and correct valuation of all transactions. Local management must ensure the implementation of the prescribed internal control measures, such as the separation of functions and verification approvals by separate persons. The data for the annual financial statements is transmitted to the RZB Group finance department through direct input into the Cognos Controller consolidation system. The IT security of this system is protected by the restrictive assignment of authorisations.

The data transferred from the reporting units of Raiffeisen Centrobank is then verified for plausibility by the RZB Group finance department and by the controlling department of Raiffeisen Centrobank. Subsequent consolidation steps, e.g. the consolidation of investments and equity, the consolidation of income and expenses, and the consolidation of liabilities, are then performed in the Cognos Controller system. Any interim profits, which arise primarily from transactions between the commodity trading subsidiaries, are eliminated through appropriate consolidation entries. The disclosures required for the notes by IFRS, the Austrian Banking Act, and the Austrian Commercial Code represent the final step in the consolidation process and are prepared by the Raiffeisen Centrobank controlling and reporting department. A group management report is also prepared, which analyses and explains results for the reporting year in accordance with legal requirements.

The major risks related to Group accounting processes are evaluated and monitored by the Executive Board, whereby the focus is placed on risks that are generally considered to be material. The annual evaluation of the internal controls implemented by the responsible units follows a risk-based approach. The risk of incorrect financial reporting is evaluated on the basis of various criteria. For example, complex accounting principles can increase the possibility of errors. Different principles for the valuation of assets as well as a complex or changing business environment can also lead to the risk of material errors in financial reporting.

The preparation of the annual financial statements involves the regular use of estimates, and there is an imminent risk that future developments may vary from these estimates. In particular, this applies to the parameters in valuation models that are used to determine the fair value of financial instruments for which current market quotations are not available as well as the value of employee-related provisions, the outcome of legal proceedings, the collectability of receivables, and the possible impairment of investments and inventories. The risk of errors is minimised by the inclusion of external experts in the valuation process as well as the use of publicly available data sources.

In addition to the Executive Board, the general control environment also includes mid-level management (department heads). All control measures are applied in ongoing business processes to ensure that potential errors or variances in financial reporting are avoided or discovered and corrected. The controls that are applied at regular intervals range from the review of reporting period results by management up to the specific transition and reconciliation of accounts, and to 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 minimum standards for internal audits issued by the Austrian Financial Market Authority and on international best practices. The internal audit department reports directly to the Executive Board. The RZB Group internal audit department also conducts regular and independent reviews of compliance with internal guidelines.

The consolidated financial statements and the group management report are reviewed by the Audit Committee of the Supervisory Boards. The consolidated financial statements are also presented to the Supervisory Board for its acceptance.

The consolidated financial statements are published in the annual report, on the company's website, and in the Federal Gazette to the Wiener Zeitung, and are also filed with the Austrian Company Register. Interim reporting on a consolidated basis in accordance with the Austrian Stock Corporation Act takes the form of semi-annual reports that meet the requirements of IAS 34. Key employees and the Executive Board review the annual financial statements prior to their distribution to the Supervisory Board. Moreover, analyses of the consolidated financial statements are prepared especially for management.

Human Resources

The success development of business in 2009 was supported by the steady commitment of the company's expert staff. As of 31 December 2009, the Raiffeisen Centrobank Group employed a total workforce of 325 (2008: 312).

Excluding the 40 employees added through initial consolidations, the number of employees fell by 27 in comparison with 31 December 2008. This reduction reflected business developments in the involved units and the resulting adjustment of cost structures.

The Raiffeisen Centrobank Group is proud of the specialised know-how, the commitment, and the close cooperation between its employees. Long-term investments were also made to this key foundation for financial success through internal and external training programmes in 2009.

The systematic survey of training needs and the focus of training on the relevant business activities resulted, for example, on the expansion of specially designed internal training courses by the parent company Raiffeisen Centrobank. This offering comprised workshops in specialised fields as well as seminars to present and explain new regulations. In order to further intensify the corporate philosophy and actions, the RCB Insight event series was initiated as a forum for the presentation and discussion of new products and processes. The response to the internal offering was highly positive, with each employee taking part in an average of two internal events. Not only existing, but also new employees profit from these programmes. A special curriculum with on-the-job components and off-the-job training sequences was also implemented for individual positions to facilitate the rapid integration of new employees. Similar to the offering of internal training opportunities, the nearly 100 external training courses were concentrated on banking topics and certification processes.

The wide-ranging, in-depth specialised knowledge of the Raiffeisen Centrobank staff in the core areas of business is reflected in the diversity of country-specific expertise. Fourteen different nationalities are represented alone in the parent company, Raiffeisen Centrobank. The share of female employees also presents a balanced picture: the percentage of women is unusually high with 42 % among senior managers and directors and 43 % across all positions.

Outlook for 2010

The economic stimulus programmes and liquidity injections with which governments and central banks attempted to avert the threatening collapse of the global financial and economic system after the Lehman bankruptcy in autumn 2008 have brought the hoped-for results. The most severe recession since the end of World War II – according to the popular macroeconomic description – appears to have bottomed out.

Real economic growth of approx. 2.5 % is forecasted for the USA in 2010. Growth in the euro zone is expected to be more moderate with an average plus of 1.4 %, but a relapse into recession is generally considered unlikely. Austria should rank at the top of the euro countries with forecasted GDP growth of nearly 1.5 %.

Economic recovery is also expected to take hold in the CEE region and drive average real GDP growth to over 2 %. However, forecasts for the individual economies differ substantially. Nothing more than stabilisation is expected for the Balkan countries, while an increase of 1.9 % appears realistic for EU countries such as Poland. Development should be even stronger in Russia, where growth of more than 3 % in 2010 should offset part of the loss in economic performance.

Despite the noticeable acceleration in economic activity, production is expected to remain well below the level before the economic and financial crisis for some time. The pressure on the labour market will only decline slowly due to the underutilisation of capacity. Up to this point, only the first steps have been taken on the road to sustainable economic recovery.

The stimulus packages implemented by many countries as a reaction to the crisis were able to avert a more severe recession and will also make an important contribution to growth during 2010. However, they have led to a sharp rise in national debt and high budget deficits. Most of these countries are currently working on long-term plans for the necessary reduction of this debt, whereby there is a consensus that the current promising recovery should not be negatively influenced by the need for budget reforms and the foreseeable cutbacks in public and private spending.

With respect to the stock markets, 2010 should be characterised by a general continuation of the upward trend – with the exception of more or less intense temporary corrections. The stabilisation of economic development and, in particular, the positive effects of corporate cost cutting measures (the full results of measures implemented in 2009 will only now become evident) should support stock markets above all during the second half of the year.

Against this economic backdrop, our outlook for the Raiffeisen Centrobank Group is clearly positive. A stable business model, the orientation of a European bank with a focus on Central and Eastern Europe, as well as the necessary adjustments to products and services together with cost discipline, not only produced sound results in the difficult 2008 financial year, but also supported a strong improvement in earnings during 2009. Even if recovery is only proceeding slowly according to economic indicators and the market environment will remain challenging for several years, the good positioning of the Raiffeisen Centrobank Group – within both the RZB Group and its markets – will allow the key segments of securities trading, capital market transactions, and M&A to benefit to an above-average extent from the upturn on the core markets of Austria and the CEE region. It is therefore realistic to expect that earnings for 2010 will match or exceed the results reported in these 2009 financial statements.

Significant Events after the Balance Sheet Date

No significant events occurred after the balance sheet date.

Research and Development

As the business of Raiffeisen Centrobank and Raiffeisen Investment AG is concentrated on investment banking as well as mergers and acquisitions, these companies have no research and development activities. The commodity trading subsidiaries, which trade solely in rubber and olefins, are also not active in the areas of research and development.

Vienna, April 6, 2010
The Executive Board

Statement of Legal Representatives in Accordance with § 82 of the Austrian Stock Exchange Act

We hereby confirm to the best of our knowledge that the consolidated financial statements, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the asset, financial and earnings position of the group; that the group management report describes the development of business, the results of operations, and the position of the group so as to provide a true and fair view of the asset, financial and earnings position; and that the group management report describes the major risks and uncertainties to which the group is exposed.

We hereby confirm to the best of our knowledge that the annual financial statements of the parent company, which were prepared in accordance with the applicable accounting standards, provide a true and fair view of the asset, financial and earnings position of the company; that the management report describes the development of business, the results of operations, and the position of the company so as to provide a true and fair view of the asset, financial and earnings position; and that the management report describes the major risks and uncertainties to which the company is exposed.

Eva Marchart
Chairman of the Executive Board

Alfred Michael Spiss
Deputy Chairman of the Executive Board

Gerhard Grund
Member of the Executive Board

Report of the Supervisory Board

The annual financial statements for 2009, which were audited by the elected auditor – KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna – and awarded an unqualified opinion, were presented to and ratified by the 37th Annual General Meeting on 28 April 2010.

KPMG Wirtschaftsprüfungs- und Steuerberatungs GmbH completed the audit of the consolidated financial statements for the 2009 financial year in April 2010 and also awarded these financial statements an unqualified opinion.

The Supervisory Board conducted a detailed review of and approved the consolidated financial statements for the 2009 financial year, which were audited by KPMG WIrtschaftprüfungs- und Steuerberatungs GmbH.

Vienna, April 2010

Walter Rothensteiner
Chairman of the Supervisory Board

Consolidated Annual Financial Statements
of Raiffeisen Centrobank AG as of December 31, 2009 in Accordance with International Financial Reporting Standards (IFRS)

Income Statement

Amounts in thousand Euros	Notes	1/1/ – 31/12/2009	1/1/ – 31/12/2008	Change
Interest income		12,962	19,321	– 32.9 %
Interest expenses		– 4,249	– 11,318	– 62.5 %
Net interest income	**(2)**	**8,713**	**8,004**	**8.9 %**
Impairment losses on loans and advances	(3)	– 55	– 83	– 33.7 %
Net interest income after provisions		**8,658**	**7,921**	**9.3 %**
Fee and commission income		24,244	27,437	– 11.6 %
Fee and commission expenses		– 10,574	– 9,831	7.6 %
Net fee and commission income	**(4)**	**13,670**	**17,605**	**– 22.4 %**
Trading profit	(5)	43,650	33,300	31.1 %
Valuation result from derivative financial instruments	(6)	– 217	0	–
Net income from financial investments	(7)	370	1,314	– 71.8 %
General administrative expenses	(8)	– 57,767	– 53,353	8.3 %
Other operating result	(9)	22,471	5,635	298.8 %
Profit before tax		**30,835**	**12,421**	**148.2 %**
Income taxes	(10)	– 4,855	– 1,778	173.1 %
Profit after tax		25,980	10,643	144.1 %
Share of profit due to minority interests		0	0	–
Group net profit		**25,980**	**10,643**	**144.1 %**

Transition to Comprehensive Income			
Group net profit	25,980	10,643	144.1 %
Currency translation differences	– 546	640	– 185.3 %
Total comprehensive income	**25,435**	**11,283**	**125.4 %**

The development of the items recorded under retained earnings resulted solely from currency translation differences:

Retained Earnings Amounts in thousand Euros			**Currency translation differences**
Balance as of 1/1/2008			**– 3,968**
Net changes during the reporting year			640
Balance as of 31/12/2008			**– 3,327**
Net changes during the reporting year			– 546
Balance as of 31/12/2009			**– 3,873**

Earnings per share (in Euros)	**(11)**	**39.66**	**16.25**	**23.41**

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

Balance Sheet

Assets Amounts in thousand Euros	**Notes**	**31/12/2009**	**31/12/2008**	**Change**
Cash reserve	(13, 32)	2,478	16,327	– 84.8 %
Loans and advances to credit institutions	(14, 32, 33)	480,092	359,384	33.6 %
Loans and advances to customers	(15, 32, 33)	51,490	96,104	– 46.4 %
Impairment losses on loans and advances	(16)	– 453	– 625	– 27.5 %
Trading assets	(17, 32)	1,355,765	1,167,902	16.1 %
Derivative financial instruments	(18)	60	129	– 53.5 %
Securities and financial investments	(19, 32)	35,436	47,613	– 25.6 %
Intangible fixed assets	(20, 22)	215	244	– 11.9 %
Tangible fixed assets	(21, 22)	13,603	14,841	– 8.3 %
Other assets	(23, 32)	56,719	67,379	– 15.8 %
Total assets		**1,995,404**	**1,769,298**	**12.8 %**

Equity and Liabilities Amounts in thousand Euros	**Notes**	**31/12/2009**	**31/12/2008**	**Change**
Liabilities to credit institutions	(24, 32, 33)	143,726	241,597[1]	– 40.5 %
Liabilities to customers	(25, 32, 33)	119,559	215,589	– 44.5 %
Provisions	(26, 33)	27,573	25,486	8.2 %
Trading liabilities	(27, 32, 33)	1,537,839	1,130,609	36.0 %
Derivative financial instruments	(28)	607	50	> 500.0 %
Other liabilities	(29, 32, 33)	27,469	28,734[1]	– 4.4 %
Subordinated capital	(30, 32, 33)	20,619	20,986	– 1.7 %
Equity	(31)	118,013	106,246	11.1 %
Consolidated equity		92,033	95,603	–3.7 %
Group net profit		25,980	10,643	144.1 %
Total equity and liabilities		**1,995,404**	**1,769,298**	**12.8 %**

[1] Reclassification of TEUR 6,294 from other liabilities to liabilities to credit institutions.

Statement of Changes in Equity

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Consolidated net profit for the period	Minority interests	Total
Equity as of 1/1/2008	**47,599**	**6,651**	**32,853**	**42,453**	**0**	**129,556**
Transferred to retained earnings	0	0	7,738	– 7,738	0	0
Dividend payments	0	0	0	– 34,715	0	– 34,715
Total comprehensive income	0	0	640	10,643	0	11,283
Other changes	0	0	123	0	0	123
Equity as of 31/12/2008	**47,599**	**6,651**	**41,353**	**10,643**	**0**	**106,246**
Release from retained earnings	0	0	– 3,112	3,112	0	0
Dividend payments	0	0	0	– 13,755	– 1	– 13,756
Total comprehensive income	0	0	– 546	25,980	0	25,434
Other changes	0	0	87	0	1	88
Equity as of 31/12/2009	**47,599**	**6,651**	**37,783**	**25,980**	**0**	**118,013**

The other changes in equity are the result of currency translation differences between income statement and balance sheet. Further details on changes in equity are provided in the notes under item (31) “Equity”.

Cash Flow Statement

Amounts in thousand Euros	2009	2008
Group net profit	**25,980**	**10,643**
Non-cash positions in profit and transition to net cash from operating activities:		
Depreciation, amortisation, and revaluations	2,436	2,575
Net provisions for liabilities and charges, and impairment losses	9,959	– 8,220
Gains/loss on the disposal of tangible fixed assets and financial investments	4	0
Other adjustments (net)	23,960	2,922[1]
Subtotal	**62,339**	**7,920**
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to credit institutions and customers	– 73,533	– 138,070[1]
Trading assets/trading liabilities (net)	184,328	– 261,058
Other assets/other liabilities (net)	25,638	299,909[1]
Liabilities to credit institutions and customers	– 197,633	114,797[1]
Cash flow from operating activities	**1,139**	**23,498**
Proceeds from the sale of:		
Financial assets and financial investments	0	24
Intangible fixed assets and tangible fixed assets	43	82
Payments for the acquisition of:		
Financial assets and financial investments	– 217	– 367
Intangible fixed assets and tangible fixed assets	– 1,059	– 2,135
Cash flow from investing activities	**– 1,233**	**– 2,397**
Inflows/outflows of subordinated capital	0	20,000
Dividends paid	–13,755	– 34,715
Cash flow from financing activities	**– 13,755**	**– 14,715**

Cash and cash equivalents at the end of the previous period	**16,327**	**9,940**
Net cash flow from operating activities	1,139	23,498
Net cash flow from investing activities	– 1,233	– 2,397
Net cash flow from financing activities	– 13,755	– 14,715
Cash and cash equivalents at the end of the period	**2,478**	**16,327**

[1] Adjustment of prior year data through separate presentation of cash flows for interest, dividend, and tax payments from operating activities as well as the reclassification of TEUR 6,294 from other liabilities to liabilities to credit institutions.

Cash flows for taxes, interest, and dividends	2009	2008
Interest received	12,820	12,073
Interest paid	– 4,532	– 5,980
Income taxes paid	– 126	– 553

The cash flow statement shows the composition of and changes in cash and cash equivalents during the financial year and is classified in three sections: operating activities, investing activities, and financial activities.

Net cash flow from operating activities comprises the cash flows arising from loans and advances to credit institutions and customers, as well as the cash flows arising from liabilities to credit institutions. This position also includes additions to and disposals of trading assets and trading liabilities, derivatives and other assets, and other liabilities. The interest, dividend and tax payments resulting from operating activities are shown separately; the prior year data were adjusted accordingly.

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

Net cash flow from financing activities comprises the inflows to and outflows from equity and subordinated capital, which are related above all to dividend payments. In the prior year, this section of the cash flow statement also included cash inflows from the issue of a subordinated bond.

Cash and cash equivalents comprise the cash reserve shown on the balance sheet, which includes cash on hand as well as deposits with Oesterreichische Nationalbank (Austrian National Bank) that are payable on demand. Loans and advances to credit institutions that are payable on demand are not included under this section, but under cash flow from operating activities.

Segment Reporting

The application of IFRS 8 to the presentation of information on operating segments is mandatory for financial years beginning on or after 1 January 2009. The development of this information is now based solely on the company's internal reporting. The previous two-level segmentation by area of business and geographical criteria was discontinued.

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 income statement 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 organisation. It is structured as a multi-level contribution margin statement, with income and expenses allocated to the responsible departments. The income positions include net interest income, net fee and commission income and other operating result, whereby net interest income is calculated at market interest rates. General administrative expenses comprise both direct and indirect costs. The individual operating segments are responsible for the direct costs (personnel and operating costs), while the indirect costs are allocated to the cash-generating units based on agreed keys. The same applies to the employees in the support and central administration departments as well as the staff headquarters. The results of the operating segments are presented down to profit before tax.

Impairment losses in the Credit Department include the recognition of impairment losses for credit risks and direct write-offs as well as income received from receivables previously written off. 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.

Raiffeisen Centrobank has defined the following operating segments (cash-generating units):

» Securities Trading & Sales and Treasury
» Equity Capital Markets
» Private Banking
» 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, the company's own 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 % of the income recorded by Raiffeisen Centrobank from initial and secondary public offerings (IPO/SPO) is also allocated to this segment. The remaining 50 % are allocated to the segment "Equity Capital Markets". No such transactions were carried out in 2009.

The segment "Equity Capital Markets" comprises consulting services provided by the company before, during and after capital market transactions (IPO/SPO, stock buyback programmes, 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 privatisations. Furthermore, 50 % of the income recorded by Raiffeisen Centrobank from initial and secondary public offerings (IPO/SPO) is allocated to the Securities Trading & Sales and Treasury segment in accordance with the costs incurred with the individual mandates (also see the previous paragraph).

The "Private Banking" segment provides individual advising services for investments and asset management to wealthy individuals, self-employed persons (high net worth individuals), and companies.

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 Equity" 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.

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

» The return on equity before tax is calculated by dividing profit before tax by the average capital employed for the reporting period. This indicator shows the profitability of the capital employed in the relevant operating segment.
» The cost/income ratio shows the cost efficiency of the individual operating segments. This indicator is calculated by dividing general administrative expenses by the total of net interest income, net fee and commission income, trading result and other operating result (excluding valuation results from hedge accounting and other derivatives).

1/1/ – 31/12/2009 Amounts in thousand Euros	**Securities-Trading & Sales and Treasury**	**Equity Capital Markets**	**Private Banking**	**Credit Department**	**Other Departments and Commodity Trading**	**Transition**	**Total**
Net interest income	6,890	337	582	1,283	– 669	290	8,713
Provisions for impairment losses	0	0	0	0	0	– 55	– 55
Net interest income after provisions	6,890	337	582	1,283	– 669	235	8,658
Net fee and commission income	– 495	10,388	3,217	194	518	– 152	13,670
Trading profit	43,715	484	0	0	– 449	– 100	43,650
Valuation result from derivative financial instruments	– 221	0	0	221	– 317	100	– 217
Net income from financial investments	387	0	0	0	– 17	0	370
General administrative expenses	– 27,553	– 18,769	– 3,709	– 1,210	– 7,130	604	– 57,767
Other operating result	0	6,003	0	0	12,268	4,200	22,471
Profit/loss before tax	**22,723**	**– 1,557**	**90**	**488**	**4,204**	**4,887**	**30,835**
Assessment basis (credit and market risk)	373,589	0	25,900	43,875	44,550	0	487,914
Average assets	1,792,019	18,814	47,772	52,149	68,925	– 49,080	1,930,599
Average liabilities (excl. equity)	1,643,380	11,088	183,391	4,252	32,290	– 37,054	1,837,347
Average number of employees	142	120	22	9	44	0	337
Cost/income ratio	55.0 %	109.0 %	97.6 %	81.9 %	61.1 %	0	65.3 %
Average equity	64,463	7,726	4,456	7,549	21,085	– 12,027	93,252
Return on equity (ROE) before tax	**35.2 %**	**– 20.2 %**	**2.0 %**	**6.5 %**	**19.9 %**	**0**	**33.1 %**

The year-on-year increase in the average number of employees in the Equity Capital Markets segment resulted from the initial consolidation of four subsidiaries of Raiffeisen Investment AG.

1/1/ – 31/12/2008 Amounts in thousand Euros	Securities-Trading & Sales and Treasury	Equity Capital Markets	Private Banking	Credit Department	Other Departments and Commodity Trading	Transition	Total
Net interest income	5,238	1,809	786	1,080	– 921	12	8,004
Provisions for impairment losses	0	0	0	0	0	– 83	– 83
Net interest income after provisions	5,238	1,809	786	1,080	– 921	– 71	7,921
Net fee and commission income	1,448	12,336	2,752	386	707	– 24	17,605
Trading profit	32,881	58	0	0	122	239	33,300
Valuation result from derivative financial instruments	– 703	0	0	703	227	– 227	0
Net income from financial investments	1,352	– 7	0	0	– 31	0	1,314
General administrative expenses	– 26,449	– 16,421	– 3,387	– 1,154	– 6,364	422	– 53,353
Other operating result	0	1,260	0	– 95	4,955	– 485	5,635
Profit/loss before tax	**13,767**	**– 965**	**151**	**920**	**– 1,306**	**– 146**	**12,421**
Assessment basis (credit and market risk)	367,137	0	56,700	64,725	49,513	0	538,075
Average assets	1,827,960	22,774	63,028	73,152	72,479	– 52,143	2,007,251
Average liabilities (excl. equity)	1,667,336	16,327	235,727	1,086	37,954	– 43,416	1,915,014
Average number of employees	146	94	21	7	38	0	306
Cost/income ratio	66.8 %	106.2 %	95.7 %	84.2 %	130.9 %	0	82.8 %
Average equity	59,689	6,447	6,874	7,826	20,127	– 8,726	92,237
Return on equity (ROE) before tax	**23.1 %**	**– 15.0 %**	**2.2 %**	**11.8 %**	**– 6.5 %**	**0**	**13.5 %**

Notes

The company

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

Raiffeisen Centrobank is a subsidiary of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), which holds 654,999 of the 655,000 zero par value shares of share capital through RZB KI-Beteiligungs GmbH and its subsidiary RZB IB Beteiligungs GmbH, Vienna. The remaining zero par value share is held by Raiffeisen Invest GmbH, Vienna.

Raiffeisen Centrobank, Vienna, is a member company of the corporate group "Raffeisen-Landesbanken-Holding GmbH", Vienna (the parent company of the group), and is fully consolidated in this company's financial statements. This financial holding company holds a majority stake in Raiffeisen Zentralbank Österreich Aktiengesellschaft. In addition, the Raiffeisen Centrobank Group is included in the consolidated financial statements of Raiffeisen Zentralbank Österreich Aktiengesellschaft.

Raiffeisen Centrobank AG is one of the leading Austrian investment banks, offering the entire spectrum of services and products associated with stock, derivatives, and equity capital transactions, including and excluding the stock exchange. Based on this position, the specialised bank also offers exclusive and individually tailored private banking services. The mergers and acquisitions (M&A) business is conducted through Raiffeisen Investment AG and its subsidiaries, most of which are included in the consolidated financial statements. The other member companies in the Raiffeisen Centrobank Group are active in international commodity trading, with a focus on rubber and chemicals (olefins).

The consolidated financial statements were approved by the Executive Board on 6 April 2010, and subsequently submitted to the Supervisory Board for examination and approval.

Basis of preparation

Principles

The consolidated financial statements for the 2009 financial year and the comparative amounts for the 2008 financial year were developed 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). These consolidated financial statements reflect the application of all International Financial Reporting Standards that were issued by the IASB and adopted by the EU for application in the preparation of 2009 financial statements, in cases where this application was mandatory. IAS 11, 20, 23, 29, 31, 34, 40, and 41, as well as IFRS 2, 4, 5, and 6, were not applied because the Group had no such accounting transactions.

The following new and revised standards and interpretations did not have a material effect on the accounting and valuation methods applied by the company, or no such transactions were recorded in 2009: IAS 1 (Presentation of Financial Statements; effective as of 1 January 2009), IAS 23 (Borrowing Costs; effective as of 1 January 2009), IAS 32 (Puttable Financial Instruments and Obligations arising on Liquidation; effective as of 1 January 2009), IFRS 2 (Settlement and Cancellations; effective as of 1 January 2009), IFRIC 9 (Embedded Derivatives; effective as of 30 June 2009), IFRIC 13 (Customer Loyalty Programmes; effective as of 1 July 2008), IFRIC 15 (Agreements for the Construction of Real Estate), and IFRIC 16 (Hedges of a Net Investment in a Foreign Operation), as well as changes made as part of the so-called Improvement Project.

In March 2009 the IASB issued a revision to IFRS 7 (expanded disclosures on fair value and liquidity risk; effective as of 1 January 2009), which requires the disclosure of additional information on the fair value and liquidity risk of financial instruments. The required information on the determination of fair value was defined more precisely to include a classification in tabular form

with a three-level fair value hierarchy for each class of financial instruments, and the scope of mandatory disclosures in the notes was expanded. The required disclosures on liquidity risk were also clarified and expanded. These changes led to the provision of additional information in the notes to the consolidated financial statements.

IFRS 8 (Operating Segments), which requires mandatory application as of 1 January 2009, calls for the identification of segments based on the company's management reporting. Reportable segments are defined as the segments that also form the basis for internal decision-making. Raiffeisen Centrobank has therefore adjusted its segment reporting to reflect its functional organisation.

The IASB has also issued the following standards and interpretations, which do not require mandatory application as of 1 January 2009 but permit early application; Raiffeisen Centrobank did not apply these standards and interpretations in preparing the 2009 consolidated financial statements: the revised IFRS 2 (Share-Based Payment concerning cash settlements; effective as of 1 July 2009), IFRS 3 and IAS 27 (Business Combinations; effective as of 1 July 2009), IAS 24 (Related Party Disclosures; effective as of 1 January 2011), IAS 32 (Financial Instruments: Presentation concerning the classification of issue rights; effective as of 1 February 2010), IAS 39 (Financial Instruments: Recognition and Measurement: qualified hedging instruments; effective as of 1 July 2009), IFRIC 17 (Distributions of Non-cash Assets to Owners; effective as of 1 July 2009), IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments; effective as of 1 July 2010), IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; effective as of 1 January 2011), and changes made in connection with the so-called Improvement Project.

The consolidated financial statements were prepared on the basis of the reporting packages submitted by all fully-consolidated Group companies. . The data in these packages reflect the provisions of IFRS and 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 Euros.

An asset is recognised 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 recognised when it is probable that the settlement of a present obligation will lead to an outflow of resources embodying economic benefits, and when the settlement amount can be reliably measured.

Any estimates or assessments required for recognition and measurement under IAS/IFRS are made in agreement with the relevant standards. They are based on past experience and other factors such as planning and current expectations or forecasts of future events. The estimates and assessments are related above all to the provisions for risk in the credit business, the determination of fair value (in particular, the individual parameters used in calculations), the impairment of financial instruments, and the provisions for retirement benefits and severance compensation. The actual amounts realised at a later date may differ from these estimates.

Deferred taxes are not shown separately on the income statement and balance sheet. Details are presented under the relevant items in the notes.

Consolidation methods

The consolidated financial statements include all major subsidiaries in which Raiffeisen Centrobank directly or indirectly holds more than 50 % of the shares or is able to exercise a controlling influence over financial and operating policies. Subsidiaries are generally consolidated as of the date on which control is obtained and deconsolidated when the company ceases to exercise control. Minority interests are reported under equity on the balance sheet, but shown separately from the equity attributable to the shareholders of Raiffeisen Centrobank. The share of Group profit attributable to minority interests is also shown separately on 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 recognised directly under equity in subsequent consolidations.

Significant interests in associated companies are included in the consolidated financial statements at equity. However, no companies were consolidated at equity in 2009 because the value of these companies is immaterial for the consolidated financial statements.

The following investments are included under securities and financial investments, and are carried at cost: shareholdings in subsidiaries that are not included in the consolidated financial statements because they are immaterial and shares in associated companies that were not recorded at equity.

Other investments in companies not listed on a stock exchange are carried at cost because a market value is unavailable or cannot be reliably determined.

Business combinations

As part of the consolidation process, all identifiable assets, liabilities, and contingent liabilities of a subsidiary are recognised at fair value as of the acquisition date in accordance with IFRS 3. The acquisition cost is offset against the proportional share of net assets acquired. Any resulting positive difference is capitalised as goodwill and tested each year for impairment. If there are any indications of impairment, goodwill is also tested during the year.

Any negative differences resulting from the initial consolidation are recognised immediately to profit or loss.

Consolidation entries

Intragroup receivables and liabilities are eliminated during the consolidation. Any remaining temporary differences are recorded under other assets or other liabilities.

Income and expenses arising from transactions between Group companies are offset, whereby temporary differences from the banking business are included under net interest income. Other differences are included under other operating result.

Intercompany profits are eliminated if they have a material effect on income statement items. Banking and other transactions between Group subsidiaries are normally carried out at prevailing market rates.

Consolidation range

The number of fully consolidated companies in the financial statements through full consolidation increased from seven to twelve during the reporting year. Seven companies were consolidated in 2008.

The following companies were included in the consolidated financial statements for the first time in 2009:

Name	Share-holding	Consolidation date	Reason
Centrotrade Singapore Pte Ltd, Singapore (SG)	100.0 %	1.1.	Materiality
OOO Raiffeisen Investment, Moscow (RU)	100.0 %	1.1.	Materiality
Raiffeisen Investment (Malta) Limited, Valetta (MT)	99.8 %	1.1.	Materiality
Raiffeisen Investment Polska Sp.z.o.o., Warsaw (PL)	100.0 %	1.1.	Materiality
Raiffeisen Investment Romania SRL, Bucharest (RO)	100.0 %	1.1.	Materiality

The following table shows the assets and liabilities of these companies as of 1 January 2009:

Amounts in thousand Euros	
Assets	24,616
Liabilities	– 18,719
Net assets	**5,897**

These companies recorded the following revenues and net profit for the 2008 financial year:

Amounts in thousand Euros	
Revenues	93,890
Net profit for the year	3,905

The effects of the change in the consolidation range on liquidity were not material. The income resulting from negative differences arising from initial consolidation totalled TEUR 4,603. Details on these differences are provided under point (9) "Other operating income".

Twelve companies were not included in the consolidated financial statements in 2009 (2008: 16) 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 subsidiaries under securities and financial investments.

An overview of the fully consolidated companies and other interests is provided on page 129.

Foreign currency translation

In accordance with IAS 21, the foreign currency financial statements of fully consolidated subsidiaries were translated into the Euro by applying the modified current rate method. Equity was translated at the relevant historical exchange rate, while assets and liabilities as well as information for the notes were translated at the exchange rate in effect on 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 between the exchange rate as of the balance sheet date and the average exchange rate for the year were recognised directly in equity.

The US Dollar represents the functional currency for Centrotrade Chemicals AG, Centrotrade Investment AG, Centrotrade Minerals & Metals Inc., and Centrotrade Singapore Pte Ltd because of the economic content of the transactions carried out by these companies.

The following exchange rates were used for foreign currency translation:

Exchange rate in local currency per Euro	2009 Balance sheet date	2009 Average for the year	2008 Balance sheet date	2008 Average for the year
US dollar (USD)	1.441	1.396	1.392	1.473

Accounting and valuation principles

Financial Instruments: Recognition and Measurement (IAS 39)

IAS 39 requires all assets and liabilities, including derivative financial instruments, to be recorded on the balance sheet. By definition, a financial instrument is a contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. The valuation of financial instruments is dependent on their assignment to various valuation categories, which are listed below:

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

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

a. Trading assets and trading liabilities

Trading assets and trading liabilities allow the company to utilise short-term fluctuations in market prices. Securities used for trading purposes (including short sales of securities) and derivative instruments are carried at their market value. For listed products, the determination of market value is based on the relevant stock exchange prices. If quoted prices are not available, present value calculations are used to develop the market price for primary financial instruments and futures, while suitable

option pricing models are used to determine the market price for options. Present value calculations are based on the zero-coupon curve. In order to determine the fair value of unlisted bank bonds, depreciation or parameter adjustments are considered to reflect market liquidity risks within these evaluation methods. Option prices are determined by applying various models, depending on the type of option: the Black-Scholes model and the Cox, Ross und Rubinstein binomial pricing model are used for plain vanilla options (US and European exercise); the Curran approximation is used for Asian options; the Heinen-Kat model for barrier options; and the Kirk model for spread options.

Derivatives used for trading purposes are reported on the balance sheet under trading assets or trading liabilities. These instruments are classified under trading assets when the fair value, including accrued interest, is positive (dirty price). If the fair value is negative, the instruments are recorded under trading liabilities. Positive and negative fair values are not offset. Any change in the dirty price is recognised through profit or loss and reporting under trading profit or loss. Derivatives that are not used for trading purposes are reported on the balance sheet under derivative financial instruments. Trading liabilities also include any obligations resulting from the short sale of securities.

b. Financial instruments designated at fair value

This category is comprised primarily of financial assets that are designated as at fair value through profit or loss at the time of initial recognition, independent of any intention to trade the asset (fair value option). The fair value option may only be used when this designation results in more information for the readers of the financial statements. This applies to financial assets that are part of a portfolio, for which fair value forms the basis for management and the assessment of performance.

These financial instruments – which are comprised solely of bonds – are measured at fair value in accordance with IAS 39 and recorded on the balance sheet under securities and financial investments. Current income is included under net interest income, while valuation results and the proceeds on sale are recorded under net income from financial investments.

Financial assets held to maturity

Raiffeisen Centrobank has no financial investments that are classified as held to maturity.

Loans and receivables

Loans and receivables are recognised at their nominal value before the deduction of impairment losses and including accrued interest. Accrued interest is only recognised if there is a high probability that it will actually be received.

Available-for-sale financial assets (AfS)

This category comprises the financial instruments (primarily shareholdings in companies, for which there is no active market) that cannot be assigned to one of the other three categories. These assets are carried at fair value, if this value can be reliably determined. Valuation differences are recorded under other comprehensive income, and only recognised to profit or loss if there is an objective indication of impairment. For equity instruments, the objective indications of impairment include fair value that is significantly below cost or fair value that is less than cost for a longer period of time.

Revaluations to equity instruments classified as available for sale must not be recognised through profit or loss, but have to be recorded as other comprehensive income through the revaluation reserve. Therefore, only impairment or the sale of the instrument will have an effect on the annual financial statements. Revaluations must not be recognised for equity instruments that are carried at cost (less any necessary impairment charges) because they do not have a quoted market price and a fair value that can be regularly and reliably determined.

These financial instruments are reported on the balance sheet under securities and financial investments.

Financial liabilities

Liabilities are carried at amortised cost. Discounted debt securities and similar obligations are measured at their present value.

Reclassification

In accordance with IAS 39.50, non-derivative financial instruments classified as trading assets or available-for-sale assets may be reclassified as assets held to maturity. The company did not utilise this option in 2009 or 2008.

Fair value

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

Quoted prices in an active market (Level I)

Fair value is best expressed as a market value if a quoted market price is available. This applies particularly to equity instruments and derivatives that are traded on stock exchanges as well as debt instruments traded in the interbank market.

Measurement based on observable parameters (Level II)

In cases where a market quotation is not available for a particular financial instrument, fair value is based on the market prices for comparable financial instruments or calculated using accepted valuation models that incorporate observable prices or parameters (in particular, present value techniques or option pricing models). These procedures apply to most OTC derivatives as well as debt instruments that are not listed on an exchange.

Measurement not based on observable parameters (Level III)

If market quotations or prices are not available, fair value is based on measurement models that are appropriate for the relevant financial instrument. The application of these models requires assumptions and estimates by management, whereby the scope of these assumptions and estimates is determined by the price transparency of the financial instrument, by the market, and by the complexity of the instrument.

Categories of financial instruments as defined by IFRS 7

The nature of financial instruments is appropriately reflected in the structure of the various balance sheet positions, and classification is therefore focused on the positions that include financial instruments. The categories of financial instruments recorded under assets include 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 carried at cost). The financial instruments recorded under liabilities include 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 receivables
Loans and advances to customers		X		Loans and receivables
Securities and financial investments	X			Financial assets at fair value through profit or loss
Securities and financial investments	X			Available-for-sale financial assets
thereof financial assets not traded on an active market			At cost	Available-for-sale financial assets
Positive fair values of derivatives for hedge accounting (IAS 39)	X			n/a
Liability classes				
Trading liabilities	X			Trading liabilities
Derivative financial instruments	X			Trading liabilities
Liabilities to credit institutions		X		Financial liabilities
Liabilities to customers		X		Financial liabilities
Subordinated liabilities		X		Financial liabilities
Negative fair values of derivatives for hedge accounting (IAS 39)	X			n/a

Derivative financial instruments

The derivatives used by the Raiffeisen Centrobank Group include swaps, standardised forward contracts, forward transactions, options, and similar contracts. Various transactions are effected with derivative financial instruments for trading and hedging purposes during the course of ordinary business transactions. Derivatives are recognised at fair value when the relevant contract is concluded, and subsequently measured at fair value. The gain or loss resulting from measurement is recognised immediately to profit or loss and included under valuation result from derivative financial instruments or under trading profit, unless the derivative is designated as a hedge under hedge accounting and is effective. In this case, the timing for the recognition of measurement results depends on the type of hedge.

Derivative financial instruments that are not held for trading but were acquired for hedging purposes are assigned to the following categories, which reflect their classification on the IFRS balance sheet:

a. Fair value hedge

IAS 39 calls for the application of hedge accounting to derivatives that are used to hedge the fair value of recognised assets and liabilities. In particular, the credit business is exposed to such fair value risks with regard to fixed-income loans. In order to hedge the interest rate risk associated with individual loans and refinancing, the company concludes interest rate swaps that meet the requirements for hedge accounting. Accordingly, these hedges are formally documented, continuously assessed and considered to be highly effective. It can therefore be assumed that changes in the fair value of a hedged transaction will be nearly offset by a change in the fair value of the hedging instrument and that the actual results will lie within a range of 80 to 125 % throughout the entire term of the hedge.

Derivative instruments held to hedge the fair values of individual balance sheet items (excluding trading assets and trading liabilities) are recognised at their fair value (dirty prices) and included under derivative financial instruments (positive dirty prices under assets, negative dirty prices under liabilities). Changes in the carrying amounts of the underlying (assets or liabilities) are allocated directly to the corresponding balance sheet items and reported separately in the notes.

The effects of changes in the carrying amounts of hedged items and in the clean prices of derivatives are recorded under valuation result from derivatives (net result from hedge accounting).

b. Other derivative instruments

Derivatives that were concluded to hedge market risks and do not meet the IAS 39 requirements for hedge accounting are recognised and measured as follows: positive dirty prices are included on the balance sheet under derivative financial instruments (on the asset side: positive fair values, on the equity and liabilities side: negative fair values). Changes in these derivatives based on the clean price are reported under valuation result from derivative financial instruments. Any interest is recorded under net interest income.

Offsetting

In cases where the debtor and creditor are identical, receivables 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 on hand and balances with Oesterreichische Nationalbank (the Austrian National Bank) that are payable on demand. These items are carried at their nominal value.

Provisions for impairment losses

Credit risks are reflected in the creation of individual impairment losses. These individual impairment losses are not offset against the respective receivable, but are shown directly on the balance sheet. A portfolio-based impairment losses was not recognised because the relevant amount is immaterial.

The credit risk associated with loans and advances to credit institutions and customers is reflected in the creation of provisions, which are based on Group standards as well as expected default. A risk of loss is deemed to exist if the discounted forecasted principle repayment plus interest – including any collateral – is less than the carrying amount of the loan.

The provisions for impairment losses arising from on-balance sheet loans (exclusively individual impairment losses) are shown as a separate item on the balance sheet under assets. Any impairment losses recognised for off-balance sheet trans-actions are recorded as provisions.

Derecognition of financial assets

A financial asset is derecognised when the contractually agreed claims to cash flows from the particular asset expire; when the Group has transferred such claims; or, under certain circumstances, when the Group has assumed an obligation to pass these cash flows on to one or more recipients. A transferred asset is derecognised if all material risks and opportunities associated with the ownership of the asset are transferred.

Financial investments

Shares in subsidiaries that are not included in the consolidated financial statements for reasons of immateriality as well as shares in associated companies that are not recorded at equity are reported under securities and financial investments. These assets are measured at cost if market prices are not available.

Intangible fixed assets

Purchased software is reported under this position. Acquired intangible fixed assets are capitalised at acquisition cost and amortised over their estimated useful lives. The Raiffeisen Centrobank Group has no intangible fixed assets with indefinite useful lives. The useful life for software ranges from three to seven years.

Tangible fixed assets

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

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

Land is not reduced through scheduled depreciation.

The expected useful lives, remaining carrying amounts and depreciation methods are reviewed each year; all necessary changes in estimates are made prospectively. An impairment charge is recognised to reflect any expected lasting loss in value. If the reasons for impairment cease to exist, the carrying amount of the asset is increased to the appropriate depreciated cost.

The gain or loss resulting from the sale of an item of tangible fixed assets represents the difference between the proceeds on sale and the carrying amount of the asset, and is reported under other operating result. When plant or equipment is shut down, the respective carrying amount is derecognised and also reported under this position.

Operating lease

An operating lease represents an agreement under which the lessor bears all the risks and rewards incidental to ownership. Leased assets are reported by the lessor under tangible fixed assets and depreciated in accordance with the principles applicable to the specific type of asset. Payments made by the Raiffeisen Centrobank Group for the use of leased assets are included under general administrative expenses on the income statement.

Inventories

Inventories are measured at the lower of cost or net realisable value. impairment losses are recognised if the acquisition cost exceeds the net realisable value as of the balance sheet date or if the value of the asset has been reduced by limited usage or longer periods of storage.

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.

Provisions for pensions and similar obligations

All defined benefits obligations to employees (provisions for pensions and severance compensation) are calculated in accordance with IAS 19 – Employee Benefits – by applying the projected unit credit method.

The company has made pension commitments to a certain group of active employees. There are no pension obligations to former employees who have already retired. The actuarial calculation of the pension obligations is based on the following assumptions:

In percent	2009	2008
Discount rate	4.75	6.0
Effective salary increase for active employees	3.0	3.0
Individual career trend for active employees	2.0	2.0
Expected increase in retirement benefits	2.0	2.0
Expected return on pension plan assets	4.25	4.25

These calculations are based on a theoretical retirement age of 65 years, in keeping with the legal transition provisions and special arrangements in individual contracts.

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

The actuarial calculation of severance compensation obligations was based on the following assumptions:

In percent	2009	2008
Discount rate	4.75	5.0
Average salary increase	3.0	3.0
Individual career trend	2.0	2.0

The biometrical basis for the calculation of employee-related provisions is formed by the Pagler & Pagler pension calculation framework for salaried employees ("AVÖ 2008-P-Rechnungsgrundlagen für die Pensionsversicherung"), and also includes a longevity factor.

Defined contribution pension schemes

Under defined contribution plans, the company makes fixed contributions to a pension fund. These payments are recorded under personnel expenses in the income statement.

Subordinated capital

This balance sheet item comprises subordinated liabilities as defined in § 23 (8) of the Austrian Banking Act. Securitised and unsecuritised assets are considered to be subordinated if these claims may only be satisfied after the claims of other non-subordinated creditors have been met in the event of liquidation or bankruptcy proceedings.

Net interest income

Interest and similar income is comprised primarily of interest income on loans and advances to credit institutions and customers as well as interest on fixed-income securities. Interest and similar expenses consist chiefly of interest paid on liabilities to credit institutions and customers as well as interest on subordinated capital. Interest income and expenses are accrued over the reporting period. Net interest income also includes current income from stocks and other variable-yield securities (dividends) – unless this income is attributable to trading activities – as well as income from financial investments and other interest-like income and expenses.

Net commission income

Net commission income consists chiefly of the following: income and expenses arising from payment transfers and securities transactions not classified as trading activities, income from services provided for capital market transactions (IPOs and SPOs), foreign currency transactions, and credit transactions, as well as income from M&A advisory services. Commission income and expenses are accrued over the reporting period.

Trading profit

Trading profit comprises the trader's margins on foreign currency transactions and the results of foreign exchange translation as well as realised and unrealised gains and losses on financial assets and financial liabilities at fair value. This position also includes the interest and dividend income attributable to trading activities and related refinancing costs.

General administrative expenses

General administrative expenses include personnel costs and other administrative expenses as well as the amortisation of intangible fixed assets, depreciation of tangible fixed assets, and impairment losses.

Income taxes

In accordance with IAS 12, deferred taxes are recognised and measured by applying the balance sheet-oriented liability method. Deferred taxes are calculated on all temporary differences resulting from the divergence between the carrying amount of assets and liabilities in the IFRS financial statements and the relevant tax base, when these differences are expected to reverse in the future. The calculations are based on the tax rate applicable to the specific country. Deferred tax assets are also recognised on tax loss carryforwards when it is probable that sufficient taxable profit will be available in the future to utilise these items. Deferred tax assets and deferred tax liabilities in the same subsidiary are offset to produce a single net amount.

Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment Aktiengesellschaft, Vienna, have been members of the corporate group of Raiffeisen Zentralbank Österreich Aktiengesellschaft pursuant to § 9 of the Austrian Corporate Income Tax Act since 2008. In 2006 Raiffeisen Centrobank AG also joined an equity group pursuant to § 9 Austrian Corporate Income Tax Act, which relates to a company in which it holds a non-controlling interest. Receivables and liabilities resulting from tax credits or charges in connection with group taxation schemes are reported under other assets or other liabilities, respectively.

Other comprehensive income

Other comprehensive income includes all income and expenses that are recognised directly in equity in accordance with accounting standards. In particular, this includes differences resulting from the translation of equity held in a foreign currency and – where applicable – changes in the valuation of available-for-sale financial assets (Afs) and the related deferred taxes.

Fiduciary business

Transactions arising from the management or 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 commission income.

Contingent liabilities and other off-balance sheet obligations

This position is comprised primarily of 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 fulfilment 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.

Information on the cash flow statement

The cash flow statement shows 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 investing activities is comprised above all of proceeds from the sale of and payments for the purchase of financial assets and tangible fixed assets. Financing activities comprise all payment flows resulting from transactions with equity or subordinated capital. The remaining payment flows are allocated to operating activities in accordance with the procedures followed by international financial institutions.

Information on segment reporting

Information on the operating segments of Raiffeisen Centrobank is provided under Segment Reporting on page 68.

Information on the type and scope of risks

In addition to the information in the notes on the risks arising from financial instruments, the Risk Report includes a detailed description of market risk, credit risk, operating risk, investment risk, structural liquidity risk, and other risks.

Capital management

Information on capital management and on the equity and risk assets required by law is provided in the notes under point (47), “Capital management and equity pursuant to the Austrian Banking Act”.

Notes to the Income Statement

(1) Income statement by measurement category

The following table presents the income statement classified by the categories defined in IAS 39:

Amounts in thousand Euros	2009	2008
Net gains (losses) on financial assets and liabilities held for trading	**40,697**	**29,911**
Financial assets and liabilities at fair value through profit or loss	**1,657**	**3,169**
Net interest income	1,270	1,817
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	387	1,352
Financial assets available for sale	**4**	**1,301**
Net interest income	20	1,340
Net realised gains (losses) on financial assets available for sale	– 3	– 31[1]
Impairment losses on financial assets not measured at fair value	– 13	– 7[1]
Loans and receivables	**11,603**	**15,870**
Net interest income	11,657	15,953
Impairment losses on financial assets not measured at fair value	– 55	– 83
Financial liabilities at amortised cost	**– 4,112**	**– 11,318**
Interest expense	– 4,112	– 11,318
Derivatives for hedging	**– 124**	**211**
Net interest income (expense)	– 124	211
Net valuations from exchange differences	**2,736**	**3,389**
Other operating income (expenses)	**– 21,626**	**– 30,112**
Profit before tax from continuing operations	**30,835**	**12,421**

[1] The prior year data was adjusted to reflect the change in allocation.

(2) Net interest income

Net interest income includes interest income and expense from transactions in the banking business, as well as dividends received and fees and commissions that are similar to interest.

Amounts in thousand Euros	2009	2008
Interest income	**12,727**	**17,956**
from deposits with central banks	71	215
from loans and advances to credit institutions	8,159	9,511
from loans and advances to customers	3,226	6,206
from securities	1,271	1,814
from derivative financial instruments (non-trading), net	0	210
Current income	**20**	**1,343**
from stocks and variable-yield securities	0	3
from investments in affiliated companies	20	1,340
Interest-like income	**215**	**22**
Total interest and interest-like income	**12,962**	**19,321**
Interest expense	**– 4,216**	**– 11,299**
for liabilities to credit institutions	– 1,013	– 4,102
for liabilities to customers	– 2,371	– 6,212
for subordinated capital	– 708	– 985
for derivative financial instruments (non-trading), net	– 124	0
Interest-like expense	**– 33**	**– 19**
Total interest and interest-like expense	**– 4,249**	**– 11,318**
Net interest income	**8,713**	**8,004**

The interest margin – based on the respective averages of the stated base – developed as follows:

In percent	2009	2008
Interest margin (balance sheet total)	0.46	0.41
Interest margin (risk assets for credit risk pursuant to § 22 of the Austrian Banking Act)	5.00	3.91

(3) Provisions for impairment losses

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

Amounts in thousand Euros	2009	2008
Individual impairment losses	**– 55**	**– 83**
Allocation to provisions for impairment losses	– 82	– 83
Release of provisions for risk	27	0
Total	**– 55**	**– 83**

Detailed information on the provisions for risk is provided under point (16) "Provisions for impairment losses".

(4) Net fee and commission income

Amounts in thousand Euros	2009	2008
Payment transfers	– 90	– 117
Loan administration and guarantee business	18	9
Securities business	6,146	8,734
Consulting income from mergers and acquisitions	7,551	8,649
Other banking services	45	330
Total	**13,670**	**17,605**

Commission income totalled TEUR 24,244 for the reporting year (2008: TEUR 27,437), while commission expenses equalled TEUR 10,574 (2008: TEUR 9,831).

(5) Trading profit

Amounts in thousand Euros	2009	2008
Interest-based transactions	228	706
Currency-based transactions	3,155	– 5,958
Equity/index-based transactions	40,267	38,552
Total	**43,650**	**33,300**

In addition to realised and unrealised gains from the trading portfolio, trading profit includes interest income from debt instruments, dividend income from equity instruments carried in the trading portfolio, and refinancing costs for trading assets.

(6) Valuation result from derivative financial instruments

Amounts in thousand Euros	2009	2008
Valuation result from derivative hedging instruments (IAS 39, fair value hedges)	**0**	**0**
Changes in the present value of derivative financial instruments	221	703
Changes in the present value of the underlying	– 221	– 703
Valuation result from other financial instruments in the banking book	**– 217**	**0**
Total	**– 217**	**0**

Valuation result from other financial instruments in the banking book includes, above all, valuation results from derivatives held by the commodity trading subsidiaries to hedge the risk of price fluctuations in the commodity trading area.

(7) Net income from financial investments

This position includes the valuation results and proceeds on the sale of financial investments and securities measured at fair value through profit or loss. It also includes shares in subsidiaries and other companies.

Amounts in thousand Euros	2009	2008
Net income (loss) from financial investments	**– 17**	**– 38**
Valuation results from financial investments	– 14	– 7
Proceeds on the sale of financial investments	– 3	– 31
Net income from securities at fair value through profit or loss	**387**	**1,352**
Net valuations of securities at fair value through profit and loss	394	1,075
Net proceeds from sale of securities at fair value through profit and loss	– 7	277
Total	**370**	**1,314**

The income reported under valuation results from securities reflects an increase in the market value of the fixed-income securities included under other current assets.

The proceeds on the sale of financial investments resulted from the closing of a Raiffeisen Centrobank subsidiary that was not included in the financial statements. The prior year amount reflected the closing of three Raiffeisen Centrobank not fully consolidated subsidiaries.

(8) General administrative expenses

General administrative expenses are comprised of personnel expenses, other operating costs, depreciation, and amortisation as follows:

Amounts in thousand Euros	2009	2008
Personnel expenses	**– 40,621**	**– 35,618**
Wages and salaries	– 32,122	– 27,751
Social security costs and payroll-related taxes and duties	– 5,551	– 5,062
Voluntary social expenses	– 1,016	– 996
Expenses for severance compensation and retirement benefits	– 1,932	– 1,809
Other operating costs	**– 14,724**	**– 15,167**
Office space expenses	– 2,532	– 1,869
IT costs	– 1,853	– 1,602
Communication expenses	– 3,130	– 3,232
Legal, advisory and consulting expenses	– 1,890	– 1,800
Advertising, public relations, and promotional expenses	– 1,421	– 2,208
Office supplies	– 330	– 327
Car expenses	– 545	– 541
Security expenses	– 30	– 28
Travelling expenses	– 978	– 1,519
Training expenses for staff	– 251	– 411
Miscellaneous	– 1,764	– 1,630
Depreciation and amortisation	**– 2,422**	**– 2,568**
Depreciation of tangible fixed assets	– 2,205	– 2,248
Amortisation of intangible fixed assets	– 217	– 320
Total	**– 57,767**	**– 53,353**

The year-on-year increase in general administrative expenses resulted primarily from the initial inclusion of five companies in the full consolidation range of the Raiffeisen Centrobank Group.

The fees for the audit of Raiffeisen Centrobank and its Group companies are included under legal, advisory and consulting expenses. Of this total, the fee for the audit of the consolidated financial statements totalled TEUR 216 (2008: TEUR 208) and the fee for other consulting services amounted to TEUR 27 (2008: TEUR 49).

(9) Other operating result

Other operating result includes the revenues and expenses recorded by the commodity trading subsidiaries and other non-banking activities, as well as income and expenses from the disposal of tangible fixed assets, and intangible fixed assets.

Amounts in thousand Euros	2009	2008
Net result	18,244	10,408
Revenues from non-banking activities	250,607	407,297
Expenses from non-banking activities	– 232,363	– 396,889
Net proceeds from the disposal of tangible fixed assets, and intangible fixed assets	– 1	0
Other taxes	– 160	– 3,002
Income from negative differences arising from initial consolidation	4,603	0
Net result from the addition to and release of other provisions	– 244	– 1,388
Other operating income	3,643	4,989
Other operating expenses	– 3,614	– 5,372
Total	**22,471**	**5,635**

The increase in net result from non-banking activities reflected an improvement in the trading profit generated by the commodity trading subsidiaries, an increase in other consulting income recorded by Raiffeisen Investment AG, and the addition of five companies to the full consolidation range of the Raiffeisen Centrobank Group. The change in other taxes was related above all to the partial reversal of a provision for VAT obligations created during 2008 as the result of a tax audit.

Income from the inclusion of negative differences resulted from the addition of the following five companies to the full consolidation range of the Raiffeisen Centrobank Group as of 1 January 2009:

Company, registered headquarters (country) Amounts in thousand Euros	
Centrotrade Singapore Pte Ltd, Singapore (SG)	473
Raiffeisen Investment (Malta) Limited, Valetta (MT)	405
OOO Raiffeisen Investment, Moscow (RU)	900
Raiffeisen Investment Polska Sp.z.o.o., Warsaw (PL)	243
Raiffeisen Investment Romania SRL, Bucharest (RO)	2,582
Total	**4,603**

(10) Income taxes

Income taxes are comprised of the following:

Amounts in thousand Euros	2009	2008
Current income taxes	– 4,627	– 1,651
Austria	– 4,128	– 1,647
Other countries	– 499	– 4
Deferred taxes	– 228	– 127
Total	**– 4,855**	**– 1,778**

The following transition shows the relationship between net profit for the year and the effective tax liability:

Amounts in thousand Euros	2009	2008
Profit before tax	**30,835**	**12,421**
Theoretical income tax expense for the financial year at the domestic corporate income tax rate of 25 %	– 7,709	– 3,105
Effect of different foreign tax rates	692	141
Decrease resulting from tax exempt income from financial investments and other income	269	833
Increase resulting from non-deductible expenses	– 159	– 414
Other	2,052	767
Effective tax liability	**– 4,855**	**– 1,778**
Tax rate in percent	**15.8 %**	**14.3 %**

The position "Other" also includes tax savings of TEUR 2,523 (2008: TEUR 1,050) from the group taxation scheme in Austria.

(11) Earnings per share

Amounts in thousand Euros	2009	2008
Group net profit	25,980	10,643
Average number of common shares outstanding	655,000	655,000
Earnings per share in EUR	**39.66**	**16.25**

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

Notes to the Balance Sheet

(12) Balance sheet by measurement category

The following table presents the balance sheet classified by the categories defined in IAS 39:

Assets by category Amounts in thousand Euros	**2009**	**2008**
Trading assets	**1,355,825**	**1,168,031**[1]
Positive fair values of derivative financial instruments	704,012	691,741[1]
Shares and other variable-yield securities	227,661	214,667
Bonds, notes, and other fixed-income securities	424,152	261,623[1]
Financial assets measured at fair value through profit or loss	**29,264**	**40,680**
Shares and other variable-yield securities	0	50
Bonds, notes, and other fixed-income securities	29,264	40,630
Financial assets available for sale	**6,172**	**6,933**[2]
Shares in other subsidiaries and financial investments	6,172	6,933[2]
Loans and receivables	**590,326**	**538,569**
Loans and advances to credit institutions	482,572	375,711
Loans and advances to customers	51,490	96,104
Other non-derivative financial assets	56,717	67,379
Provisions for impairment losses	– 453	– 625
Other assets	**13,818**	**15,085**[2]
Intangible fixed assets and tangible fixed assets	13,818	15,085
Total assets	**1,995,404**	**1,769,298**

[1/2] The prior year data were adjusted to reflect the change in allocation.

Equity and liabilities by measurement category Amounts in thousand Euros	**2009**	**2008**
Trading liabilities	**1,538,176**	**1,130,660**
Negative fair values of derivative financial instruments	1,224,170	1,055,057
Short-selling of trading assets	314,006	75,602
Financial liabilities measured at amortised cost	**311,371**	**506,855**
Liabilities to credit institutions	143,726	241,597[1]
Liabilities to customers	119,559	215,589
Subordinated capital	20,619	20,985
Other non-derivative financial liabilities	27,468	28,684[1]
Derivatives (hedging)	**271**	**50**
Negative fair values of derivatives in fair value hedge (IAS 39)	271	50
Provisions	**27,573**	**25,486**
Equity	**118,013**	**106,246**
Total equity and liabilities	**1,995,404**	**1,769,298**

[1] The prior year data were adjusted to reflect the change in allocation.

(13) Cash reserve

Amounts in thousand Euros	**2009**	**2008**
Cash in hand	379	395
Deposits with central banks	2,099	15,932
Total	**2,478**	**16,327**

(14) Loans and advances to credit institutions

Amounts in thousand Euros	**2009**	**2008**
Giro and clearing business	85,777	88,844
Money market business	394,315	270,540
Total	**480,092**	**359,384**

The following table shows the classification of loans and advances to credit institutions by region (based on the registered headquarters of the counterparty):

Amounts in thousand Euros	2009	2008
Austria	399,532	300,111
Other countries	80,560	59,273
Total	**480,092**	**359,384**

(15) Loans and advances to customers

Loans and advances to customers are distributed among the following asset classes (based on the Basel II definition):

Amounts in thousand Euros	2009	2008
Corporate customers – large	43,208	86,461
Retail customers – private individuals	8,282	9,643
Total	**51,490**	**96,104**

The following table shows the classification of loans and advances to customers by region (based on the registered headquarters of the counterparty):

Amounts in thousand Euros	2009	2008
Austria	4,239	4,848
Other countries	47,251	91,256
Total	**51,490**	**96,104**

(16) Provisions for impairment losses

The provisions for risk were created in accordance with Group-wide standards and cover all recognisable credit risks. Information on the development of the provisions for risk is provided in the Risk Report on page 112. The provisions for risk are allocated to the following asset classes (based on the Basel II definition):

Amounts in thousand Euros	2009	2008
Corporate customers – large	196	196
Retail customers – private individuals	257	429
Total	**453**	**625**

All retail (private) customers are wealthy individuals and/or self-employed persons (high net worth individuals).

(17) Trading assets

Trading assets comprise the following securities and derivative financial instruments:

Amounts in thousand Euros	2009	2008
Bonds, notes, and other fixed-income securities	**424,152**	**261,623**
Bonds and notes issued by credit institutions	423,656	260,071[1]
Bonds and notes issued by other non-bank issuers	496	1,552[1]
Shares and other variable-yield securities	**227,662**	**214,667**
Shares and similar securities	187,015	155,974
Mutual funds	40,647	58,693
Positive fair values from derivative transactions	**703,951**	**691,612**
Structured products	478,903	491,364
Interest-based transactions	9,354	21,020
Currency-based transactions	5	2,012
Equity/index-based transactions	215,689	177,216
Total	**1,355,765**	**1,167,902**

[1] The prior year data were adjusted to reflect the change in allocation.

The stock portfolio is related to the company's market making activities. Together with other securities, warrants, and purchased structured products, it represents the hedge positions for the certificates and warrants issued by Raiffeisen Centrobank.

(18) Derivative financial instruments

Amounts in thousand Euros	2009	2008
Positive market values of other derivative financial instruments in the banking book	**60**	**129**
Currency-based transactions	60	129
Total	**60**	**129**

This position shows the positive fair value of derivative financial instruments that are not held for trading purposes and do not represent the hedging instrument for a fair value hedge as defined in IAS 39.

(19) Securities and financial investments

This item is comprised of financial assets measured at fair value through profit or loss (securities) and long-term, strategic investments in other companies.

Amounts in thousand Euros	2009	2008
Bonds, notes, and other fixed-income securities	**29,264**	**40,630**
Other securities issued by the public sector	8,714	10,304
Bonds and notes issued by other non-bank issuers	20,550	30,326
Shares and other variable-yield securities	**0**	**50**
Shares	0	50
Financial investments	**6,172**	**6,933**
Investments in affiliated companies	1,018	1,765
Other investments	5,154	5,168
Total	**35,436**	**47,613**

The decline in shares in subsidiaries resulted from the inclusion of five companies in the full consolidation range of the Raiffeisen Centrobank Group during the reporting year. Additional information on this topic is provided under changes in the consolidation range on page 74.

Information on associated companies pursuant to IAS 28: The financial statements of Syrena Immobilien Holding AG as of 31 December 2009 show a balance sheet total of TEUR 31,627 (31.12.2008: TEUR 32,064), equity of TEUR 29,130 (31.12.2008: TEUR 29,057), and net profit for the year of TEUR 73 (2008: TEUR 110).

(20) Intangible fixed assets

Amounts in thousand Euros	2009	2008
Software	214	241
Other intangible fixed assets	1	3
Total	**215**	**244**

(21) Tangible fixed assets

Amounts in thousand Euros	2009	2008
Land and buildings used by the Group for own purposes	7,656	7,954
Office furniture and equipment as well as other tangible fixed assets	5,947	6,887
Total	**13,603**	**14,841**

(22) Schedule of fixed assets

The following table shows the development of intangible fixed assets and tangible fixed assets during 2009:

Acquisition/ production cost Amounts in thousand Euros	Balance as of 1/1/2009	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as of 31/12/2009
Intangible fixed assets	**3,289**	**22**	**– 5**	**182**	**– 5**	**0**	**3,483**
Goodwill	43	0	0	0	0	0	43
Software and miscellaneous	3,246	22	– 5	182	– 5	0	3,440
Tangible fixed assets	**32,151**	**282**	**– 17**	**877**	**– 169**	**0**	**33,124**
Land and buildings used by the Group for own purposes	9,158	0	0	21	0	0	9,179
thereof value of land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	22,993	282	– 17	856	– 169	0	23,945
Total	**35,440**	**304**	**– 22**	**1,059**	**– 174**	**0**	**36,607**

Amortisation/depreciation/impairment Amounts in thousand Euros	Cumulative	Revaluations	Depr./amort.	Carrying amount as of 31/12/2009
Intangible fixed assets	**– 3,268**	**0**	**– 217**	**215**
Goodwill	– 43	0	0	0
Software and miscellaneous	– 3,225	0	– 217	215
Tangible fixed assets	**– 19,522**	**0**	**– 2,205**	**13,603**
Land and buildings used by the Group for own purposes	– 1,522	0	– 240	7,656
thereof value of land	0	0	0	2,006
Other tangible fixed assets	– 17,999	0	– 1,965	5,947
Total	**– 22,789**	**0**	**– 2,422**	**13,818**

The following table shows the development of intangible fixed assets and tangible fixed assets during 2008:

Acquisition/ production cost Amounts in thousand Euros	Balance as of 1/1/2008	Change in consolidation range	Exchange differences	Additions	Disposals	Transfers	Balance as of 31/12/2008
Intangible fixed assets	**3,161**	**0**	**7**	**131**	**– 10**	**0**	**3,289**
Goodwill	43	0	0	0	0	0	43
Software and miscellaneous	3,118	0	7	131	– 10	0	3,246
Tangible fixed assets	**30,325**	**0**	**26**	**2,004**	**– 203**	**0**	**32,151**
Land and buildings used by the group for own purposes	9,051	0	1	107	– 1	0	9,158
thereof value of land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	21,274	0	25	1,897	– 202	0	22,993
Total	**33,485**	**0**	**32**	**2,135**	**– 213**	**0**	**35,440**

Amortisation/depreciation/impairment Amounts in thousand Euros	Cumulative	Revaluations	Depr./amort.	Carrying amount as of 31/12/2008
Intangible fixed assets	**– 3,045**	**0**	**– 320**	**244**
Goodwill	– 43	0	0	0
Software and miscellaneous	– 3,002	0	– 320	244
Tangible fixed assets	**– 17,310**	**0**	**– 2,248**	**14,841**
Land and buildings used by the group for own purposes	– 1,204	0	– 121	7,954
thereof value of land	0	0	0	2,006
Other tangible fixed assets	– 16,106	0	– 2,127	6,887
Total	**– 20,355**	**0**	**– 2,568**	**15,085**

(23) Other assets

Amounts in thousand Euros	2009	2008
Tax assets	**3,535**	**3,685**
Current tax assets	799	775
Deferred tax assets	2,736	2,910
Receivables arising from non-banking activities	**32,835**	**30,311**
Prepayments and other deferrals	**865**	**1,546**
Inventories	**13,640**	**25,808**
Other assets	**5,843**	**6,029**
Total	**56,719**	**67,379**

Deferred taxes are as follows:

Amounts in thousand Euros	2009	2008
Deferred tax assets	2,736	2,910
Provisions for deferred taxes	6	0
Net deferred taxes	**2,730**	**2,910**

Net deferred taxes result from the following items:

Amounts in thousand Euros	2009	2008
Trading assets	243	253[1]
Intangible fixed assets and tangible fixed assets	1,234	1,268
Financial investments	255	667
Other assets	95	153
Provisions	489	317
Other liabilities	158	0
Tax loss carry-forwards	206	293
Other balance sheet items	68	12[1]
Deferred tax assets	**2,748**	**2,963**
Other assets	12	47
Other balance sheet items	6	6
Deferred tax liabilities	**18**	**53**
Net deferred taxes	**2,730**	**2,910**

[1] The prior year data were adjusted to reflect the change in allocation.

(24) Liabilities to credit institutions

Amounts in thousand Euros	2009	2008
Giro and clearing business	53,711	28,568[1]
Money market business	90,015	212,865
Long-term loans	0	164
Total	**143,726**	**241,597[1]**

The following table shows the classification of liabilities to credit institutions by region (based on the registered headquarters of the counterparty):

Amounts in thousand Euros	2009	2008
Austria	22,866	87,555
Other countries	120,860	154,042[1]
Total	**143,726**	**241,597[1]**

[1] Reclassification of TEUR 6,294 from other liabilities.

(25) Liabilities to customers

Amounts in thousand Euros	2009	2008
Sight deposits	93,568	111,541
Time deposits	25,991	104,048
Total	**119,559**	**215,589**

Liabilities to customers are distributed among the following asset classes (based on the Basel II definition):

Amounts in thousand Euros	2009	2008
Corporate customers – large	55,693	112,761
Retail customers – private individuals	63,866	102,828
Total	**119,559**	**215,589**

All retail (private) customers are wealthy individuals and/or self-employed persons (high net worth individuals).

The following table shows the classification of liabilities to customers by region (based on the registered headquarters of the counterparty):

Amounts in thousand Euros	2009	2008
Austria	56,198	159,369
Other countries	63,361	56,220
Total	**119,559**	**215,589**

(26) Provisions

Amounts in thousand Euros	Balance as of 1/1/2009	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as of 31/12/2009
Severance compensation	4,995	0	368	– 104	– 106	0	5,153
Retirement benefits	1,000	0	590	0	0	– 1	1,589
Taxes	468	25	359	– 7	– 173	– 11	661
Current	468	18	352	0	– 173	– 10	655
Deferred	0	7	7	– 7	0	– 1	6
Pending legal issues	4,447	0	0	0	– 1,200	0	3,247
Overdue vacation	2,481	14	0	– 476	0	1	2,020
Other	12,095	12	11,152	– 1,977	– 6,319	– 60	14,903
Total	**25,486**	**51**	**12,469**	**– 2,564**	**– 7,798**	**– 71**	**27,573**

Amounts in thousand Euros	Balance as of 1/1/2008	Change in consolidation range	Additions	Reversals	Use	Transfers, exchange differences	Balance as of 31/12/2008
Severance compensation	4,303	0	788	– 4	– 92	0	4,995
Retirement benefits	922	0	92	– 15	0	1	1,000
Taxes	382	0	164	– 4	– 84	10	468
Current	382	0	164	– 4	– 84	10	468
Deferred	0	0	0	0	0	0	0
Pending legal issues	4,707	0	1,120	0	– 1,380	0	4,447
Overdue vacation	2,345	0	137	0	0	– 1	2,481
Other	20,265	0	12,541	– 3,157	– 17,609	55	12,095
Total	**32,924**	**0**	**14,842**	**– 3,180**	**– 19,165**	**65**	**25,486**

Other provisions are comprised primarily of provisions for employee bonuses totalling TEUR 9,450 (2008: TEUR 7,113). This item also includes provisions of TEUR 1,626 for pending regress claims.

(27) Trading liabilities

Amounts in thousand Euros	2009	2008
Negative fair values of derivative financial instruments	**1,223,833**	**1,055,007**
from trading in certificates with option character	278,384	172,810[1]
from OTC options	60,263	90,944
from trading in warrants	13,004	1,452[1]
from trading in ÖTOB products	5,426	31,934[1]
from trading in DAX options	3,601	6,291[1]
from trading in other options	4,281	2,134[1]
Structured products	858,875	749,443
Short-selling of trading assets	**314,006**	**75,602**
Total	**1,537,839**	**1,130,609**

[1] The prior year data were adjusted to reflect the change in structure.

Trading liabilities include the structured guarantee products issued by Raiffeisen Centrobank, e.g. the well-known Winner and Blue Chip certificates. This item also includes warrants and other certificates, such as turbo certificates on indexes and individual stocks. This position also includes short sales of stocks, which are related to the market making activities of Raiffeisen Centrobank and primarily represent counter-positions to stock and index futures as well as cash (bank) positions recorded under assets.

(28) Derivative financial instruments

Amounts in thousand Euros	2009	2008
Negative fair value of derivative hedging instruments in IAS 39 fair value hedges	**271**	**50**
Interest-based transactions	271	50
Negative fair value of other derivative financial instruments	**337**	**0**
Currency-based transactions	2	0
Other transactions	335	0
Total	**607**	**50**

When the provisions of IAS 39 for hedge accounting are met, derivative financial instruments are measured at fair value (dirty prices) in their function as hedging instruments. Loans and advances to customers and liabilities to credit institutions represent the underlyings for the fair value hedges. These derivative financial instruments are used to hedge interest rate risk.
This position also includes the negative fair values of derivative financial instruments that are not held for trading purposes and do not represent the hedging instrument for a fair value hedge as defined in IAS 39.

(29) Other liabilities

Amounts in thousand Euros	2009	2008
Liabilities arising from non-banking activities	15,376	14,050
Accruals and deferred items	805	883
Other liabilities	11,288	13,801[1]
Total	**27,469**	**28,734[1]**

[1] Reclassification of TEUR 6,294 to liabilities to credit institutions.

(30) Subordinated capital

Amounts in thousand Euros	2009	2008
Subordinated capital	20,619	20,986
Total	**20,619**	**20,986**

Subordinated capital represents a subordinated bond with a nominal value of TEUR 20,000, which was issued in January 2008 to strengthen the equity of Raiffeisen Centrobank. The amount of TEUR 20,619 reported under this position also includes accrued interest up to the balance sheet date. The bond has an indefinite term, and may not be called by the issuer before 31 January 2013. The interest rate equals the EURIBOR + 100 bp.

Expenses for subordinated capital totalled TEUR 708 in 2009 (2008: TEUR 985).

(31) Equity

Amounts in thousand Euros	2009	2008
Consolidated equity	92,033	95,603
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	37,783	41,353
Group net profit	25,980	10,643
Total	**118,013**	**106,246**

The subscribed capital of Raiffeisen Centrobank AG remains unchanged at 655,000 no-par-value shares. In accordance with the Articles of Association, the total nominal value equals EUR 47,598,850.

The Executive Board will recommend the payment of a dividend of EUR 29.00 per ordinary share from the retained earnings shown in the individual financial statements of Raiffeisen Centrobank AG, which totalled TEUR 30,103 as of 31 December 2009 – for a total distribution of TEUR 18,995 – and to carry forward the remaining TEUR 11,108. Information on the development of equity and other details are provided on page 66.

(32) Breakdown of remaining terms to maturity

31/12/2009 Amounts in thousand Euros	**Payable on demand or with indefinite maturity dates**	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**
Cash reserve	2,478	0	0	0	0
Loans and advances to credit institutions	86,135	96,886	295,530	1,541	0
Loans and advances to customers	28,351	1,187	2,457	13,107	5,935
Trading assets	227,663	159,261	55,321	613,121	300,399
Securities and financial investments	6,171	2,419	6,295	20,551	0
Other assets	34,402	35,843	278	74	0
Total assets	**385,200**	**295,596**	**359,881**	**648,394**	**306,334**
Liabilities to credit institutions	53,711	90,015	0	0	0
Liabilities to customers	93,568	17,612	8,379		0
Trading liabilities	314,006	102,754	106,809	612,992	401,278
Subordinated capital	0	619	0	0	20,000
Other liabilities	28,454	24,391	2,310	3	490
Subtotal	**489,739**	**235,391**	**117,498**	**612,995**	**421,768**
Equity	118,014	0	0	0	0
Total equity and liabilities	**607,753**	**235,391**	**117,498**	**612,995**	**421,768**

31/12/2008 Amounts in thousand Euros	**Payable on demand or with indefinite maturity dates**	**Up to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**
Cash reserve	16,327	0	0	0	0
Loans and advances to credit institutions	86,689	271,872	0	823	0
Loans and advances to customers	33,315	5,670	35,056	14,204	7,234
Trading assets	281,504	29,273	58,341	476,013	322,771
Securities and financial investments	6,933	10,822	0	29,858	0
Other assets	41,292	32,840	8,461	0	0
Total assets	**466,060**	**350,477**	**101,858**	**520,898**	**330,005**
Liabilities to credit institutions	29,468	211,266	864	0	0[1]
Liabilities to customers	111,541	71,244	32,804	0	0
Trading liabilities	128,732	26,374	62,739	620,340	292,424
Subordinated capital	0	985	0	0	20,000
Other liabilities	22,727	26,832	4,662	0	50[1]
Subtotal	**292,468**	**336,701**	**101,069**	**620,340**	**312,474**
Equity	106,246	0	0	0	0
Total equity and liabilities	**398,714**	**336,701**	**101,069**	**620,340**	**312,474**

[1] Reclassification of TEUR 6,294 from other liabilities to liabilities to credit institutions.

(33) Related parties

A company can conduct business transactions with related parties that may affect its asset, financial and earnings position. The related companies of the Raiffeisen Centrobank Group were classified under the following categories:

- Parent companies: Raiffeisen Zentralbank Österreich Aktiengesellschaft, RZB KI Beteiligungs GmbH and RZB IB Beteiligungs GmbH
- Companies with significant influence: Raiffeisenlandesbank-Niederösterreich Wien AG, Vienna, and its parent company, Raiffeisen-Holding Niederösterreich-Wien registrierte Genossenschaft mit beschränkter Haftung, Vienna
- Subsidiaries: the subsidiaries of Raiffeisen Zentralbank Österreich Aktiengesellschaft that are not included in the consolidated financial statements of Raiffeisen Centrobank AG
- Other financial investments

Information on the business relationships between the Raiffeisen Centrobank Group and key management (Executive Board) is provided under point 50. The transactions with related parties as of 31 December 2009 were as follows:

Amounts in thousand Euros	Parent company	Companies with significant influence	Affliliated companies	Other interests
Loans and advances to credit institutions	341,844	0	9,155	0
Loans and advances to customers	0	0	9,633	514
Trading assets	686,898	72,541	22,583	0
Securities and financial investments	0	0	1,018	5,154
Other assets (incl. derivatives)	34	0	151	0
Liabilities to credit institutions	13,289	0	22,007	0
Liabilities to customers	0	0	4,617	12
Provisions	333	0	0	0
Trading liabilities	13,043	0	23,871	0
Other liabilities (incl. derivatives)	1,634	0	5,461	4
Subordinated capital	0	0	20,619	0

The transactions with related parties in 2009 were as follows:

Amounts in thousand Euros	Parent company	Companies with significant influence	Affliliated companies	Other interests
Loans and advances to credit institutions	275,265	0	1,452	0
Loans and advances to customers	0	0	46,820	514
Trading assets	461,986	46,342	24,135	0
Securities and financial investments	0	0	1,765	5,168
Other assets (incl. derivatives)	1,020	0	60	24
Liabilities to credit institutions	17,140	0	981	0
Liabilities to customers	0	0	4,199	585
Provisions	160	0	0	0
Trading liabilities	14,398	0	3,194	0
Other liabilities (incl. derivatives)	6,504	0	44	0
Subordinated capital	0	0	20,985	0

(34) Foreign currency volumes

The consolidated financial statements include the following foreign currency assets and liabilities:

Amounts in thousand Euros	2009	2008
Assets	295,728	234,743
Liabilities	122,760	124,847

(35) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

Amounts in thousand Euros	2009	2008
Assets	602,275	628,497
Liabilities	283,372	195,423

(36) Subordinated assets

Amounts in thousand Euros	2009	2008
Trading assets	0	1,552
Total	**0**	**1,552**

The company had no subordinated assets in 2009.

(37) Assets pledged as collateral

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

Amounts in thousand Euros	2009	2008
Other liabilities	132,681	89,665
Total	**132,681**	**89,665**

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

Amounts in thousand Euros	2009	2008
Loans and advances to credit institutions	71,573	57,557
Trading assets	98,410	95,010
Securities and financial investments	29,264	30,176
Total	**199,247**	**182,743**

(38) Operating leases

Operating leases from the viewpoint of Raiffeisen Centrobank as the lessee

The future minimum lease payments for non-cancellable operating leases are as follows:

Amounts in thousand Euros	2009	2008
Up to 1 year	919	1,098
1 to 5 years	2,548	3,002
Total	**3,467**	**4,100**

Risk Report

(39) Risks associated with financial instruments

Principles of risk management

Raiffeisen Centrobank defines active risk management as the identification, measurement, monitoring, and handling of economic risks in order to realise a profit from the controlled acceptance of these risks. As a subsidiary of RZB, Raiffeisen Centrobank is integrated in the risk management system of the RZB Group. This integration covers various risk management units at different levels of the Group in order to ensure the measurement and limitation of all major risks as well as the conclusion of transactions in accordance with the defined relationship of risk and return. Accordingly, the risk management concept incorporates the framework defined by law and supervisory regulations – above all with respect to the type, scope and complexity of transactions and the resulting risks.

The risk management principles followed by Raiffeisen Centrobank are focused, above all, on the company's particular risk profile, which reflects the stock and stock 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, investment risk, and other risks. The foundations of and methods for risk management are defined in the rules of procedure for the Supervisory Board and Executive Board as well as in organisational guidelines and manuals. A comprehensive planning and controlling process makes it possible for the Executive Board to identify risks at an early stage, to assess these risks, and to implement the necessary countermeasures. The Executive Board makes decisions on risk policy within the scope of its authority and approves the principles of risk management, the definition of limits for all relevant risks, and the procedures for monitoring risks. This risk policy represents an integral part of the company's overall risk management – the management of earnings and risks in all areas of business are linked together through this system.

An independent risk management unit, which is part of the controlling department, assists the Executive Board in performing these duties. This unit reports regularly to the Executive Board, and evaluates the current risk situation based on the company's risk capacity and relevant risk limits. It supports the Executive Board in allocating the risk budget and managing

risks. The risk management unit, in its supporting function for the entire corporation, is responsible for the implementation and ongoing adjustment of the methods used to measure risk and the improvement of risk management instruments, as well as the maintenance and updating of all relevant manuals and guidelines. The Risk Committee meets regularly to discuss all issues and regulations related to risk management. Its activities involve the preparation of recommendations for the Executive Board and the passing of resolutions. The Risk Committee comprises the members of the Executive Board as well as the heads of the risk management, securities and treasury departments. In addition, the Asset Liability Committee periodically evaluates the interest rate risk, balance sheet structure risks, and liquidity risks to which the company is exposed.

Raiffeisen Centrobank uses innovative methods and concepts in its risk management. The basis for risk management is formed by a risk strategy, which is focused on risk inclination and capacity. This strategy flows into a comprehensive limit system that covers the entire company and permits a detailed analysis of the targeted risk exposure for the operating segment, department and desk levels. Another important factor is the quantification of operational risk based on a consistent value-at-risk parameter. Raiffeisen Centrobank is therefore able to measure operational risk and to include the results of this analysis – together with the main risks to which the company is exposed, i.e. market and credit risks – in the overall risk management activities of the Executive Board.

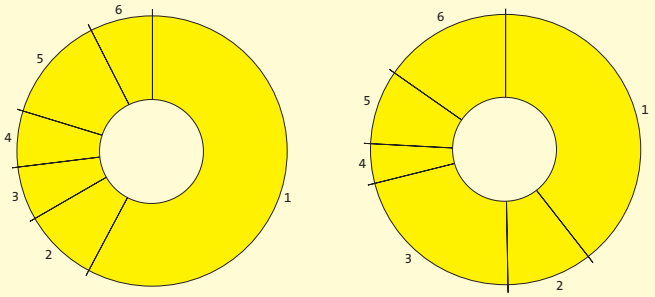
Risk capacity and risk management

Risk capacity describes the capability of a company to cover its business risks with equity and similar items. Since a bank can not completely eliminate these risks, it must have sufficient funds to cover any resulting losses. This risk coverage limits the type and scope of risk-bearing activities to a level appropriate for the particular bank. In this way risk capacity has a significant effect on the behaviour of a bank in the acceptance of risks, and thereby also on the focus and the scope of its business activities.

The risk capacity model developed by the RZB Group is supplemented by scenarios adapted to the specific business operations of Raiffeisen Centrobank, which are used to verify whether potential losses (the risk potential) exceed the corresponding risk coverage. These loss scenarios are based on the going-concern principle (calculated with a 95 % confidence interval and a three-month retention period) and the liquidation perspective (with an increased confidence level of 99.9 %). They also include stress tests to assess the effects of significant negative changes in risk factors that may not be adequately represented in value-at-risk models.

One of the most important goals of risk management at Raiffeisen Centrobank is to develop and maintain sufficient capital coverage. The adequacy of this capital coverage is assessed every quarter based on the level of risk as calculated by internal models. It also incorporates the capital requirements defined by legal regulations (going-concern principle) and the economic point of view (liquidation perspective). A value-at-risk model is used to estimate the material risks from both of these standpoints. Market risk has been defined as the most significant risk from these two perspectives – it represented 58 % of the total risk as of 31 December 2009 (2008: 40 %).

Shares of individual risk categories



Going-Concern perspective as at 31/12/2009		Liquidations perspective as at 31/12/2009	
1. Market risk	57.8 %	**1.** Market risk	39.6 %
2. Credit risk	8.9 %	**2.** Credit risk	10.3 %
3. Operational risk	6.4 %	**3.** Operational risk	21.3 %
4. Business risk	6.8 %	**4.** Business risk	4.7 %
5. Investment risk	12.8 %	**5.** Investment risk	8.9 %
6. Other risks	7.3 %	**6.** Other risks	15.2 %

Market risk

Market risk represents the primary focus of risk policy for Raiffeisen Centrobank. The company defines market risk as the potential loss resulting from changes in market prices (e.g. the prices for stocks, foreign currencies, and securities), as well as changes in the parameters that affect these prices (e.g. interest rates, volatilities). Comprehensive, real-time evaluations of market risk are combined with other factors to develop an overall risk assessment. Market risks – which consist primarily of the risks associated with stock and warrant prices, interest rates, and exchange rate risks – are managed by the Raiffeisen Centrobank Securities Trading and Treasury segment.

The business activities of Raiffeisen Centrobank focus chiefly on securities trading as well as the issue of derivatives and structured products that are based on stocks and stock-indexes (certificates and guarantee bonds). Risk positions arise above all in connection with the dynamic hedging of the warrants and certificates issued by Raiffeisen Centrobank. Therefore, the market risk associated with the Raiffeisen Centrobank securities trading books is influenced mainly by the price risks connected with the trading book positions in stocks and derivatives.

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

Raiffeisen Centrobank measures, monitors, and manages market risks by setting various limits that are based on its risk capacity. These limits reflect the type of transaction and 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. The securities controlling group provides the Executive Board with a detailed daily report on the utilisation of these limits.

An important role is played by value-at-risk, which is calculated daily with a variance-covariance model. This model incorporates a 99 % confidence interval and a 10-day retention period, whereby market data for the volatility and correlation calculations is based on a one-year trend.

The following table shows the value-at-risk (in accordance with the variance-covariance model) for the market risk arising from the Raiffeisen Centrobank trading books, classified by the type of risk.

The increase in the value-at-risk is related primarily to the rise in prices on stock markets.

Amounts in thousand Euros	31/12/2009	30/09/2009	30/06/2009	31/03/2009	31/12/2008
Interest rate risk	400	810	1,130	380	860
Foreign exchange risk	102	136	245	123	198
Price risk	7,706	10,115	6,431	5,354	3,585
Total	**8,208**	**11,061**	**7,806**	**5,857**	**4,643**

In addition to the variance-covariance model, value-at-risk is also calculated with the statistically more precise Monte Carlo simulation. This permits the inclusion of non-linear risks resulting from the use of options, which are also relevant for market risk. The Monte Carlo simulation is based on a full-scale valuation of the portfolio. The future development of the portfolio is simulated on the basis of randomly generated price trends for the included instruments. The actual realisation of these random variables (risk factors) is determined by a stochastic process (distributions and random walks) and by parameters (e.g. volatility, correlations) derived from historical data or predefined scenarios. This significantly increases the flexibility of the risk measurement method to include, in particular, the integration of new valuation models, atypical distribution assumptions, and non-linear correlation models such as copulas. The Raiffeisen Centrobank portfolio includes, among others, exotic options and path-dependent instruments. Therefore, the Monte Carlo simulation is the best approach for the measurement of the risk associated with this portfolio. Extreme market fluctuations and catastrophic events as well as concentration and country-specific risks are also taken into account through the integration of stress tests. In accordance with the Monte Carlo method, the value-at-risk for market risk (95 % confidence interval, 3-month retention) totalled EUR 10.56 million as of 31 December 2009 (31.12.2008: EUR 7.95 million).

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 historical data and only determines risks at a specific confidence interval (99 %). In contrast to the value-at-risk model, stress tests simulate the performance of the portfolio under abnormal market performance 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 possible 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 historical data as well as criteria defined by management, and are described below:

» Historical 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 management. In this way, parallel shifts in key risk factors – such as stock prices, CDS spreads, and interest rate curves – can be calculated. These stress tests make it possible for 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 gains and losses under the buy-and-hold assumptions with the amounts forecasted by the value-at-risk model. The risk management group 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 coverage for the trading book is calculated in accordance with the provisions of § 22 o of the Austrian Banking Act. As of 31 December 2009, the required capital coverage for the securities trading book amounted to EUR 27.2 million (31.12.2008: EUR 27.0 million).

Interest rate risk

The interest rate risk associated with the banking book is of lesser importance, and is calculated with the traditional methods used to analyse capital and interest maturities. Raiffeisen Centrobank provides the supervisory authorities with quarterly information on the risk arising from changes in interest rates in connection with the reporting of interest rate statistics.

The interest maturity gap of Raiffeisen Centrobank as of 31 December 2009 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	51,225	20,790	0	1
USD	584	–	–	–
Other	–	–	–	–

The interest maturity gap of Raiffeisen Centrobank as of 31 December 2008 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	45,376	–	30,598	2
USD	2,020	–	–	–
Other	–	–	–	–

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

Credit risk

Credit risk represents the danger of the loss that can result when a customer is unable or unwilling to meet his or her contractual obligations after the agreed performance (e.g. liquid funds, securities, and advisory services) has been provided or when unrealised gains from pending business transactions can no longer be collected.

The traditional lending business is of lesser importance for Raiffeisen Centrobank because of its limited volume and the company's strategic focus. Additional credit risks arise above all from purchased debt instruments and structured products, which are used to hedge debt instruments and structured products issued by the company.

Risks are limited and measured above all through nominal limits as well as by the value-at-risk indicators for credit risk that are defined by the risk management unit of the RZB Group. The internal control system for credit risk encompasses all forms of monitoring that are directly or indirectly integrated into the related work processes. This ensures the ongoing management, control, and monitoring of credit risk in the Raiffeisen Banking Group within the context of the Basel II capital coverage requirements for banks. A group-wide rating and default database registers and evaluates customers, and also documents default processes.

Raiffeisen Centrobank uses a modified version of the Basel II IRB approach for its internal risk measurement. This approach supports the calculation of a risk indicator that is consistent

with value-at-risk and, unlike the original IRB formula, also includes the expected loss. The company monitors and analyses credit risk based on the individual loans (with a comprehensive and well-founded analysis of the potential borrower's credit standing and collateral) and also on a portfolio-wide basis. This calculation method provides a complete picture of the company's credit risk and shows its relatively low importance in relation to market risks.

The interest-bearing assets subject to credit risk plus the off-balance sheet volume before impairment losses totalled TEUR 982,612 for Raiffeisen Centrobank as of 31 December 2009 (31.12.2008: TEUR 786,160).

Asset volume Amounts in thousand Euros	**31/12/2009**		**31/12/2008**	
Bonds and notes issued by public authorities	0		0	
Loans and advances to credit institutions	624,466		491,968	
Loans and advances to customers	68,336		130,380	
Bonds	286,548		161,087	
	979,350		**783,435**	
Product-weighted off-balance sheet transactions	3,262		2,725	
	982,612	**100.0 %**	**786,160**	**100.0 %**
Irrecoverable	455	0.1 %	628	0.1 %
Default potential	2,164	0.2 %	2,164	0.3 %
Requiring attention	0	0.0 %	0	0.0 %

The following table shows the development of the individual impairment losses to loans, classified by balance sheet item:

Amounts in thousand Euros	**Balance as of 1/1/2009**	**Additions[1]**	**Reversals**	**Use**	**Transfer, exchange differences**	**Balance as of 31/12/2009**
Individual impairment losses	**625**	**82**	**– 27**	**– 227**	**0**	**453**
Loans and advances to customers	625	82	– 27	– 227	0	453
thereof Austria	625	82	– 27	– 227	0	453
Total	**625**	**82**	**– 27**	**– 227**	**0**	**453**

Amounts in thousand Euros	**Balance as of 1/1/2008**	**Additions[1]**	**Reversals**	**Use**	**Transfer, exchange differences**	**Balance as of 31/12/2008**
Individual impairment losses	**1,342**	**83**	**0**	**– 800**	**0**	**625**
Loans and advances to customers	1,342	83	0	– 800	0	625
thereof Austria	1,342	83	0	– 800	0	625
Total	**1,342**	**83**	**0**	**– 800**	**0**	**625**

[1] Additions include direct write-downs/write-offs as well as the collection of receivables previously written off.

The following table shows the loans and advances granted by the company as well as the impairment losses to each class of assets in accordance with Basel II; this classification is based on the structure used by RZB:

31/12/2009 Amounts in thousand Euros	**Carrying amount**	**Individual valuation adjustments**	**Net carrying amount**	**Individually adjusted assets**	**Fair value**
Credit institutions	480,092	0	480,092	0	480,092
Corporate customers – large	43,208	196	43,012	196	43,328
Retail customers – private individuals	8,282	257	8,025	257	8,025
Total	**531,582**	**453**	**531,129**	**453**	**531,445**

31/12/2008 Amounts in thousand Euros	**Carrying amount**	**Individual valuation adjustments**	**Net carrying amount**	**Individually adjusted assets**	**Fair value**
Credit institutions	359,384	0	359,384	0	359,384
Corporate customers – large	86,461	196	86,265	196	87,221
Retail customers – private individuals	9,643	429	9,214	429	9,214
Total	**455,488**	**625**	**454,863**	**625**	**455,819**

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

Overdue financial instruments

The duration of the delay period is an important factor for determining default and estimating the collectibility of outstanding loans and advances. As of 31 December 2009 or 31 December 2008 Raiffeisen Centrobank had no overdue loans and advances that had not been reduced through individual impairment losses. Loans and advances not previously adjusted totalled TEUR 531,129 as of 31 December 2009 (31.12.2008: TEUR 454,863).

Impaired financial instruments

The following table shows the carrying amount of loans and advances reduced through individual impairment losses as well as the related individual impairment losses and the collateral available to cover the net carrying amount:

Impairment losses and collateral 31/12/2009 Amounts in thousand Euros	Impaired assets	Individual valuation adjustments	Impaired assets after deduction of impairment losses	Collateral for impaired assets	Interest on adjusted assets
Corporate customers – large	196	196	0	0	0
Retail customers – private individuals	257	257	0	0	12
Total	**453**	**453**	**0**	**0**	**12**

Impairment losses and collateral 31/12/2008 Amounts in thousand Euros	Impaired assets	Individual valuation adjustments	Impaired assets after deduction of impairment losses	Collateral for impaired assets	Interest on adjusted assets
Corporate customers – large	196	196	0	0	45
Retail customers – private individuals	429	429	0	0	23
Total	**625**	**625**	**0**	**0**	**68**

The following table shows the maximum credit risk (including revocable and irrevocable credit commitments) and the fair value of collateral than can be resold or pledged without the default of the debtor:

31/12/2009	Maximum credit exposure		Fair value of collateral
Amounts in thousand Euros	Net exposure	Contingent liabilities/ guarantees issued	Resale/ repledging allowed
Credit institutions	480,092	203	203
Corporate customers – large	43,012	3,626	26,907
Retail customers – private individuals	8,025	228	4,396
Total	**531,129**	**4,057**	**31,506**

31/12/2008	Maximum credit exposure		Fair value of collateral [1]
Amounts in thousand Euros	Net exposure	Contingent liabilities/ guarantees issued	Resale/ repledging allowed
Credit institutions	359,384	145	141
Corporate customers – large	86,265	1,078	63,604
Retail customers – private individuals	9,214	475	5,990
Total	**454,863**	**1,698**	**69,735**

[1] The prior year data were adjusted and now only include collateral up to the maximum credit-risk exposure.

Operational risks

In accordance 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. The procedure applied to other types of risk – i.e. the strict division of responsibilities between risk management and risk controlling – is also applied to operational risk. Operational risk is analysed and managed through regular self-risk assessments, the tracking of standardised early warning indicators, the results of risk scenarios, and the company's past experience with losses. The standard 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 created for pending legal risks, which reflect estimates of the potential losses from legal proceedings. A risk indicator consistent with value-at-risk is calculated for the business segments defined by law (standard business lines), based on the operating income determined for the Basel II standard approach. The quantification method used by the company was derived from an empirical study on advanced measurement approaches for the analysis operating loss databases and their connection with the Basel II standard approach. The empirical data in this study makes it possible to use a reverse engineering approach to derive the parameters for the function to distribute operational losses based on experience. The calculation of a risk indicator consistent with value-at-risk permits the immediate and integrated evaluation of operational risks within the company's risk overall exposure and limit system. This risk indicator (95 % confidence interval, 3-month retention period) equalled EUR 1.17 million as of 31 December 2009 (31.12.2008: EUR 1.13 million).

Equity participation risk

The risks arising from financial investments (none of which are listed on a stock exchange) are also considered part of the banking book. The carrying amount of the financial investments held by Raiffeisen Centrobank totalled EUR 15.5 million as of 31 December 2009, and represents 2.52 % of the company's capital requirements for 2009 (2008: 2.34 %). These financial investments are managed primarily through the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, above certain levels, by the Supervisory Board of Raiffeisen Centrobank. This data forms the basis for extensive standardised reports that also cover performance risk, financial risk, and position risk, which are prepared monthly – and in some cases daily – for each company. The limits are monitored at various levels: by the subsidiaries, by the investment controlling department of Raiffeisen Centrobank, and by the company's credit department through financial controls connected with the management of working capital credits for the subsidiaries. Information on the financial investments held by Raiffeisen Centrobank is combined into a monthly report for the Executive Board and also sent to the Supervisory Board on a quarterly basis.

Risk assessment distinguishes between financial investments as such and all other exposures related to these items. These risks are generally quantified with a modified IRB approach, similar to the procedure applied to credit risk. Direct investments are quantified in accordance with the PD/LGD approach (§§ 72, 77 (4) of the Austrian Solvency Regulation ("Solvabilitätsverordnung")). The other exposures related to these investments are classified individually as investment or credit positions, depending on their characteristics.

Liquidity risk

The management of liquidity – and thereby the protection of the company's ability to meet its payment obligations at all times – is supervised by Raiffeisen Centrobank and on a centralised basis by RZB. RZB serves as the central liquidity settlement centre for the Raiffeisen Banking Group in Austria and for the various local network banks in Central and Eastern Europe.

Refinancing generally can take place through RZB, and (structural) liquidity risk is therefore of lesser importance for Raiffeisen Centrobank. An analysis of the contractually agreed payment flows for the financial liabilities of the Raiffeisen Centrobank Group shows the following maturities:

31/12/2009 Amounts in thousand Euros	Carrying amount	Contractual payment flows	< 3 months	3–12 months	1–5 years	> 5 years
Non-derivative liabilities	**625,376**	**632,429**	**596,252**	**8,432**	**4,536**	**23,209**
Liabilities to credit institutions	143,726	143,755	143,755	0	0	0
Liabilities to customers	119,559	119,736	111,307	8,429	0	0
Other liabilities	341,473	345,563	340,515	3	4,536	509
Subordinated capital	20,619	23,375	675	0	0	22,700
Derivative liabilities	**1,224,442**	**1,266,219**	**102,944**	**106,839**	**616,188**	**440,249**
Derivatives in the trading book	1,223,834	1,265,612	102,607	106,839	616,188	439,978
Derivatives in hedges	271	271	0	0	0	271
Other derivatives	337	337	337	0	0	0
Credit risks	**2,849**	**2,849**	**0**	**2,849**	**0**	**0**
Irrevocable credit commitments/standby facilities	2,849	2,849	0	2,849	0	0

31/12/2008 Amounts in thousand Euros	Carrying amount	Contractual payment flows	< 3 months	3–12 months	1–5 years	> 5 years
Non-derivative liabilities	**582,507**	**588,364**	**423,209**	**140,834**	**21**	**24,300**
Liabilities to credit institutions	241,597	241,899	141,022	100,877	0	0
Liabilities to customers	215,589	216,754	182,374	34,380	0	0
Other liabilities	104,336	104,336	98,738	5,577	21	0
Subordinated capital	20,986	25,375	1,075	0	0	24,300
Derivative liabilities	**1,055,057**	**1,121,556**	**79,793**	**61,823**	**657,622**	**322,318**
Derivatives in the trading book	1,055,007	1,121,505	79,792	61,823	657,622	322,268
Derivatives in hedges	0	0	0	0	0	0
Other derivatives	50	50	0	0	0	50
Credit risks	**886**	**886**	**0**	**886**	**0**	**0**
Irrevocable credit commitments/standby facilities	886	886	0	886	0	0

Other risks

Other subordinate types of risk (e.g. business, foreign exchange and reputation risks) will be incorporated in the risk capacity analysis through risk buffers and surcharges in the future.

(40) Derivative financial instruments

The total volume of unsettled derivative financial products, including structured products, as of 31 December 2009 is as follows:

	Nominal amount by remaining term				Fair value	
Amounts in thousand Euros	Up to 1 year	1 to 5 years	Over 5 years	Total	Positive	Negative
Total	**1,318,831**	**1,902,049**	**1,554,909**	**4,775,789**	**1,127,668**	**– 1,224,442**
Interest rate contracts	**59,413**	**239,581**	**444,843**	**743,837**	**9,354**	**– 271**
OTC products						
Interest rate swaps	41,738	239,581	444,843	726,162	9,148	– 271
Listed products						
Interest rate futures	17,675	0	0	17,675	206	0
Foreign exchange and gold contracts	**41,256**	**0**	**10,798**	**52,054**	**65**	**– 16,410**
OTC products						
Currency and interest rate swaps	34	0	0	34	34	0
Forward foreign exchange contracts	13,300	0	0	13,300	21	– 2
Currency options – purchased	0	0	0	0	0	0
Currency options – sold	0	0	0	0	0	0
Other currency contracts	8,085	0	10,798	18,883	10	– 14,990
Listed products						
Currency futures	19,837	0	0	19,837	0	– 1,418
Equity-based transactions	**1,182,500**	**1,634,337**	**1,086,229**	**3,903,066**	**1,104,779**	**– 1,151,456**
OTC products						
Equity/index options – purchased	105,909	344,262	234,396	684,567	166,608	0
Equity/index options – sold	98,759	76,573	305,547	480,879	0	– 59,198
Other equity/index options	405,006	1,211,769	546,286	2,163,061	907,816	– 1,078,838
Listed products						
Equity/index futures	379,496	873	0	380,369	172	– 6,411
Equity/index options	193,330	860	0	194,190	30,183	– 7,009
Commodities transactions	**17,217**	**28,131**	**6,611**	**51,959**	**13,470**	**– 43,625**
Precious metals transactions	**18,445**	**0**	**6,428**	**24,873**	**0**	**– 12,680**

The surplus of negative market values for security-based transactions is contrasted by shares purchased for hedging purposes. These shares are recorded under trading assets and are not shown in the above table.

The total volume of outstanding derivative financial products, including structured products, as of 31 December 2008 is as follows:

	Nominal amount by remaining term				Fair value	
Amounts in thousand Euros	Up to 1 year	1 to 5 years	Over 5 years	Total	Positive	Negative
Total	**998,223**	**1,643,945**	**1,522,337**	**4,164,507**	**951,787**	**– 1,055,057**
Interest rate contracts	**44,371**	**183,323**	**320,200**	**547,895**	**21,020**	**– 64**
OTC products						
Interest rate swaps	19,750	183,323	320,200	523,274	20,588	– 49
Listed products						
Interest rate futures	24,621	0	0	24,621	432	– 15
Foreign exchange and gold contracts	**77,496**	**5,668**	**6,801**	**89,965**	**2,140**	**– 9,358**
OTC products						
Forward foreign exchange contracts	32,515	0	0	32,515	212	– 92
Currency options – purchased	15,865	0	0	15,865	1,056	0
Currency options – sold	15,865	0	0	15,865	0	– 1,056
Other currency contracts	0	5,668	6,801	12,469	0	– 8,210
Listed products						
Currency futures	13,251	0	0	13,251	872	0
Equity-based transactions	**861,560**	**1,428,305**	**1,190,552**	**3,480,417**	**924,684**	**– 1,016,076**
OTC products						
Equity/index options – purchased	111,953	244,317	315,255	671,526	119,988	0
Equity/index options – sold	107,557	78,970	216,269	402,796	0	– 83,750
Other equity/index options	293,438	1,091,815	659,028	2,044,281	748,331	– 888,245
Listed products						
Equity/index futures	93,169	1,753	0	94,922	11,814	– 1,558
Equity/index options	255,443	11,450	0	266,893	44,551	– 42,523
Commodities transactions	**5,387**	**19,549**	**1,141**	**26,077**	**3,232**	**– 19,835**
Precious metals transactions	**9,409**	**7,100**	**3,643**	**20,152**	**711**	**– 9,724**

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

Fair value represents the amount for which a financial instrument could be exchanged between knowledgeable, willing and independent business partners. In cases where market prices were available (primarily for securities and derivatives quoted on stock exchange or active markets), this quotation represents the fair value.

All other financial instruments are valued using internal models, in particular present value models or accepted option pricing models. The fair value of fixed-income loans and advances to credit institutions and customers and liabilities to credit institutions and customers only differs from fair value in cases where the remaining term to maturity exceeds one year. Variable-interest loans and advances and liabilities are included in this analysis if the applicable interest rollover period exceeds one year. The effect of discounting at a theoretical interest rate that reflects the market rate is only material in these cases.

Amounts in thousand Euros	Fair value	Carrying amount	2009 Difference	Fair value	Carrying amount	2008 Difference
Assets						
Cash reserve	2,478	2,478	0	16,327	16,327	0
Loans and advances to credit institutions	480,092	480,092	0	359,384	359,384	0
Loans and advances to customers	51,362	51,490	– 128	96,435	96,104	331
Financial investments	6,172	6,172	0	6,933	6,933	0
Intangible and tangible fixed assets	13,818	13,818	0	15,085	15,085	0
Other assets	56,717	56,717	0	67,379	67,379	0
Liabilities			0			
Liabilities to credit institutions	143,726	143,726	0	240,825[1]	241,597[1]	– 772
Liabilities to customers	119,559	119,559	0	215,589	215,589	0
Subordinated capital	20,619	20,619	0	20,985	20,985	0
Other liabilities	27,469	27,469	0	28,734[1]	28,734[1]	0

[1] Transfer of TEUR 6,294 from other liabilities to liabilities to credit institutions.

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

Amounts in thousand Euros			2009			2008
	Listed market prices (Level I)	Valuation methods based on market data (Level II)	Valuation methods not based on market data (Level III)	Listed market prices (Level I)	Valuation methods based on market data (Level II)	Valuation methods not based on market data (Level III)
Trading assets	**651,743**	**704,082**	**0**	**564,483**	**603,547**	**0**
Positive fair values of other derivative financial instruments	209,116	494,895	0	229,359	462,381	0
Shares and other variable-yield securities	185,343	42,319	0	214,667	0	0
Bonds, notes, and other fixed-income securities	257,284	166,868	0	120,457	141,166	0
Financial assets at fair value through profit or loss	**29,264**	**0**	**0**	**40,680**	**0**	**0**
Shares and other variable-yield securities	0	0	0	50	0	0
Bonds, notes, and other fixed-income securities	29,264	0	0	40,630	0	0
Available-for-sale financial assets	0	0	0	0	0	0
Financial investments	0	0	0	0	0	0

Amounts in thousand Euros			2009			2008
	Listed market prices (Level I)	Valuation methods based on market data (Level II)	Valuation methods not based on market data (Level III)	Listed market prices (Level I)	Valuation methods based on market data (Level II)	Valuation methods not based on market data (Level III)
Trading liabilities	**1,178,394**	**359,782**	**0**	**809,829**	**320,831**	**0**
Negative fair values of other derivative financial instruments	864,571	359,599	0	734,226	320,831	0
Short sales of trading assets	313,824	182	0	75,602	0	0
Derivatives – hedge accounting	**271**	**0**	**0**	**0**	**0**	**0**
Negative fair values of derivative hedging instruments	271	0	0	0	0	0

Other Disclosures

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

Amounts in thousand Euros	2009	2008
Contingent liabilities	**1,208**	**812**
Other guarantees	1,208	670
Letters of credit	0	142
Credit risks	**2,849**	**886**
Irrevocable credit lines/stand-by facilities	2,849	886
Up to 1 year	2,849	886

Credit risks are comprised exclusively of irrevocable credit lines.

(44) Fiduciary transactions

As of the balance sheet date, Raiffeisen Centrobank had concluded fiduciary transactions with the following volumes, which are not reported on the balance sheet:

Amounts in thousand Euros	2009	2008
Securities and financial investments	7,091	7,091
Other fiduciary assets	2,000	2,000
Fiduciary assets	**9,091**	**9,091**
Other fiduciary liabilities	9,091	9,091
Fiduciary liabilities	**9,091**	**9,091**

Disclosures based on Austrian regulations

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

Amounts in thousand Euros	2009 Listed	2009 Not listed	2008 Listed	2008 Not listed
Bonds, notes, and other fixed-income securities	286,548	0	161,087	0
Shares and other variable-yield securities	369,119	348,557	384,084	322,073

(46) Volume of the securities trading book pursuant to § 64 of the Austrian Banking Act

Amounts in thousand Euros	2009	2008
Securities	1,132,202	967,782
Other financial instruments	223,482	190,842
Total	**1,355,684**	**1,158,624**

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

Capital represents a central factor for the management of a bank. The regulatory framework and related capital levels for Raiffeisen Centrobank are defined by the Austrian Banking Act, which reflects the relevant EU guidelines. Raiffeisen Centrobank also uses internal management targets that comprise all types of risk (including the trading book, foreign exchange risk and operational risk). Management and control is concentrated primarily on the capital and Tier 1 ratios. The company's risk capacity is also determined on the basis of value-at-risk indicators for two scenarios – a going-concern scenario (using the aggregate risk cover defined by the risk strategy) and a liquidation scenario. Additional information on this subject is provided in the risk report.

The regulatory own funds of Raiffeisen Centrobank pursuant to the Austrian Banking Act 1993/as amended in 2006 (Basel II) comprise the following:

Amounts in thousand Euros	2009	2008
Paid-in capital	47,599	47,599
Earned capital	30,721	30,721
Intangible fixed assets	– 182	– 208
Core capital (Tier 1 capital)	**78,138**	**78,112**
Deductions from Tier 1 capital (advance delivery)	0	– 49
Eligible Tier 1 capital (after deductions)	**78,138**	**78,063**
Long-term subordinated capital	20,000	20,000
Additional own funds (Tier 2 capital)	**20,000**	**20,000**
Deductions from supplementary capital	0	– 49
Eligible additional own funds (after deductions)	**20,000**	**19,951**
Total own funds	**98,138**	**98,014**
Total own funds requirement	**49,314**	**53,061**
Excess own funds	48,824	44,952
Excess cover ratio in %	199.0 %	184.7 %
Core capital ratio (Tier 1), credit risk	52.8 %	39.0 %
Total Tier 1 ratio (incl. market and operational risk)	12.7 %	11.8 %
Own funds ratio in %	15.9 %	14.8 %

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

The total own funds requirement is calculated as follows:

Amounts in thousand Euros	2009	2008
Risk-weighted assessment based pursuant to § 22 of the Austrian Banking Act	147,975	200,313
thereof 8 % minimum capital requirement for credit risk pursuant to §§ 22a to 22h of the Austrian Banking Act	11,838	16,025
Required capital for settlement risk	0	33
Own funds requirement for position risk in bonds, equities and commodities	26,693	26,635
Own funds requirement for position risk in open currency positions	502	286
Own funds requirement for operational risk	10,281	10,082
Total own funds requirement	**49,314**	**53,061**

(48) Average number of employees

The average number of employees during the financial year (full-time equivalents) is shown in the following table:

Full-time equivalents	2009	2008
Salaried employees	329	298
Wage earners	8	8
Total	**337**	**306**

Full-time equivalents	2009	2008
Austria	265	276
Other countries	72	30
Total	**337**	**306**

The initial consolidation of five subsidiaries in the financial statements of the Raiffeisen Centrobank Group as of 1 January 2009 led to an increase of 43 in the average number of employees for the reporting year.

(49) Expenses for severance compensation and pensions

Amounts in thousand Euros	2009	2008
Members of the Executive Board and senior staff	658	203
Other employees	1,274	963
Total	**1,932**	**1,166**

(50) Relations with key management

Remuneration of the Executive Board

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

Amounts in thousand Euros	2009	2008
Current remuneration	2,514	2,722
Total	**2,514**	**2,722**

The above table includes both fixed and performance-based components, including bonuses and payments in kind. No compensation was paid for functions on the corporate bodies of subsidiaries. There are no contractual obligations for the payment of remuneration to former members of the Executive Board.

The members of the Supervisory Board received attendance fees totalling TEUR 220 for the periods 2008 and 2009.
The business relations between members of the Executive Board of Raiffeisen Centrobank AG and the Raiffeisen Centrobank Group are as follows (market values):

Amounts in thousand Euros	2009	2008
Sight deposits	269	336

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

Amounts in thousand Euros	2009	2008
Sight deposits	949	622

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

(51) Corporate bodies

Executive Board

Eva Marchart
Chairman of the Executive Board
Alfred Michael Spiss
Deputy Chairman of the Executive Board
Gerhard Grund
Member of the Executive Board

Supervisory Board

Walter Rothensteiner
Chairman
General Director of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna

Patrick Butler
First Deputy Chairman
Member of the Executive Board of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Herbert Stepic
Second Deputy Chairman
General Director of Raiffeisen International Aktiengesellschaft, Vienna

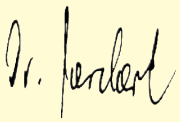
Members

Karl Sevelda
Member of the Executive Board of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Johann Strobl
Member of the Executive Board of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Christian Teufl
Director of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna

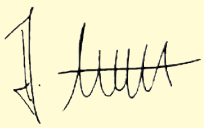
State Commissioners

Peter Braumüller
Divisional Director
Tamara Els
Deputy Assistant

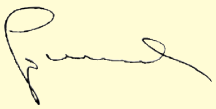
Vienna, April 6, 2010
The Executive Board



Eva Marchart
Chairman of the Executive Board



Alfred Michael Spiss
Deputy Chairman of the Executive Board



Gerhard Grund
Member of the Executive Board

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Raiffeisen Centrobank AG, Wien, for the year from 1 January 2009 to 31 December 2009. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009, 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 2009, 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 2009 and of its financial performance and its cash flows for the year from 1 January to 31 December 2009 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 7, 2010
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Wilhelm Kovsca
Austrian Chartered Accountants

Josef Kirchknopf
Tax adviser

Consolidation Range

Fully consolidated companies

Company, registered headquarters (country)	Subscribed capital in local currency	Shareholding	Thereof indirect[1]	Type[2]
Centrotrade Chemicals AG, Zug (CH)	5,000,000 CHF	100.0 %		SU
Centrotrade Deutschland GmbH, Eschborn (DE)	410,000 EUR	100.0 %		SU
Centrotrade Holding AG, Wien (AT)	3,000,000 EUR	100.0 %		SU
Centrotrade Investment AG, Zug (CH)	5,900,000 CHF	100.0 %		SU
Centrotrade Minerals & Metals Inc., Chesapeake (US)	2,000 USD	100.0 %		SU
Centrotrade Singapore Pte Ltd, Singapur (SG)	500,000 SGD	100.0 %		SU
Raiffeisen Investment Aktiengesellschaft, Wien (AT)	730,000 EUR	100.0 %		FI
Raiffeisen Investment (Malta) Limited, Valetta (MT)	5,000 EUR	99.8 %		FI
OOO Raiffeisen Investment, Moskau (RU)	24,000,000 RUB	100.0 %		FI
Raiffeisen Investment Polska Sp.z.o.o., Warschau (PL)	360,000 PLN	100.0 %		FI
Raiffeisen Investment Romania SRL, Bukarest (RO)	159,130 RON	100.0 %		FI
Raiffeisen Centrobank AG, Wien (AT)	47,599 EUR	100.0 %		KI

Other investments

Subsidiaries not included in the consolidation

Company, registered headquarters (country)	Subscribed capital in local currency	Shareholding	Thereof indirect[1]	Type[2]
Centro Asset Management Limited, St. Helier (JE)	10,000 GBP	100.0 %		FI
MENARAI Holding GmbH, Wien (AT)	35,000 EUR	100.0 %		SU
MIRA Beteiligungsholding GmbH, Wien (AT)	35,000 EUR	100.0 %		SU
Raiffeisen Energy & Metals Beteiligungsverwaltungs GesmbH, Wien (AT)	35,000 EUR	100.0 %		SU
Raiffeisen Investment (Bulgaria) EOOD, Sofia (BG)	60,050 BGN	100.0 %		FI
Raiffeisen Investment s.r.o., Prag (CZ)	200,000 CZK	100.0 %		FI
TOV Raiffeisen Investment Ukraine, Kiew (UA)	3,733,213 UAH	100.0 %		FI
RAISHOP Holding GmbH, Wien (AT)	35,000 EUR	100.0 %		FH
R Inwestycje Sp.z.o.o., Warschau (PL)	500,000 PLN	100.0 %		FI
RI Inwestycje Sp.z.o.o., Warschau (PL)	500,000 PLN	100.0 %		FI
SOPHIA PLAZA Holding GmbH (AT), Wien	35,000 EUR	100.0 %		SU
SORANIS Raiffeisen Portfolio Management GmbH, Wien (AT)	35,000 EUR	100.0 %		SU

Other interests

Company, registered headquarters (country)	Subscribed capital in local currency		Shareholding	Thereof indirect[1]	Type[2]
ACG Bor Glasworks, Bor City (RU)	418,956,270	RUB	7.4 %	7.4 %	SU
Alpenbank Aktiengesellschaft, Innsbruck (AT)	10,220,000	EUR	0.0 %		FI
Centrotrade (Malaysia) Sdn. Berhad in Liquidation, Kuala Lumpur (MY)	100,000	MYR	30.0 %		SU
Österreichische Raiffeisen Einlagensicherung reg. Gen. m. b. H., Wien (AT)	3,000	EUR	3.3 %		SU
Scanviwood Co. Ltd, Ho Chi Minh City (VN)	2,500,000	EUR	6.0 %		SU
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	13,940,000	EUR	0.0 %		SU
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0 %		SU

1 Stakes held by companies that are not included in the consolidated financial statements (proportional share)
2 Company type
KI = Credit institution
FH = Financial holding company
FI = Financial institutions
SU = Other company

Service and Information

Glossary: Certificates

B

Base value
Also referred to as the underlying, this comprises the stock, basket of stocks, index, commodity, or other item from which a certificate is derived.

Basket
The word basket refers to an underlying consisting of two or more stocks, indices, or commodities. The individual items of a basket do not have to be equally weighted.

Benchmark
Serves as a measure for determining how well an individual investment has performed in comparison with the market as a whole. An appropriate index is generally chosen as the benchmark.

C

Cap
Refers to the maximum payout of a certificate at the maturity date.

Certificate
Certificates are securitized financial instruments listed on the stock exchange that are issued as bonds by banks and other issuers. They consist of derivatives and are therefore completely dependent on the performance of their underlyings at all times.

Closing price
Refers to the closing price of a security at the end of a trading day.

D

Direct investment
Refers to a situation where an investor directly purchases the underlying in place of a certificate.

Dividend
The dividend is the portion of unappropriated profits paid out by a joint stock company and accruing to each of its shares.

E

EUWAX (European Warrant Exchange)
This is a segment of the Stuttgart Securities Exchange where certificates and warrants are traded. EUWAX is the world's largest certificates trading exchange.

I

Index
Price indicator calculated on an ongoing basis that reflects the performance of a large number of individual securities (stocks, bonds) with a single value. Generally regrouped at regular intervals on the basis of transparent criteria (stock market turnover, market capitalisation).

ISIN (International Securities Identification Number)
This twelve-digit combination of letters and numbers ensures the unique global identification of a security.

Issue
Circulation of a new certificate.

Issue surcharge
A one-time fee generally levied for the purchase of certificates within the subscription period and serving to defray commissions paid for distribution.

Issuer
An issuer is the party issuing securities. Issuers of stocks are companies; bonds can be issued by companies, public corporations, the government, and other institutions while certificates are primarily issued by banks.

Issue price
Also referred to as the subscription price, this is the price at which new certificates are issued.

M

Market maker
Market makers are official members of a stock exchange that continuously set bid and offer prices for specific securities. In the case of certificates, the market maker is generally the issuer itself and accordingly guarantees supply and demand on an ongoing basis.

Maturity
Refers to the expiry date of a certificate. Most index certificates are "open ended" and therefore do not have a fixed maturity date.

O

Open-end
Indicates that a certificate has no preset time of maturity.

Outperformance
Refers to the situation where one investment achieves a higher rate of return than another one. Outperformance certificates can be used to engineer this market-neutral return.

Over-the-counter trading
Also referred to as OTC trading, this comprises financial transactions not carried out via a stock exchange.

P

Participation
Indicates the extent to which a certificate engages an investor in price movements of the underlying.

Performance
Growth or return of an investment. Performance is normally indicated as a percentage.

Premium
Reflects the purchase price difference between the underlying when acquired directly and a warrant for the underlying.

Q

Quanto
Quanto is added to certificates to indicate that they contain currency hedging to prevent rates of exchanges from influencing the price of the certificate.

R

Risk buffer
This is the maximum amount by which a certificate's underlying can fall without the investor incurring a loss.

S

Spread
The spread is used in securities trading to denote the margin between the bid and offer prices. Certificate spreads are primarily determined by the liquidity of the underlying.

Subscription ratio
Indicates how many units of the underlying the certificate encompasses.

T

Time to maturity
This refers to the period between the issue and maturity date of a certificate.

V

Volatility
Volatility refers to the intensity of price and return fluctuations and is generally calculated as a percentage on the basis of standard deviations from norms. The high degree of volatility evinced by discount and other certificates makes them particularly attractive for investors wishing to gain a foothold in the market.

Bonus Certificates

At the issue date the bonus certificate is assigned a bonus level, barrier, and possibly a cap (= maximum payout at the maturity date). The parameters are set in accordance with maturity, volatility, and anticipated dividends and remain unchanged throughout the entire maturity. If the predefined barrier is not touched or undercut during the maturity, the investor receives this bonus level or the corresponding higher amount paid out at the maturity date. Any cap represents the maximum payout at the maturity date. The price of the bonus certificate at the issue date is roughly equivalent to the price of the underlying. However, the detachment from the barrier only offers partial hedging for price falls down to the barrier. In the event of a major price slump and if the barrier is touched or undercut, the bonus mechanism is deactivated and the certificate performs in line with the underlying (e.g. the stock or the index). So-called plus bonus certificates are a special form of bonus certificates for which the barrier is only observed at the maturity date.

Discount Certificates

Discount certificates are an attractive form of investment for investors also wishing to make a profit in the event of sideward-pointing markets. Discount certificates enable investors to invest in a given underlying (stock or index) at an attractive discount since instead of paying the countervalue of the current price of the underlying they pay the lower discount price. This discount poses a risk buffer to cushion potential price setbacks and at the same time ensures a profit in a flat market with an unchanged underlying price that would not have been possible in the case of a direct investment in the underlying. In return for this price discount, participation in the positive price performance of the underlying is limited by an upper threshold (cap). The investor no longer benefits from further price increases beyond this cap.

Guarantee Certificates

Guarantee certificates are extremely popular among investors and serve to protect the capital invested. The capital guarantee generally applies to 100 % of the nominal amount that is in all events paid back at the maturity date. The combination of security and return is achieved by combining two conventional components. The basis of each guarantee certificate comprises bonds that are drawn on for capital protection at the maturity date. At the same time, the deployment of options enables the achievement of above-average returns or participation in the underlying index or stocks basket subject to corresponding performance. Guarantee certificates can there-fore be either coupon or growth-oriented and are ideal instruments for the conservative share of a portfolio.

Index and Basket Certificates

Index and basket certificates are an attractive investment instrument for investors who wish to determine both the beginning and end dates of their investment themselves and appreciate transparent 1:1 participation without price thresholds or structured payout profiles. The underlying instrument can be a traditional equity index such as the Austrian leading index ATX, an individual commodity such as gold or oil, or a basket comprising several shares and commodities that has been compiled by the issuer. The structure of index and basket certificates is simple and transparent to the extent that if the underlying increases by 5 % then the value of the certificate likewise goes up by 5 %. Investors therefore bear the market risk. A potential exchange rate risk must additionally be taken into account if the currency of the certificate is not equivalent to that of the underlying.

Reverse Convertibles

Reverse convertibles are generally based on shares and are therefore linked to the performance of the underlying. Like bonds they are provided with a coupon that guarantees interest payments. However, the return on a reverse convertible is normally greater than that of a traditional bond. At the maturity date the investor is either paid back the issue price in cash or receives a predetermined number of shares or their countervalue. The interest is always paid out by the issuer. If at the maturity date the share is trading at or above the so-called strike price (threshold limit for the price of the underlying share agreed at the time of issue), the bank will pay back the nominal amount of the bond in cash. However, if the price of the underlying share falls below the strike price, the issuer will supply a predetermined quantity of the share in question or its countervalue. The cash value of these shares is calculated by multiplying the agreed number of shares by the share price. The price of a reverse convertible is quoted as a percentage of the nominal amount so that 100 % is equivalent to the nominal amount of EUR 1.000, 90 % is equivalent to EUR 900, and 110 % is equivalent to EUR 1,100.

Turbo Certificates

Turbo certificates provide the opportunity for above average returns due to their leverage effect. A turbo certificate is constructed in a similar way to a future. As with futures the investor has the option of focusing on rising prices with turbo long certificates and falling prices with turbo short certificates. The investor only has to pay for part of the underlying (intrinsic value) while the rest is financed by the issuer. The strike price of a turbo certificate determines the financing level.
The closer the strike price is to the price of the underlying, the greater the leverage effect of the certificate. In order to relieve the investor from the reserve liability that is customary for futures transactions, a stop-loss limit (the so-called barrier) is drawn just above the strike price for long certificates and just below the strike price for short certificates. If the price of the underlying touches or falls below the barrier during maturity, the certificate is stopped-out and the investor is paid out the residual value.
If the price of the underlying develops in the “right” direction then turbo certificates provide the opportunity for achieving above-average returns while at the same time the participation of the investor in the losses is also disproportionately high due to the leverage effect.

Glossary: General financial terms

A

Associated companies
Entities over which the investor has significant influence in terms of financial and operating policies.

B

Back testing
The backward comparison of VaR figures with actual results in order to test the quality of a model.

Banking book
All positions that are not assigned to the trading book.

Basel II
Refers to the complete set of equity regulations published by the Basel Committee on Banking Supervision to ensure financial market stability. The Basel II Accord of 26 June, 2004 represents an enhancement to the Basel I framework.

Basis of assessment (incl. market risk)
Comprises the basis of assessment in accordance with section 22 of the Austrian Banking Act (BWG) plus 12.5 times the own funds required as cover for the trading book and open currency positions.

Basis point
Measure to rate interest and yield differences. One basis point corresponds to 1/100th of a percentage point (1 bp = 0.01 %).

BWG
Austrian Banking Act.

C

Cash flow
Inflows and outflows of cash and cash equivalents.

Cash flow statement
Statement of cash flow during the financial year arising from operating, investment and financing activities and reconciliation of cash and cash equivalents held at the beginning and end of the financial year.

CEE
Central and Eastern Europe.

CIS
Commonwealth of Independent States, consisting predominantly of territories of the former Soviet Union.

Clean price
Price of a financial instrument without accrued interest.

Core capital
Paid-in capital and reserves less intangible fixed assets and balance sheet and material losses during the current financial year.

Core capital ratio
This ratio's numerator comprises core capital (Tier 1) and its denominator forms the basis of assessment (incl. market risk).

Cost/income ratio
Indicator of an enterprise's cost efficiency based on the ratio of expenses to earnings. It is calculated by comparing general administrative expenses (comprising staff and other administrative expenses and depreciation/amortization of tangible and intangible fixed assets) with operating income (net interest income, net commission income, trading profit/loss, and other operating profit/loss).

Country risk
This comprises the transfer and convertibility risk and the political risk.

Credit derivatives
Instruments used to transfer the credit risk arising from loans, bonds, and other risk assets or market risk items to another party.

Credit spread
The risk premium on the risk-free interest rate that is designed to take account of default risks and is determined by the credit rating of a company/an issuer.

D

DBO
Defined benefit obligation = the present value, without deducting any plan assets, of expected future payments required to settle the obligations arising from employee service in the current or prior periods.

Default risk/credit risk
Risk that counterparties in a financial transaction will not be able to fulfil an obligation, thereby causing the other party a financial loss.

Deferred tax assets
The amount of income tax recoverable in future periods in respect of deductible temporary differences, the carry-forward of unused tax losses, and the carry-forward of unused tax credits.

Deferred tax liabilities
The amount of income tax payable in future periods in respect of taxable temporary differences.

Derivatives
Financial instruments whose value changes in response to a change in a given interest rate, securities price, commodity price, exchange rate, index of prices or interest rates, credit rating or credit index, or other similar variable and that require no or very little initial net investment and are settled at a future date.

Dirty price
Price of a financial instrument including accrued interest.

E

Earnings per share (EPS)
Profit divided by the average number of ordinary shares outstanding.

Excess cover ratio
Relation of excess own funds to total own funds requirement.

F

Fair Value
The amount for which an asset could be exchanged or a liability settled between competent, willing and independent business partners.

Fiduciary business
Transactions which are carried out by a trustee, often a bank, in its own name but on account of and at the risk of the beneficiary.

FRA
Forward contract traded over the counter between two partners to hedge against interest rate risks.

Futures
Standardised forward contracts traded on a stock exchange under which a commodity traded in a money, capital, precious metal or currency market is to be delivered or accepted on a specific date at a price fixed in advance in accordance with the stock exchange.

G

Goodwill
Surplus resulting from the difference between the purchase price and fair value of assets and debts incurred during a corporate acquisition.

Guarantee bond
Bond that guarantees investors a specific minimum return on the capital invested.

H

Hedging
Designating one or more hedging instruments so that their change in fair value is an offset, in whole or in part, to the change in fair value or cash flows of a hedged item.

Held-for-trading
Securities held for trading purposes to take advantage of short-term market price fluctuations.

Held-to-maturity
Financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

HGB/UGB
(Austrian) Commercial Code.

I

ICAAP – Internal Capital Adequacy Assessment Process.
Methods and processes of an integrated total bank risk management system to enable banks to ensure that enough own funds are always available to cover all significant risks.

IFRIC, SIC – International Financial Reporting Interpretation Committee
Interpreter of the International Financial Reporting Standards, formerly also SIC (Standing Interpretations Committee).

IFRS, IAS
The International Financial Reporting Standards or International Accounting Standards are reporting standards published by the IASB (International Accounting Standards Board) with the aim of achieving transparent and comparable accounting on an international basis.

Impairment test
Test for indicators of an impairment. According to the IFRS this is compulsory for certain assets such as goodwill or intangible fixed assets without a specific life.

Interest margin
Net interest income in relation to the average balance sheet total.

IRB approach
Method based on the internal rating to calculate the own funds required to cover the credit risk in accordance with Basel II.

IPO
Initial public offering, going public.

L

Liquidity risk
Risk that a bank might be unable to meet its current and future payment obligations in full or on time. This arises for instance from the danger that refinancing can only be obtained at very disadvantageous terms or is completely impossible.

M

Market capitalisation
The number of issued shares multiplied by the share price.

Market risk
The risk that the value of a financial instrument will change due to fluctuations in market prices, whether such fluctuations are caused by factors specific to the individual security or its issuer or those affecting all securities traded in the market.

O

Operational risk
Risk of unexpected losses resulting from the inadequacy or failure of internal procedures, people and systems, or from external events including legal risks.

Options
Instruments that give the holder the right to purchase the underlying from a contracting party at an agreed price and at an agreed time or within an agreed period (call option) or to sell the underlying to a contracting party at an agreed price and at an agreed time or within an agreed period (put option).

OTC instruments
Financial instruments that are neither standardised nor traded on a stock exchange but instead traded directly between market participants "over the counter".

Own funds ratio
The ratio's numerator comprises own funds in accordance with the Austrian Banking Act (BWG), and its denominator forms the basis of assessment including market risk plus 12,5 times the own funds required as cover for the trading book and open currency positions.

P

Partial use
Partial use of the IRB approach in combination with the standard approach. Partial use enables the standard approach to be retained alongside the IRB approach for certain types and classes of liability.

Plan assets
Assets held by a long-term employment benefit fund.

Projected Unit Credit Method
An actuarial valuation method defined by IAS 19 that sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to calculate the final obligation. This method takes into account salary increases, and the calculatory interest rate is geared towards the long-term capital market.

R

Regulatory own funds pursuant to Austrian Banking Act
Consist of core capital (Tier 1), additional and subordinated capital (Tier 2), short-term subordinated capital and rededicated Tier 2 capital (Tier 3).

Risk assets of the banking book
According to the Austrian Banking Act (BWG) these are on-balance-sheet assets, off-balance-sheet assets, and special off-balance-sheet banking book asset positions weighted by business and counterparty risk respectively.

ROE (return on equity)
Return on total equity including minority interest, i.e. profit before or after tax in relation to the weighted average balance sheet equity.

RZB
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RZB Group
Pursuant to section 30 of the Austrian Banking Act (BWG), RZB Group consists of all banks, financial institutions, securities companies, and companies rendering bank-related services in which Raiffeisen Zentralbank holds direct or indirect majority interests or on which it exerts a major influence as the overriding institution.

S

Segment reporting
Disclosure of earnings and asset data for business segments (primary) and geographical areas (secondary).

SEPA
Single European Payments Area. This is a project to create a standardised payment area across Europe. In this payment area there is no longer any distinction for customers between national and cross-border payments.

Short selling
Sale of securities not owned by the seller and which must be bought back and returned at a later date.

SPO
Secondary public offering, capital increase.

Standard approach
Procedure for calculating the own funds requirement of a bank to cover the credit or operational risk.

Stress test
Stress tests endeavour to simulate extreme fluctuations in market parameters. They are used because such fluctuations are usually inadequately captured by VaR models (VaR forecasts maximum losses under normal market conditions).

Swap
Exchange of interest obligations (interest swap) and/or currency positions (currency swap).

T

Tax rate
Ratio of income taxes to profit before tax.

Trading book
Bank regulator's term for assets held by a bank for short-term resale to exploit fluctuations in prices and interest rates.

V

VaR
Value-at-risk expresses the potential loss that with a 99 percent probability will not be exceeded within the period for which an asset is held in a given portfolio.

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Part 2
Raiffeisen Centrobank AG

Individual Financial Statements of Raiffeisen Centrobank AG as at December 31, 2009
according to the Austrian Banking Act

Raiffeisen
CENTROBANK
Member of RZB Group

Management Report of Raiffeisen Centrobank AG for the Business Year 2009

Economic Environment

The tension on international financial markets began to ease in March with the general improvement of economic indicators. This trend continued during the fourth quarter of 2009, somewhat more hesitant than in earlier periods, but nevertheless far reaching. From the viewpoint of capital markets, the year closed on a successful note. The turnaround was supported by billions in government financial assistance as well as the loosening of accounting rules for failing US banks and economic support programmes such as the scrapping premium for older motorcars. The shock resulting from the onset of the financial crisis in 2008 was followed by a (partial) market recovery during 2009. The beginning months were marked by substantial pessimism as a result of developments in the previous year, but this negative mood was soon overcome. The long-awaited signs of stabilisation and recovery ultimately appeared, above all in the financial branch and here particularly in the banking sector.

Economy

Following the severe recession at the end of 2008 and the beginning of 2009, the global economy passed through the low point, not only in preliminary indicators by also with real data. Most countries reported a notable improvement in GDP during the final quarter of 2009, with low, but still positive growth of 0.5–1.0%. The coming months are expected to bring a continuation of this recovery, but up to now only the first steps have been taken on the long and presumably rocky road to sustainable development. Forecasts are showing a further rise in the already high unemployment rates into the second half of 2010 which, in connection with the expiration of economic stimulus programmes, should slow the upward momentum. However, this is not expected to trigger a relapse of the hopefully ebbing recession.

This economic scenario indicates that inflation should remain at a very low level, with no major changes in the near future. Development in 2009 was also influenced by the sharp rise in the cost of oil, which was offset by generally weak demand and a resulting cap on the upward shift in worldwide prices. For the CEE region, the anniversary year 2009 marked a significant low point in economic development since the fall of the Iron Curtain two decades earlier. Most of these countries, with the notable exception of Poland, recorded substantial GDP declines that ranged up to 13% in Ukraine. The current recovery in this region is comparatively modest due to the high budget deficits that must be reduced and the resulting limited latitude for fiscal measures. In addition, the heavy dependence on foreign banks for financing represents a bottleneck.

Financial markets

The easing of tensions in the real economy also influenced the bond market and brought clear losses as well as rising yields for benchmark government bonds, not only during the fourth quarter, but also for the entire year. Ten-year government bonds in the euro zone lost over 6%, while US bonds with the same term fell by 13%. The corresponding yields rose from 2.1% to 3.5% in the US dollar and from 2.8% to 3.2% in the euro. Prime interest rates in the USA remained unchanged throughout the entire year and continued at a historically low 0.1%. The European Central Bank also reduced key interest rates substantially during the course of the year from 2.5% to a historical low of 1%. Monetary measures such as "quantitative easing" (central bank purchases of securities) have become less frequent and the cancellation or expiration of expansive monetary policies is expected soon, first in the USA and then also in Europe. In this environment the value of the US dollar versus the euro changed only slightly during the year, falling slightly from approx. 1.41 at the end of December 2008 to approx. 1.43 at year-end 2009. The upturn that finally took hold of the previously volatile stock markets – which recorded sharp drops of up to 30% at the beginning of the year, followed by an increase of more than 50% from the lows in March – continued with the growing macroeconomic stabilisation. Results for the entire year were therefore positive on most markets. With an annual performance of approx. +20%, the major international indices such as the Dow Jones, Nikkei, and EuroStoxx were clearly outpaced by the ATX and CEE markets with +40% and the

Russian RTX with +100%. Moderate declines on global stock markets due to seasonal or economic factors, as experienced by the ATX (–6%) in the last quarter of 2009, cannot be excluded over the short-term.

Business Development 2009

After a notable decline in the prior year due to the financial crisis, the development of business and earnings in Raiffeisen Centrobank returned to a positive course in 2009 and stabilised at the level before the record year 2007. Compared to 2008 the result on ordinary activities rose by 16.6% to EUR 28.038 million (2008: EUR 24.041 million). The development of earnings is mainly attributable to an increase in net interest income by about 81% or EUR 4.962 million to EUR 11.084 million (previous year: EUR 6.122 million) as well as a rise in trading profit (net profit on financial trading activities plus income from securities and participating interests) by about 7% or EUR 3.045 million to EUR 46.988 million (previous year: EUR 43.943 million). On the one hand these improvements were partly offset by a decline in net fee and commission income by about 31% or EUR 2.876 million to EUR 6.307 million (previous year: EUR 9.183 million), and on the other hand against a drop in valuation results and proceeds on sale by around 71% or EUR 0.728 million to EUR 0.295 million (previous year: EUR 1.023 million).

The increase in net interest income resulted primarily from a reduction in refinancing volume in the wake of a decline in liabilities to credit institutions and customers, with a concurrent rise in loans and advances to credit institutions as well as in bonds, notes and other fixed-income securities. In addition to the stabilisation of financial markets and the resulting positive effects on stock prices and credit risk discounts, intensified advising for individual customer segments and the selective realisation of business opportunities had a positive influence. These factors supported a significant improvement in results from trading activities. Declines were recorded in the customer commission business (sales) during 2009 because of the sharp decline in stock market turnover.

The reason for the decline in net fee and commission income is the virtual standstill in initial and secondary public offerings (IPO/SPO) well into the second half of 2009 in the wake of the global financial and economic crisis, which was only partly offset by a rise in consultancy services.

Restrictive spending policies were continued which resulted in operating expenses to rise by solely 1.6% or a total of EUR 38.112 million, compared to EUR 37.508 million in 2008. A rise in staff costs by 7.7% or EUR 1.888 million from EUR 24.396 million to EUR 26.284 million, which had become indispensable to equalise the extremely restrictive personnel policies from 2008, were largely offset by a reduction in other operating expenses and depreciation.

Savings in advertising expenses, travelling expenses as well as legal, advisory and consultancy expenses resulted in a cutback in other operating expenses by 8.5% or EUR 0.877 million to EUR 9.451 million (previous year: EUR 10.328 million). Contrary, IT costs, which had been strictly cut back in 2008, recorded an increase.

Depreciation on fixed assets saw a decline of about 10% or EUR 0.229 million to EUR 2.131 million (previous year: EUR 2.360 million). In particular, depreciation on tangible fixed assets, such as IT hardware, ranged below the 2008 year-level.

Income under valuation results and proceeds on sale of about EUR 0.295 million (previous year: EUR 1.023 million) is primarily composed of book income from the proceeds on sale and market-related appreciation of fixed-income securities included in other current assets.

Result on ordinary activities in the amount of EUR 28.038 million (previous year: 24.041 million) is reduced by income tax expense of EUR 4.038 million and other taxes of EUR 0.135 million (mainly the balance from non deductible input tax and income from the partial reversal of a provision created in 2008 for VAT obligations resulting from a tax audit). Profit after tax 2009 totalled EUR 23.865 million (previous year: EUR 19.366 million). The liability reserve did not have to be increased in 2009 either.

In line with the focus of Raiffeisen Centrobank's business activities the result is primarily contributed to by the Department Securities Trading & Sales totalling about EUR 29.6 million. Income contributed to by the Subsidiaries

Department with about EUR 5.5 million and the Treasury Department with about EUR 4.7 million deserve to find special mention. In the business year 2009 the Subsidiaries Department recorded dividend income from affiliated companies in the amount of about EUR 5.6 million (previous year: about EUR 10.0 million).
The result of the Equity Capital Markets Department suffered from the virtual standstill in issuing activities which persisted well into the second half of 2009 in the wake of the global financial and economic crisis. Thanks to a number of mandates which were executed in the last quarter the department managed to contributed shortly positive to the result in the challenging year 2009.

The balance sheet total rose by 13.0% from EUR 1,737.219 million to EUR 1,963.111 million over the level at year-end 2008. The major change in assets was recorded under "Loans and advances to credit institutions" (about 32% of the balance sheet total; previous year: approx. 28%), which increased by EUR 132.498 million as well as under item "Bonds, notes and other fixed-income securities" (about 15% of the balance sheet total, previous year: about 9%), which accounted for a rise by EUR 125.461 million. This rise was partly offset by a decline in item "Loans and advances to customers (about 3% of the balance sheet total, previous year: about 8%) to EUR 63.660 million.
"Loans and advances to credit institutions" increased from EUR 489.954 million to EUR 622.452 million. This item is comprised chiefly of interbank deposits (about EUR 389 million), unlisted bonds (approx. EUR 157 million) and collateral for securities lending (about EUR 69 million). The change in relation to the prior year resulted primarily from an increase in interbank deposits (about EUR 119 million), whereby the balances at year-end 2009 consisted mainly of investments transferred to RZB.
The rise in balance sheet item "Bonds, notes and other fixed-income securities" from EUR 161.087 million to EUR 286.548 million is mainly due an increase in listed bonds purchased from RZB as collateral for guarantee products issued by Raiffeisen Centrobank. "Loans and advances to customers"

Year-on-year figures

Amounts in thousand Euros	2009	Change	2008
Net interest income	11,084	81.0%	6,122
Net fee and commission income	6,307	-31.3%	9,184
Trading profit [1]	46,988	6.9%	43,942
Other operating income	1,476	15.5%	1,277
Operating income	**65,855**	**8.8%**	**60,526**
Staff costs	-26,284	7.7%	-24,396
Other administrative expenses	-9,451	-8.5%	-10,328
Depreciation	-2,130	-9.7%	-2,360
Others	-246	-42.1%	-425
General administrative expenses	**-38,112**	**1.6%**	**-37,508**
Operating result	**27,743**	**20.5%**	**23,017**
Valuation results and proceeds on sale	295	-71.1%	1,023
Result on ordinary activities	**28,038**	**16.6%**	**24,041**
Income taxes, other taxes	-4,174	-10.7%	-4,675
Profit for the year after tax	**23,865**	**23.2%**	**19,366**
Reserves	0	-	0
Net profit for the year	**23,865**	**23.2%**	**19,366**

1) Including dividends from securities of commercial trading activities

declined from EUR 132.036 million to EUR 68.376 million. This reduction reflected the repayment of a major loan as well as a lower refinancing volume of the commodity subsidiaries of Raiffeisen Centrobank.

With EUR 717.676 million (previous year: EUR 706.157 million) "Bonds, notes and other fixed-income securities" remained almost constant (approx. 37% of the balance sheet total, previous year: about 41%).

The stocks of Raiffeisen Centrobank together with purchased options, and zero bonds contained in item "Other assets" represent the hedge positions for issued certificates, warrants, as well as components of the bank's market maker activities.

The major changes under liabilities reflect the increase in "Other liabilities" (approx. 35% of the balance sheet total, previous year: about 22%) by EUR 308.804 million. In addition, "Securitised liabilities" (about 44% of the balance sheet total, previous year: about 43%) rose by EUR 109.432 million, which comprises mainly structured products issued by Raiffeisen Centrobank. Compared to the 2008-year level decreases by EUR 101.218 million and EUR 102.048 million, respectively are recorded in "Liabilities to credit institutions" (7% of the balance sheet total, previous year: 14%) and "Liabilities to customers" (6% of the balance sheet total, previous year: 13%). The rise in "Other liabilities" from EUR 380.367 million to EUR 689.171 million is attributable to the volume of short sales of stocks as well as to other certificates. These short sales are connected with the market making activities of Raiffeisen Centrobank and chiefly represent counter-items to stock and index futures as well as cash positions that are reported on the asset side. Other certificates relate to Turbo or Bonus Certificates on indices and single stocks.

The decline in "Liabilities to credit institutions" from EUR 241.513 million to EUR 140.295 million reflected the lower refinancing volume during the year. Liabilities to foreign credit institutions were mainly paid back. "Liabilities to customers" fell from EUR 226.706 million to EUR 124.658 million, mainly due to a decline in deposits, especially from commercial customers.

Net profit for the year rose from EUR 19.994 million to EUR 30.103 million and represents the balance of the 2008 dividend payment of EUR 13.755 million and the 2009 profit for the year after tax of EUR 23.865 million.

Review of Business Segments

Banking segments

Securities Trading & Sales and Treasury

The global financial crisis left a clear mark on earnings in 2008, but this trend was successfully corrected during 2009 with a strong year-on-year improvement in segment earnings.

An analysis by geographical origin shows a significant decline in the share of earnings generated in the CEE region, which resulted from the complete standstill of market transactions in individual countries as well as a sharp drop in the share of earnings recorded in Austria. This was contrasted by an increase in the share of earnings on EU markets. Other contributing factors for the earnings decline were the decrease in customer commissions that accompanied the drop in market turnover and a slump in the customer business. However, the selective realisation of business opportunities led to an increase in trading and product income.

With respect to the development of risk parameters, the market risk did not produce an overall negative effect and – in contrast to 2008 – credit risk did not bring about any significant costs.

Although monthly trading volumes increased during the course of the year, the total trading volume on the Vienna Stock Exchange for 2009 was roughly about 50% less than the prior year and nearly approx. 60% below the peak value recorded in 2007 – a development that is also reflected in the trading volumes for Raiffeisen Centrobank. The company's trading volume fell by a significant amount to approx. EUR 4.8 billion (2008: approx. EUR 11 billion), but its market share on the Vienna Stock Exchange remained relatively constant at about 7% (2008: approx. 8%). Raiffeisen Centrobank ranked fourth among all market participants in 2009. The Raiffeisen Banking Group as a whole reached the second place.

The Austrian derivatives business on the ÖTOB was able to detach from this development, with a substantially lower decline of only roughly 20% in the number of traded contracts. The growth in this business was supported by the increasing number of hedging contracts with investment companies for pension plan programmes. With a share of roughly 30%,

Raiffeisen Centrobank continued to rank second in this market segment.

Including the business with warrants and structured products – with approx. 2,400 listed instruments, the share of the structured products market currently totals approx. 30% – Raiffeisen Centrobank was again able to defend its leading position with stock derivatives in Austria. The company also increased its share of East European derivatives trading on the ÖTOB to about 40% (2008: approx. 30%) and thereby regained its leading position in this segment.

Raiffeisen Centrobank once again received nearly 50% of the mandates awarded in the April 2009 auction, and consequently maintained its position as the largest market maker and specialist on the Vienna Stock Exchange.

All structured and derivative products issued by Raiffeisen Centrobank are not only listed in Vienna, but also on the European derivatives exchange in Stuttgart, which represents the principal trading market. The sales volume of Raiffeisen Centrobank products on the Stuttgart securities exchange fell by a significant 60% to approx. EUR 70 million in 2009. This decline was in part offset by the start of trading on exchanges in Warsaw, Prague, and Budapest, as well as the SCOACH Europa AG in Frankfurt. The leading position of Raiffeisen Centrobank in the Austrian certificates business was underscored by the third award in succession as Certificate House of the Year for 2009 at the Certificate Award Austria.

In spite of the difficult developments on stock markets and, above all, in the volume of the customer business, Raiffeisen Centrobank intensified its road shows and presentations for the secondary market business in 2009. These activities were supported by sector reports and presentations on individual companies as part of ongoing services for customers, and were nearly doubled in comparison with the prior year and tripled in relation to 2006.

Equity Captial Markets (ECM)

Austria

The uncertain development that has characterised financial markets since 2007 continued throughout 2009 and had a significant effect on the interest of Austrian companies in securities issues. As in 2008, there were no IPOs in this country during the entire reporting year. A number of capital market transactions, which included the participation of Raiffeisen Centrobank in the preparatory phase, were unfortunately cancelled due to the unfavourable market climate. Eleven capital increases were nonetheless carried out in Austria during 2009 (with a total volume of approx. EUR 2.5 billion), whereby four were accompanied by Raiffeisen Centrobank. The past year also saw an increase in the number of mandates as well as the expansion of consulting activities.

The start of proceedings in 2008 for the (friendly) cross-border takeover of PC-Ware, which is listed in Germany, by the Raiffeisen Informatik Group came to a successful close at the beginning of 2009. Moreover, this product – a 10% capital increase that is not subject to prospectus requirements under the Stock Exchange Act or the Capital Markets Act – was advertised on the Austrian capital market after completion of the takeover, and raised considerable interest among issuers. Raiffeisen Centrobank successfully executed and settled transactions with a total volume of approx. EUR 150 million at the beginning and end of the year, which involved capital increases of roughly 10% each by KTM Power Sports AG and UNIQA Versicherungen AG. In addition, Warimpex Finanz- und Beteiligungs Aktiengesellschaft carried out a 10% capital increase under the lead management of Raiffeisen Centrobank as part of an accelerated bookbuilding process with the prior exclusion of subscription rights. Raiffeisen Centrobank also supported Raiffeisen Zentralbank Österreich Aktiengesellschaft as a consultant and settlement agent for the placement of EUR 500 million in Raiffeisen participation capital 2008/2009 during summer 2009.

In economically uncertain times that can also give rise to the reorientation of corporate strategies, the Raiffeisen Centrobank Equity Capital Markets team accompanied Austrian companies during various stages of the long-term and in part ongoing processes connected with the structuring of capital market transactions. These activities included the execution of a capital increase for Allgemeine Baugesellschaft – A. Porr Aktiengesellschaft, which took the form of a subscription offering to

existing shareholders with the goal of attracting a strategic investor with a share of approx. 10% after the capital increase. Notwithstanding its concentration on Europe, Raiffeisen Centrobank was also active in the international arena as an underwriter in the syndicate for one of the world's largest transactions in 2009 –the Citigroup capital increase with a total volume of roughly USD 17 billion. In the area of equity-linked deals, which have also been affected by the difficult market conditions, Raiffeisen Centrobank accompanied the issue of a EUR 135 million convertible bond by conwert Immobilien Invest SE as colead manager at the beginning of 2010.

In 2009 Raiffeisen Centrobank also served as a consultant for numerous well-known Austrian companies with which it maintains longstanding and successful partnerships. Ottakringer Brauerei AG was assisted by Raiffeisen Centrobank on the cancellation of the outstanding capital participation certificates at the beginning of 2009 to simplify the capital structure and on the merger with Vöslauer Mineralwasser AG. The Equity Capital Markets team also supported the squeeze-out of the minority shareholders of Feratel Media Technologies AG by TMB Tourismus- und Medien Beteiligungs GmbH.

Central and Eastern Europe (CEE)

The interest in capital market transactions also remained very low in the CEE region during the first six months of 2009, but the relevant operating conditions improved during the second half of the year. The absence of alternative financing sources was reflected in the placement of capital increases to raise funds for restructuring, refinancing, and the strengthening of liquidity. The highest transaction activity in Central and Eastern Europe was recorded on the Warsaw Stock Exchange, not least as the result of several privatisations. The largest IPO in Europe during 2009 also took place in Warsaw.

In connection with the stronger focus of the product portfolio on capital increases, convertible bonds and services – which are less affected by volatile capital markets – the ECM CEE department carried out numerous presentations for companies in Slovenia, Poland, Russia, Croatia, Serbia, Bosnia and Herzegovina, Romania, and Ukraine. This department received a consulting mandate from a listed British fund for a holding in Serbia and also acquired a follow-up mandate for 2010.

The ongoing difficult market environment was met with cost savings as well as the adjustment of the organisational structure to improve synergies between the previously separate ECM and ECM CEE departments.

Company Research

The goal to provide investors with faster, more direct, and more extensive information led to a record number of 337 updates to analyst reports in 2009 (2008: 256). Raiffeisen Centrobank also started coverage on numerous companies including austriamicrosystems, A-Tec, BRE Bank, Cyfrowy Polsat, PGNiG, Budimex, Evraz, and NLMK, and resumed coverage of Alumil Rom Industry, Albalact, Gazprom, LUKoil, and Rosneft.

The outstanding quality of the analyses prepared by the Raiffeisen Centrobank team was also confirmed by numerous national and international awards in this difficult year. The Company Research Department was recognised for the best earnings forecasts in Austria by the renowned StarMine Report. Raiffeisen Centrobank also ranked fourth as the best-placed Austrian research house in the category for investment recommendations. In a Thomson-Reuters survey of fund managers, the Raiffeisen Centrobank industry experts were rated second for the best analysis of Austrian stocks – making the company the only Austrian bank under the top three. The Company Research Department also won the performance-based team rating at the 2009 VIG Analyst Award with annual results of 118.1% for its investment recommendations (versus the ATX with 42.54%).

As has been the practice for many years, the sector reports on oil & gas, telecommunications, banks, and utilities were presented at road shows in Vienna and to international investors in London, Dublin, Geneva, Zurich, Frankfurt, Helsinki, Zagreb, Warsaw, and Poznán. Road show reports on utilities, construction, metals, and banks were also presented to investors in London, Dublin, Edinburgh, Frankfurt, Warsaw, Zurich, Geneva, and Vienna several times during the year. These road shows as well as opportunities to maintain direct and regular contact with the analysts are well received by investors and play an important role in building trust.

Private Banking

The earnings generated by asset management and securities transactions rose substantially in 2009 due to increased investments in bonds and the recovery on stock markets. In contrast, interest income declined as a result of the low level of interest rates.

In spite of the challenging environment, the individual approach and extensive investment advising of Raiffeisen Centrobank were also reflected in an increase in customers during 2009. The volume of deposits returned to the 2007 level with approx. EUR 1.8 billion as of 31 December 2009 (31.12.2008: approx. EUR 1.4 billion), and the number of customer accounts rose to nearly 1,000.

This growth was supported by an increase in the volume of investments with existing customers as well as the acquisition of new customers. The expansion of cooperation with the local Raiffeisen network banks, above all in Russia, also made a positive contribution to the development of business. Two-thirds of the customers are private persons, while companies and foundations comprise the remaining one-third.

Subsidiaries

Raiffeisen Investment AG

Raiffeisen Investment AG, a wholly owned subsidiary of Raiffeisen Centrobank has successfully served as consultant for M&A transactions and privatisations in the CEE region and Southeastern Europe for 20 years.

The local expertise of the Raiffeisen Investment offices in these countries is supplemented by specialised industry teams (telecommunications/media/technology, energy, industrials, food & beverage/retail, pharmaceuticals/life sciences, and financial sponsors), whose continuous contact with the companies in these sectors keeps them up to date on developments and trends. These sector specialists work together with the local teams on individual transactions.

The continuation of the economic crisis throughout 2009 was responsible for a further decline in the volume of M&A transactions, a situation that only began to stabilise during the fourth quarter of the year. Raiffeisen Investment AG was able to maintain its market positions, even under these challenging conditions, and successfully complete 17 M&A transactions. Of special note were the consulting services for the British private equity fund BC Partners for the acquisition of the Synlab and Futurelab laboratory chains. This was the largest private equity deal in 2009, and also drew considerable media interest. Raiffeisen Investment AG was particularly successful in Turkey during the reporting year, where it became the first Austrian investment bank to lead the league tables of the information provider “mergermarket” with a transaction volume of nearly EUR 1 billion. The development of business in Austria was also sound, with Raiffeisen Investment AG successfully strengthening its market position. Five transactions were carried out for customers on this market, including Siemens and the Lower Austrian electricity producer EVN, as well as the sale of Constantia Privatbank. The market downturn led to a decline in the gross fee volume, which fell to roughly EUR 18 million (2008: EUR 25.4 million).

For 2010 Raiffeisen Investment AG expects a substantial increase of at least 30% in the M&A volume in Europe – which would reflect the level in 2004/2005. Expectations are particularly high for the positive development of the markets in Austria, Turkey, Russia, and Poland.

Commodity Trading

The subsidiaries of Centrotrade Holding AG, Vienna, which are combined under the Centrotrade Group, are active in rubber and olefin trading. Olefin trading activities brought record results in 2009. Latex trading, which is included under the rubber unit, was satisfactory, while hard rubber trading was still negatively influenced by problems in the automobile and sub-contractor industries.

Performance Indicators

Financial indicators

Amounts in %	2009	2008
Return on equity before tax (in %)	33.2	30.5
Return on equity after tax (in %)	28.2	24.5
Cost/income ratio (in %)	57.9	62.0

The significant year-on-year improvement of the net profit led for 2009 to an increase in the return on equity before tax to 33.2% (previous year: 30.5%). Since the growth in income substantially exceeded the development of expenses during 2009, the cost-income ratio also improved from 62.0% in 2008 to 57.9% for the reporting year.

Non-financial indicators

	2009	2008
Number of employees at year end	217	224
Average number of employees for the year	216	223
Stock exchange memberships	13	12
Number of newly issued warrants and certificates	1,841	1,433

The number of employees decreased year-on-year both on December 31, 2009 and on average.This decline is primarily due to a reduction in the workforce in the Equity Capital Markets Department in the wake of the unfavourable market environment.

Raiffeisen Centrobank acquired membership in the Bucharest Stock Exchange during 2009, which raised the number of stock exchange memberships to 13. Compared to 2008 the number of warrants and certificates issued during the reporting year rose by roughly 28% to 1,841.

Risk Report

Principles of risk management

Raiffeisen Centrobank defines active risk management as the identification, measurement, monitoring, and handling of economic risks in order to realise a profit from the controlled acceptance of these risks. As a subsidiary of RZB, Raiffeisen Centrobank is integrated in the risk management system of the RZB Group. This integration covers various risk management units at different levels of the Group in order to ensure the measurement and limitation of all major risks as well as the conclusion of transactions in accordance with the defined relationship of risk and return. Accordingly, the risk management concept incorporates the framework defined by law and supervisory regulations – above all with respect to the type, scope and complexity of transactions and the resulting risks.

The risk management principles followed by Raiffeisen Centrobank are focused, above all, on the company's particular risk profile, which reflects the stock and stock 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 foundations of and methods for risk management are defined in the rules of procedure for the Supervisory Board and Executive Board as well as in organisational guidelines and manuals. A comprehensive planning and controlling process makes it possible for the Executive Board to identify risks at an early stage, to assess these risks, and to implement the necessary countermeasures. The Executive Board makes decisions on risk policy within the scope of its authority and approves the principles of risk management, the definition of limits for all relevant risks, and the procedures for monitoring risks. This risk policy represents an integral part of the company's overall risk management –the management of earnings and risks in all areas of business are linked together through this system.

An independent risk management unit, which is part of the controlling department, assists the Executive Board in performing these duties. This unit reports regularly to the Executive Board, and evaluates the current risk situation based on the company's risk capacity and relevant risk limits. It supports the Executive Board in allocating the risk budget and managing risks. The risk management unit, in its supporting function for the entire corporation, is responsible for the implementation and ongoing adjustment of the methods used to measure risk and the improvement of risk management instruments, as well as the maintenance and updating of all relevant manuals and guidelines. The Risk Committee meets regularly to discuss all issues and regulations related to risk management. Its activities involve the preparation of recommendations for the Executive Board and the passing of

resolutions. The Risk Committee comprises the members of the Executive Board as well as the heads of the risk management, securities and treasury departments. In addition, the Asset Liability Committee periodically evaluates the interest rate risk, balance sheet structure risks, and liquidity risks to which the company is exposed.

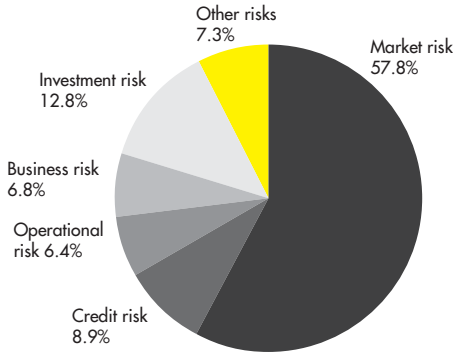
Raiffeisen Centrobank uses innovative methods and concepts in its risk management. The basis for risk management is formed by a risk strategy, which is focused on risk inclination and capacity. This strategy flows into a comprehensive limit system that covers the entire company and permits a detailed analysis of the targeted risk exposure for the operating segment, department and desk levels. Another important factor is the quantification of operational risk based on a consistent value-at-risk parameter. Raiffeisen Centrobank is therefore able to measure operational risk and to include the results of this analysis – together with the main risks to which the company is exposed, i.e. market and credit risks – in the overall risk management activities of the Executive Board

Risk capacity and risk management

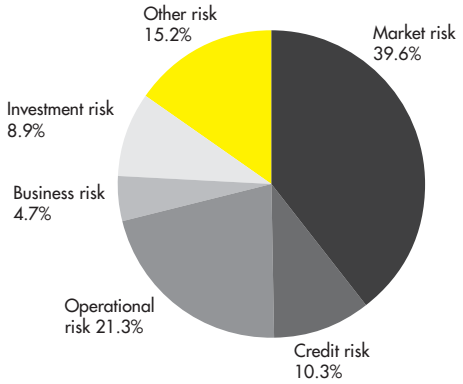
Risk capacity describes the capability of a company to cover its business risks with equity and similar items. Since a bank can not completely eliminate these risks, it must have sufficient funds to cover any resulting losses. This risk coverage limits the type and scope of risk-bearing activities to a level appropriate for the particular bank. In this way risk capacity has a significant effect on the behaviour of a bank in the acceptance of risks, and thereby also on the focus and the scope of its business activities. The risk capacity model developed by the RZB Group is supplemented by scenarios adapted to the specific business operations of Raiffeisen Centrobank, which are used to verify whether potential losses (the risk potential) exceed the corresponding risk coverage. These loss scenarios are based on the going-concern principle (calculated with a 95% confidence interval and a threemonth retention period) and the liquidation perspective (with an increased confidence level of 99.9%). They also include stress tests to assess the effects of significant negative changes in risk factors that may not be adequately represented in value-at-risk models.

One of the most important goals of risk management at Raiffeisen Centrobank is to develop and maintain sufficient capital coverage. The adequacy of this capital coverage is assessed every quarter based on the level of risk as calculated by internal models. It also incorporates the capital requirements defined by legal regulations (going-concern perspective) and the economic point of view (liquidation perspective). A value-at-risk model is used to estimate the material risks from both of these standpoints. Market risk has been defined as the most significant risk from these two perspectives – it represented 58% of the total risk as of 31 December 2009 (2008: 40%).

Going-Concern perspective as at 31/12/2009



Liquidations perspective as at 31/12/2009



Market risk

Market risk represents the primary focus of risk policy for Raiffeisen Centrobank. The company defines market risk as the potential loss resulting from changes in market prices (e.g. the prices for stocks, foreign currencies, and securities), as well as changes in the parameters that affect these prices (e.g. interest rates, volatilities). Comprehensive, real-time evaluations of market risk are combined with other factors to develop an overall risk assessment. Market risks – which consist primarily of the risks associated with stock and warrant prices, interest rates, and exchange rate risks – are managed by the Raiffeisen Centrobank Securities Trading and Treasury segment.

The business activities of Raiffeisen Centrobank focus chiefly on securities trading as well as the issue of derivatives and structured products that are based on stocks and stock-indexes (certificates and guarantee bonds). Risk positions arise above all in connection with the dynamic hedging of the warrants and certificates issued by Raiffeisen Centrobank. Therefore, the market risk associated with the Raiffeisen Centrobank securities trading books is influenced mainly by the price risks connected with the trading book positions in stocks and derivatives.

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

Raiffeisen Centrobank measures, monitors, and manages market risks by setting various limits that are based on its risk capacity. These limits reflect the type of transaction and 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. The securities controlling group provides the Executive Board with a detailed daily report on the utilisation of these limits.

An important role is played by value-at-risk, which is calculated daily with a variance-covariance model. This model incorporates a 99% confidence interval and a 10-day retention period, whereby market data for the volatility and correlation calculations is based on a one-year trend. The following table shows the value-at-risk (in accordance with the variance-covariance model) for the market risk arising from the Raiffeisen Centrobank trading books, classified by the type of risk.

Amounts in thousand Euros	31/12/2009	30/09/2009	30/06/2009	31/03/2009	31/12/2008
Interest rate risk	400	810	1,130	380	860
Foreign exchange risk	102	136	245	123	198
Price risk	7,706	10,115	6,431	5,354	3,585
Total	**8,208**	**11,061**	**7,806**	**5,857**	**4,643**

The increase in the value-at-risk is related primarily to the rise in prices on stock markets.

In addition to the variance-covariance model, value-at-risk is also calculated with the statistically more precise Monte Carlo simulation. This permits the inclusion of non-linear risks resulting from the use of options, which are also relevant for market risk. The Monte Carlo simulation is based on a full-scale valuation of the portfolio. The future development of the portfolio is simulated on the basis of randomly generated price trends for the included instruments. The actual realisation of these random variables (risk factors) is determined by a stochastic process (distributions and random walks) and by parameters (e.g. volatility, correlations) derived from historical data or predefined scenarios. This significantly increases the flexibility of the risk measurement method to include, in particular, the integration of new valuation models, atypical distribution assumptions, and non-linear correlation models such as copulas. The Raiffeisen Centrobank portfolio includes, among others, exotic options and path-dependent instruments. Therefore, the Monte Carlo simulation is the best approach for the measurement of the risk associated with this portfolio. Extreme market fluctuations and catastrophic events as well as concentration and country-specific risks are also taken into account through the integration of stress tests. In accordance with the Monte Carlo method, the value- at-risk for market risk (95% confidence interval, 3-month retention period) totalled EUR 10.56 million as of 31 December 2009 (31.12.2008: EUR 7.95 million).

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 historical data and only determines risks at a specific confidence interval (99%). In contrast to the value-at-risk model, stress tests simulate the performance of the portfolio under abnormal market performance 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 possible 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 historical data as well as criteria defined by management, and are described below:

» Historical 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 management. In this way, parallel shifts in key risk factors – such as stock prices, CDS spreads, and interest rate curves – can be calculated. These stress tests make it possible for 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 gains and losses under the buy-and-hold assumptions with the amounts forecasted by the value-at-risk model. The risk management group 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 coverage for the trading book is calculated in accordance with the provisions of § 22 o of the Austrian Banking Act. As of 31 December 2009, the required capital coverage for the securities trading book amounted to EUR 27.2 million (31.12.2008: EUR 27.0 million).

Interest rate risk

The interest rate risk associated with the banking book is of lesser importance, and is calculated with the traditional methods used to analyse capital and interest maturities. Raiffeisen Centrobank provides the supervisory authorities with quarterly information on the risk arising from changes in interest rates in connection with the reporting of interest rate statistics. The interest maturity gap of Raiffeisen Centrobank as of 31 December 2009 was as follows:

Amounts in thousand Euros	> 6m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	51,225	20,790	0	1
USD	584	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as of 31 December 2008 was as follows:

Amounts in thousand Euros	> 6m – 1 J	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	45,376	0	30,598	2
USD	2,020	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

Credit risk represents the danger of the loss that can result when a customer is unable or unwilling to meet his or her contractual obligations after the agreed performance (e.g. liquid funds, securities, and advisory services) has been provided or when unrealised gains from pending business transactions can no longer be collected.

The traditional lending business is of lesser importance for Raiffeisen Centrobank because of its limited volume and the company's strategic focus. Additional credit risks arise above all from purchased debt instruments and structured products, which are used to hedge debt instruments and structured products issued by the company.

Risks are limited and measured above all through nominal limits as well as by the value-at-risk indicators for credit risk that are defined by the risk management unit of the RZB Group. The internal control system for credit risk encompasses all forms of monitoring that are directly or indirectly integrated into the related work processes. This ensures the ongoing management, control, and monitoring of credit risk in the Raiffeisen Banking Group within the context of the Basel II capital coverage requirements for banks. A group-wide rating and default database registers and evaluates customers, and also documents default processes.

Raiffeisen Centrobank uses a modified version of the Basel II IRB approach for its internal risk measurement. This approach supports the calculation of a risk indicator that is consistent with value-at-risk and, unlike the original IRB formula, also includes the expected loss. The company monitors and analyses credit risk based on the individual loans (with a comprehensive and well-founded analysis of the potential borrower's credit standing and collateral) and also on a portfolio-wide basis. This calculation method provides a complete picture of the company's credit risk and shows its relatively low importance in relation to market risks.

The interest-bearing assets subject to credit risk plus the offbalance sheet volume before impairment losses totalled TEUR 982,612 for Raiffeisen Centrobank as of 31 December 2009 (31.12.2008: TEUR 786,160).

Asset volume

Amounts in thousand Euros	**31/12/2009**		**31/12/2008**	
Bonds and notes issued by public authorities	0		0	
Loans and advances to credit institutions	624,466		491,968	
Loans and advances to customers	68,336		130,380	
Bonds	286,548		161,087	
	979,350		**783,435**	
Product-weighted off-balance sheet transactions	3,262		2,725	
	982,612	**100.0%**	**786,160**	**100.0%**
Irrecoverable	455	0.1%	628	0.1%
Default potential	2,164	0.2%	2,164	0.3%
Requiring attention	0	0.0%	0	0.0%

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

Operational risks

In accordance 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. The procedure applied to other types of risk – i.e. the strict division of responsibilities between risk management and risk controlling – is also applied to operational risk. Operational risk is analysed and managed through regular self-risk assessments, the tracking of standardised early warning indicators, the results of risk scenarios, and the company's past experience with losses. The standard 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 created for pending legal risks, which reflect estimates of the potential losses from legal proceedings. A risk indicator consistent with value-at-risk is calculated for the business segments defined by law (standard business lines), based on the operating income determined for the Basel II standard approach. The quantification method used by the company was derived from an empirical study on advanced measurement approaches for the analysis operating loss

databases and their connection with the Basel II standard approach. The empirical data in this study makes it possible to use a reverse engineering approach to derive the parameters for the function to distribute operational losses based on experience. The calculation of a risk indicator consistent with value-at-risk permits the immediate and integrated evaluation of operational risks within the company's risk overall exposure and limit system. This risk indicator (95% confidence interval, 3-month retention period) equalled EUR 1.17 million as of 31 December 2009 (31.12.2008: EUR 1.13 million).

Equity participation risk

The risks arising from financial investments (none of which are listed on a stock exchange) are also considered part of the banking book. The carrying amount of the financial investments held by Raiffeisen Centrobank totalled EUR 15.5 million as of 31 December 2009, and represents 2.52% of the company's capital requirements for 2009 (2008: 2.34%). These financial investments are managed primarily through the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, above certain levels, by the Supervisory Board of Raiffeisen Centrobank. This data forms the basis for extensive standardised reports that also cover performance risk, financial risk, and position risk, which are prepared monthly – and in some cases daily – for each company. The limits are monitored at various levels: by the subsidiaries, by the investment controlling department of Raiffeisen Centrobank, and by the company's credit department through financial controls connected with the management of working capital credits for the subsidiaries. Information on the financial investments held by Raiffeisen Centrobank is combined into a monthly report for the Executive Board and also sent to the Supervisory Board on a quarterly basis.

Risk assessment distinguishes between financial investments as such and all other exposures related to these items. These risks are generally quantified with a modified IRB approach, similar to the procedure applied to credit risk. Direct investments are quantified in accordance with the PD/LGD approach (§§ 72, 77 (4) of the Austrian Solvency Regulation ("Solvabilitätsverordnung")). The other exposures related to these investments are classified individually as investment or credit positions, depending on their characteristics.

Other risks

Other subordinate types of risk (e.g. business, foreign exchange, liquidity and reputation risks) will be incorporated in the risk capacity analysis through risk buffers and surcharges in the future.

Internal Control System for Accounting Processes

Raiffeisen Centrobank and its corporate bodies place high value on balanced and complete reporting, whereby compliance with all applicable legal regulations is an absolute prerequisite. The Executive Board is responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the requirements of the company. The duty of this internal control system is to support management, and thereby guarantee effective and continuously improved controls for accounting. The control system is designed to ensure compliance with guidelines and regulations and, at the same time, to create optimal conditions for specific control measures. An integral component of the internal control system used by Raiffeisen Centrobank for many years is formed by an approval process with directives and instructions for strategically important areas of the business.

The preparation of the consolidated financial statements is based on applicable Austrian law, in particular the Austrian Banking Act ("Bankwesengesetz") in connection with the Austrian Commercial Code ("Unternehmensgesetzbuch"), which regulates the preparation of financial statements by financial 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. Major risks inherent in accounting principles are evaluated and monitored by the Executive Board, with the focus resting on risks considered to be substantial. Annual evaluation of internal controlling measures by the competent authorities founds on a risk-based model. The evaluation of risks inherent in deficient financial reporting is founded on a variety of criteria, e.g. complex accounting principles may lead to a higher risk of errors. A complex and constantly varying business environment may also cause a risk of major financial reporting errors.
The preparation of the annual financial statements involves the regular use of estimates, and there is an imminent risk that future developments may vary from these estimates. In particular, this applies to the parameters in valuation models that are used to determine the fair value of financial instruments for which current market quotations are not available as well as the value of employee-related provisions, the outcome of legal proceedings, the collectability of receivables, and the possible impairment of investments. The risk of errors is minimised by the inclusion of external experts in the valuation process as well as the use of publicly available data sources.
In addition to the Executive Board, the general control environment also includes mid-level management (department heads). All control measures are applied in ongoing business processes to ensure that potential errors or variances in financial reporting are avoided or discovered and corrected. The controls that are applied at regular intervals range from the review of reporting period results by management up to the specific transition and reconciliation of accounts, and to the analysis and further optimisation of accounting processes. In addition, the Internal Audit Department is also involved in the monitoring process and carries out audits of the Accounting Department, which likewise contribute to continuously improving internal control and risk management systems. Its activities are based on the minimum standards for internal audits by the Austrian Financial Market Authority and international best practices. The Internal Audit Department reports directly to the Executive Board. The Controlling and Reporting Department is responsible for drafting the notes to the annual financial statements set up according to the Austrian Banking Act and the Austrian Commercial Code. In addition, a management report is drawn up which explains the results in line with statutory requirements. The annual financial statements and the management report are forwarded to and reviewed by the Audit Committee of the Supervisory Board and are then presented to the Supervisory Board for its acceptance. The annual financial statements are published on the company's website, the Federal Gazette to the Wiener Zeitung, and are also filed with the Austrian Company Register. Key employees and the Executive Board review the annual financial statements prior to their distribution to the Supervisory Board. Moreover, analyses of the annual financial statements are prepared for especially for the senior management.

Human Resources

The success development of business in 2009 was supported by the steady commitment of the company's expert staff. As of 31 December 2009, the Raiffeisen Centrobank employed a total workforce of 217 (2008: 224).
The Raiffeisen Centrobank is proud of the specialised know-how, the commitment, and the close cooperation between its employees. Long-term investments were also made to this key foundation for financial success through internal and external training programmes in 2009.
The systematic survey of training needs and the focus of training on the relevant business activities resulted, for example,

on the expansion of specially designed internal training courses. This offering comprised workshops in specialised fields as well as seminars to present and explain new regulations. In order to further intensify the corporate philosophy and actions, the RCB Insight event series was initiated as a forum for the presentation and discussion of new products and processes. The response to the internal offering was highly positive, with each employee taking part in an average of two internal events. Not only existing, but also new employees profit from these programmes. A special curriculum with on-the-job components and off-the-job training sequences was also implemented for individual positions to facilitate the rapid integration of new employees. Similar to the offering of internal training opportunities, the nearly 100 external training courses were concentrated on banking topics and certification processes.

The wide-ranging, in-depth specialised knowledge of the Raiffeisen Centrobank staff in the core areas of business is reflected in the diversity of country-specific expertise. Fourteen different nationalities are represented in Raiffeisen Centrobank. The share of female employees also presents a balanced picture: the percentage of women is unusually high with 42% among senior managers and directors and 43% across all positions.

Outlook for 2010

The economic stimulus programmes and liquidity injections with which governments and central banks attempted to avert the threatening collapse of the global financial and economic system after the Lehman bankruptcy in autumn 2008 have brought the hoped-for results. The most severe recession since the end of World War II – according to the popular macroeconomic description – appears to have bottomed out.

Real economic growth of approx. 2.5% is forecasted for the USA in 2010. Growth in the euro zone is expected to be more moderate with an average plus of 1.4%, but a relapse into recession is generally considered unlikely. Austria should rank at the top of the euro countries with forecasted GDP growth of nearly 1.5%.

Economic recovery is also expected to take hold in the CEE region and drive average real GDP growth to over 2%. However, forecasts for the individual economies differ substantially. Nothing more than stabilisation is expected for the Balkan countries, while an increase of 1.9% appears realistic for EU countries such as Poland. Development should be even stronger in Russia, where growth of more than 3% in 2010 should offset part of the loss in economic performance.

Despite the noticeable acceleration in economic activity, production is expected to remain well below the level before the economic and financial crisis for some time. The pressure on the labour market will only decline slowly due to the underutilisation of capacity. Up to this point, only the first steps have been taken on the road to sustainable economic recovery.

The stimulus packages implemented by many countries as a reaction to the crisis were able to avert a more severe recession and will also make an important contribution to growth during 2010. However, they have led to a sharp rise in national debt and high budget deficits. Most of these countries are currently working on long-term plans for the necessary reduction of this debt, whereby there is a consensus that the current promising recovery should not be negatively influenced by the need for budget reforms and the foreseeable cutbacks in public and private spending.

With respect to the stock markets, 2010 should be characterised by a general continuation of the upward trend – with the exception of more or less intense temporary corrections. The stabilisation of economic development and, in particular, the positive effects of corporate cost cutting measures (the full results of measures implemented in 2009 will only now become evident) should support stock markets above all during the second half of the year.

Against this economic backdrop, our outlook for the Raiffeisen Centrobank is clearly positive. A stable business model, the orientation of a European bank with a focus on Central and Eastern Europe, as well as the necessary adjustments to products and services together with cost discipline, not only produced sound results in the difficult 2008 financial year, but also supported a strong improvement in earnings during 2009. Even if recovery is only proceeding slowly according to economic indicators and the market environment will remain challenging for several years, the good positioning of the Raiffeisen

Centrobank within both the RZB Group and its markets – will allow the key segments of securities trading, capital market transactions, and M&A to benefit to an above-average extent from the upturn on the core markets of Austria and the CEE region. It is therefore realistic to expect that earnings for 2010 will match or exceed the results reported in these 2009 financial statements.

Significant Events after the Balance Sheet Date

No significant events occurred after the balance sheet date.

Research and Development

As the business of Raiffeisen Centrobank and Raiffeisen Investment AG is concentrated on investment banking as well as mergers and acquisitions, these companies have no research and development activities. The commodity trading subsidiaries, which trade solely in rubber and olefins, are also not active in the areas of research and development.

Vienna, April 2, 2010
The Executive Board

Eva Marchart
Chairman of the Executive Board

Alfred Michael Spiss
Deputy Chairman of the Executive Board

Gerhard Grund
Member of the Executive Board

Distribution of the profit 2009

The 2009 business year closed with a profit of EUR 23,864,583.71. Including the profit of EUR 6,238,693.00 which was carried forward from 2008, the net profit for the year amounted to EUR 30,103,276.71. The Executive Board of Raiffeisen Centrobank recommends to the Supervisory Board that a dividend of EUR 29.00 per share be distributed from the net profit as of December 31, 2009. This corresponds to a total dividend amounting to EUR 18,995,000.00 for 655,000 shares. The Executive Board further recommends to carry forward the remaining profit of EUR 11,108,276.71 to 2010.

Vienna, April 2, 2010
The Executive Board

Eva Marchart
Chairman of the Executive Board

Alfred Michael Spiss
Deputy Chairman of the Executive Board

Gerhard Grund
Member of the Executive Board

Balance Sheet as at December 31, 2009

Assets		**31/12/2009**		**31/12/2008**
	EUR	**EUR**	**TEUR**	**TEUR**
1. Cash in hand and assets deposited with central banks		2,460,605.83		16,317
2. Loans and advances to credit institutions				
a) repayable on demand	76,639,222.04		79,054	
b) other loans and advances	545,812,406.16	622,451,628.20	410,900	489,954
3. Loans and advances to customers		68,375,742.25		132,036
4. Bonds, notes and other fixed-income securities				
a) issued by public bodies	8,713,759.16		10,304	
b) issued by other borrowers	277,834,732.04	286,548,491.20	150,783	161,087
5. Shares and other variable-yield securities		717,676,252.58		706,157
6. Participating interests		5,153,970.61		5,168
7. Investments in affiliated companies		10,367,552.64		10,368
8. Intangible fixed assets		181,507.00		208
9. Tangible fixed assets		18,712,235.64		20,003
thereof land and buildings used by the credit institution for own purposes: EUR 13,391,131.92 previous year: TEUR 13,684				
10. Other assets		230,128,832.32		194,742
11. Prepayments and other deferrals		1,054,623.22		1,179
Total assets		**1,963,111,441.49**		**1,737,219**
Off-balance-sheet items				
1. Foreign assets		558,128,916.74		596,987

Equity and liabilities	31/12/2009		31/12/2008	
	EUR	EUR	TEUR	TEUR
1. Liabilities to credit institutions				
a) repayable on demand	49,993,028.68		28,730	
b) with agreed maturity dates or periods of notice	90,301,656.06	140,294,684.74	212,783	241,513
2. Liabilities to customers (non-banks)				
a) repayable on demand	97,166,797.05		122,430	
b) with agreed maturity dates or periods of notice	27,491,439.07	124,658,236.12	104,276	226,706
3. Securitised liabilities (other securitised liabilities)		858,875,469.86		749,443
4. Other liabilities		689,171,416.24		380,367
5. Accruals and deferred items		783,833.79		890
6. Provisions				
a) severance payments	4,342,167.95		4,032	
b) provisions for pensions	1,292,849.65		776	
c) provisions for taxation	400,000.00		1,500	
d) other	14,250,688.89	20,285,706.49	12,693	19,001
7. Subordinated liabilities		20,618,750.00		20,985
8. Subscribed capital		47,598,850.00		47,599
9. Capital reserves (committed)		6,651,420.71		6,651
10. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	9,500,000.00	10,530,936.83	9,500	10,531
11. Liability reserve pursuant to Article 23 para. 6 BWG		13,538,860.00		13,539
12. Net profit for the year		30,103,276.71		19,994
Total equity and liabilities		**1,963,111,441.49**		**1,737,219**

Off-balance-sheet items		
1. Contingent liabilities arising from guarantees and assets pledged as collateral security	1,322,346.15	1,112
2. Commitments	14,701,840.83	11,053
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 thereof own funds pursuant to Article 23 para.14 no. 7 Austrian Banking Act: EUR 0.00; previous year: TEUR 0	98,138,560.54	98,014
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, 4 and 5 Austrian Banking Act: EUR 11,838,000.00 previous year: TEUR 16,025	49,314,000.00	53,061
6. Foreign equity and liabilities	235,479,547.37	267,057

Income Statement for the 2009 Financial Year

		2009		2008
	EUR	EUR	TEUR	TEUR
1. Interest and interest-like income		22,533,389.76		29,319
thereof fixed-income securities	6,304,466.89		6,698	
2. Interest and interest-like expenses		-11,449,666.91		-23,197
I. NET INTEREST INCOME		**11,083,722.85**		**6,122**
3. Income from securities and participating interests				
a) Income from shares, share rights and other variable-yield securities	7,077,445.27		10,312	
b) Income from investments in participating interests	5,603,911.26	12,681,356.53	10,000	20,312
4. Commission income		15,405,003.92		16,653
5. Commission expenses		-9,097,743.96		-7,469
6. Net profit on financial trading activities		34,306,976.56		23,631
7. Other operating income		1,475,812.87		1,277
a) Net profit on commercial trading activities	362,339.52		466	
b) other operating income	1,113,473.35		811	
II. OPERATING INCOME		**65,855,128.77**		**60,526**
8. General administrative expenses		-35,735,475.53		-34,724
a) staff costs				
aa) wages and salaries	20,343,640.95		19,191	
ab) expenses for statutory social contributions and compulsory contributions related to wages and salaries	3,970,499.91		3,760	
ac) other social expenses	432,377.85		425	
ad) expenses for pensions and assistance	1,044,839.10		512	
ae) expenses for severance payments and contributions to severance funds	493,048.37		508	
	26,284,406.18		**24,396**	
b) other administrative expenses	9,451,069.35		10,328	
9. Value adjustments on asset items 9 and 10		-2,130,737.64		-2,359
10. Other operating expenses		-246,063.42		-425
III. OPERATING EXPENSES		**-38,112,276.59**		**-37,508**
IV. OPERATING RESULT		**27,742,852.18**		**23,018**

	2009		2008	
	EUR	EUR	TEUR	TEUR
IV. OPERATING RESULT (= amount carried forward)		**27,742,852.18**		**23,018**
11. Expenditures arising from the valuation of receivables and disposal of securities held as other current assets		-112,821.56		-755
12. Income arising from the valuation of receivables and disposal of securities held as other current assets		422,191.58		1,810
13. Expenditures arising from the valuation of investments in participating interests and affiliated companies held as financial fixed assets		-13,879.51		-32
V. RESULT ON ORDINARY ACTIVITIES		**28,038,342.69**		**24,041**
14. Income tax expense thereof passed on from parent company: EUR 2,450,907.8 (previous year: TEUR 1,086)		-4,038,909.26		-1,675
15. Other taxes unless included in item 14		-134,849.72		-3,000
VI. PROFIT OR LOSS FOR THE YEAR AFTER TAX		**23,864,583.71**		**19,366**
17. Profit or loss carried forward		6,238,693.00		628
VII. NET PROFIT OR LOSS FOR THE YEAR		**30,103,276.71**		**19,994**

Development of Fixed Assets in the 2009 Financial Year

Amounts in Euros	Acquisition costs Balance on 1/1/2009	Acquisition costs Additions	Acquisition costs Disposals
I. Intangible fixed asssets			
Software licenses	**2,866,897.02**	**171,755.99**	**0.00**
II. Tangible fixed assets			
1. Land and buildings used by the credit institution for own purposes thereof value of the property: EUR 3,066,200.92; previous year: TEUR 3,066	14,789,785.11	0.00	0.00
2. Office furniture and equipment as well as other tangible fixed assets	20,516,292.12	669,651.65	171,291.59
	35,306,077.23	**669,651.65**	**171,291.59**
III. Financial assets			
1. Investments in affiliated companies thereof shareholdings in credit institutions: EUR 0.00	13,216,512.84	0.00	0.00
2. Participating interests thereof shareholdings in credit institutions: EUR 0.00	5,168,286.12	0.00	0.00
	18,384,798.96	**0.00**	**0.00**
Total	**56,557,773.21**	**841,407.64**	**171,291.59**

Acquisition costs Balance on 31/12/2009	Accumulated depreciation	Net book value 31/12/2009	Net book value 31/12/2008	Depreciation in the financial year 2009
3,038,653.01	**2,857,146.01**	**181,507.00**	**208,094.00**	**198,342.99**
14,789,785.11	1,398,653.19	13,391,131.92	13,684,222.92	293,091.00
21,014,652.18	15,693,548.46	5,321,103.72	6,319,062.72	1,639,303.65
35,804,437.29	**17,092,201.65**	**18,712,235.64**	**20,003,285.64**	**1,932,394.65**
13,216,512.84	2,848,960.20	10,367,552.64	10,367,552.64	0.00
5,168,286.12	14,315.51	5,153,970.61	5,167,850.12	13,879.51
18,384,798.96	**2,863,275.71**	**15,521,523.25**	**15,535,402.76**	**13,879.51**
57,227,889.26	**22,812,623.37**	**34,415,265.89**	**35,746,782.40**	**2,144,617.15**

Financial Statements as at December 31, 2009

Notes

A. Accouting Policies

General principles

The financial statements of Raiffeisen Centrobank for the 2009 financial year have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. The balance sheet as well as the income statement have been structured according to Appendix 2 of the forms contained in in Article 43 Austrian Banking Act. The structure of the income statement in regards to ensuring an adequate representation of the commodity trading (countertrade) activities of Raiffeisen Centrobank have been expanded to include a sub-item entitled "Net profit on commercial trading activities".

Changes in the accounting and valuation methods have not been made compared to the 2008 financial statements.

Currency conversion

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 Zentralbank Österreich Aktiengesellschaft on the balance sheet date.

Currency futures and options transactions in foreign currencies are capitalised 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-income securities is reported at the share price prevailing on the balance sheet date.

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

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

Bonds issued by borrowers from Eastern European markets as well as shares issued by Eastern European companies held by the company for trading purposes are valued at the market rates announced by other credit institutions and brokers, or as quoted by Reuters, or valuation models, provided that share prices for these securities are not available or do not provide sufficient information. If no such market rates are available, prices for primary financial instruments are calculated on the basis of the net present value method. In order to determine the value of unlisted bank bonds depreciation or parameter adjustments are considered to reflect market liquidity risks within these evaluation methods.

Options on securities of publicly-listed companies and options on security indices (i.e. sold and bought calls and puts, primarily ÖTOB 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 Heinen-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 value adjustments are made in the case of an identifiable recognisable risk of default on the part of borrowers.

Participating interests and investments in affiliated companies

Participating interests and investments in affiliated companies are principally capitalised 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, a permanent diminution in value has taken place.

Intangible and tangible fixed assets

The valuation of intangible fixed assets as well as tangible fixed assets (i.e. property and buildings, office equipment, furniture, and fittings) is carried out at the cost of acquisition less their scheduled, linear depreciation.
Depreciation rates applied are 33.3% and 14.3% p.a. for intangible fixed assets, 2.5% and 10.0% p.a. for immovable fixed assets, and 10% - 33% for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. Assets with an extremely low value (cost of acquisition per item less than TEUR 0.4) are fully depreciated in the year of acquisition.

Liabilities to credit institutions and customers

Liabilities to credit institutions and customers are reported at the amount of repayment, taking into consideration the principle of financial prudence.

Securitised liabilities

Securitised 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 Projected Unit Credit Method, or according to the Curran approximation for the option component.

Provisions for severance payments

The provisions for severance payments are designed to fulfil 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 4.75% (2008: 6.0 %), 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 65.16% of the statistical termination benefit obligations on the balance sheet date.

Provisions for pensions

Provisions for pensions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 4.75% (2008: 6.95%), an unchanged 2.0% increase in the probable profit sharing rate, and a retirement age of 60 years. The AVÖ (Austrian actuaries' association) 2008-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation. In 2005, pension commitments were allocated to a specified group of eligible employees. The cash value of the pension plan reinsurance concluded for future beneficiaries is reported as other assets.

Other provisions

Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined.

B. Notes to the Financial Statements

I. Cash in hand and assets deposited with central banks

The balance sheet item A 1, which encompasses cash in hand and assets deposited with the Austrian National Bank, is reported as TEUR 2,461 (31/12/2008: TEUR 16,317). Prevailing regulations pertaining to liquidity and minimum reserves were observed.

II. Loans and advances

II.1. Classification of loans and advances other than those repayable on demand according to their time to maturity

Amounts in thousand Euros as at 31/12/2009	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Loans and advances to credit institutions	97,015	297,576	124,317	26,905	545,813
Loans and advances to customers	815	1,833	14,326	5,665	22,639
Bonds, notes and other fixed-income securities	54,111	6,295	162,221	63,921	286,548
	151,941	**305,704**	**300,864**	**96,491**	**855,000**

Comparative figures as at 31/12/2008

Amounts in thousand Euros as at 31/12/2008	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Loans and advances to credit institutions	271,935	25,073	76,014	37,879	410,901
Loans and advances to customers	5,139	46,175	9,392	2,613	63,319
Bonds, notes and other fixed-income securities	518	10,304	74,020	76,245	161,087
	277,592	**81,552**	**159,426**	**116,737**	**635,307**

In 2008 about EUR 90mn were reclassified from item "Shares and other variable-yield securities" to "Loans and advances to credit institutions".

II.2. Loans and advances to affiliated companies and participating interests

Amounts in thousand Euros as at 31/12/2009	Loans and advances to affiliated companies (direct/indirect > 50 %)	Loans and advances to participating interests (in which Raiffeisen Cenrobank has a direct shareholding)
Loans and advances to credit institutions	424,549	0
Loans and advances to customers	26,750	514
Bonds, notes and other fixed-income securities	230,554	0
Shares and other variable-yield securities	289,396	0
Other assets	89,001	11
	1,060,250	**525**

Comparative figures as at 31/12/2008

Amounts in thousand Euros as at 31/12/2008	Loans and advances to affiliated companies (direct/indirect > 50 %)	Loans and advances to participating interests (in which Raiffeisen Cenrobank has a direct shareholding)
Loans and advances to credit institutions	317,641	0
Loans and advances to customers	82,035	514
Bonds, notes and other fixed-income securities	96,499	0
Shares and other variable-yield securities	267,921	0
Other assets	66,551	0
	830,647	**514**

III. Securities

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

Amounts in thousand Euros as at 31/12/2009	unlisted	listed	Total	Valued at market price
Bonds, notes and other fixed-income securities, A4	0	286,548	286,548	287,050
Shares and other variable-yield securities, A5	348,557	369,119	717,676	717,676
Participating interests, A6	5,154	0	5,154	x
Investments in affiliated companies, A7	10,368	0	10,368	x

Comparative figures as at 31/12/2008

Amounts in thousand Euros as at 31/12/2008	unlisted	listed	Total	Valued at market price
Bonds, notes and other fixed-income securities, A4	0	161,087	161,087	161,087
Shares and other variable-yield securities, A5	322,073	384,084	706,157	706,157
Participating interests, A6	5,168	0	5,168	x
Investments in affiliated companies, A7	10,368	0	10,368	x

The fair value of securities held in a portfolio for trading purposes or which are held as other current assets exceeded the purchase price by TEUR 973 (31/12/2008: TEUR 1,184) as at December 31, 2009.
As at December 31,2009 balance sheet item A 4 includes fixed-income securities amounting to TEUR 286,548 (31/12/2008 balance sheet item A 4: TEUR 161,087) of which TEUR 60,406 will fall due in 2010.
Balance sheet items A 6 and A 7 were valued according to the moderate lower of cost or market principle.

III.2. Subordinated assets

As at December 31, 2009 the balance sheet A 3 "Loans and advances to customers" contained no subordinated assets (31/12/2008: TEUR 1,552).

IV. Participating interests and investments 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. The 2009 results are predominantly based on audited accounts.

Figures as at 31/12/2009

Amounts in thousand Euros

	Name Domicile	Shareholding held by Raiffeisen Centrobank in %	Subscribed capital	Annual results 2009
1	Centrotrade Holding AG Vienna	100	4.600	925
2	Centrotrade Investment AG Vienna	100	7.314	2.555
3	Raiffeisen Investment AG Vienna	100	8.174	2.970
4	Centro Asset Management Ltd Jersey	100	1.071	82
5	Centrotrade Malaysia Sdn Bhd Petaling Jaya	30	42 *)	0 *)
6	Syrena Immobilien Holding AG Spittal/Drau	21	29.130	73

*) Annual results for 2004. The company is being liquidated. No operative activities are carried out.

Comparative figures as at 31/12/2008

Amounts in thousands Euros

	Name Domicile	Shareholding held by Raiffeisen Centrobank in %	Subscribed capital	Annual results 2008
1	Centrotrade Holding AG Vienna	100	3.675	45
2	Centrotrade Investment AG Vienna	100	9.259	1.222
3	Raiffeisen Investment AG Vienna	100	5.204	216
4	Centro Asset Management Ltd. Jersey	100	960	95
5	Centrotrade Malaysia Sdn Bhd Petaling Jaya	30	42 *)	0 *)
6	Syrena Immobilien Holding AG Spittal/Drau	21	29.057	109

*) Annual results for 2004. The company is being liquidated.

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 10 "Other assets" amounting to TEUR 230,129 (31/12/2008: TEUR 194,742) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2009 in the amount of TEUR 223,566 (31/12/2008: TEUR 190,843) as well as loans and advances to tax authorities of TEUR 647 (31.12.2008: TEUR 587).

VII. Liabilities

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

Amounts in thousand Euros as at 31/12/2009	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Liabilities to credit institutions	90,302	0	0	0	90,302
Liabilities to customers	20,001	7,490	0	0	27,491
Securitised liabilities	79,336	53,629	557,363	168,547	858,875
	189,639	**61,119**	**557,363**	**168,547**	**976,668**

Comparative figures as at 31/12/2008

Amounts in thousand Euros as at 31/12/2008	0 – 3 months	3 – 12 months	1 – 5 years	> 5 years	Total
Liabilities to credit institutions	212,083	700	0	0	212,783
Liabilities to customers	88,548	15,729	0	0	104,277
Securitised liabilities	17,446	55,812	430,320	245,865	749,443
	318,077	**72,241**	**430,320**	**245,865**	**1,066,503**

VII.2. Liabilities to affiliated companies and participating interests

Amounts in thousand Euros as at 31/12/2009	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to participating interests
Liabilities to credit institutions	32,821	0
Liabilities to customers	6,173	9
Other liabilities	43,447	1
	82,441	**10**

Comparative figures as at 31/12/2008

Amounts in thousand Euros as at 31/12/2008	Liabilities to affiliated companies (direct/indirect >50 %)	Liabilities to participating interests
Liabilities to credit institutions	18,304	0
Liabilities to customers	14,823	585
Other liabilities	11,311	0
	44,438	**585**

VII.3. Securitised liabilities

The balance sheet item P 3 contains own issues totalling TEUR 132,965 (31/12/2008: TEUR 73,258), which will fall due in the course of 2010.

VII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to TEUR 689,171 (31/12/2008: TEUR 380,367) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of TEUR 678,967 (31/12/2008: TEUR 371,767).

VII.5. Subordinated liabilities

Subordinated liabilities refer to a subordinated bond amounting to TEUR 20,000 issued in 2008 to strengthen the own funds of Raiffeisen Centrobank pursuant to Supervisory Board requirements. The balance sheet item relates to this subordinated bond including all interest accrued as at 31/12/2009 amounting to TEUR 20,619. The bond conforms to all requirements for subordinated capital pursuant to Article 23 para. 8 Austrian Banking Act.

VIII. Share capital

The share capital is comprised of 655,000 no-par-value shares.
The shares in Raiffeisen Centrobank are owned by the companies:

	%	Units
RZB IB Beteiligungs GmbH, Vienna	100.00	654,999
Raiffeisen-Invest-Gesellschaft m.b.H., Vienna	0.00	1
	100,00	**655,000**

IX. Provisions

Other provisions

The balance sheet item P6 d) "Other provisions" amounting to TEUR 14,251 (2008: TEUR 12,693) includes the following:

Amounts in thousand Euros	31/12/2009	31/12/2008
Salaries and bonuses	6,547	4,671
Litigation risks	3,248	3,248
Overdue vacation	1,846	2,202
Legal, auditing and consulting expenses	430	706
Provisions for the FX department	0	452
Provisions for recourse claims	426	426
Provisions for the securities department	848	425
Management fees	319	221
RZB Group services	333	160
Others	254	182
Total	**14,251**	**12,693**

X. Obligations arising from the use of property, plant, and equipment not recognised in the balance sheet

The rental and leasing expenses during the period under review amounted to TEUR 568 (2008: TEUR 579), thereof TEUR 216 (2008: TEUR 231) to affiliated companies. For the 2010 financial year, rental costs are expected to total TEUR 609, and TEUR 3,047 for the 2010-2014 financial years, of which the rental costs to affiliated companies will total TEUR 188 and 942, 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 Euros	31/12/2009	31/12/2008
Assets	268,926	215,358
Liabilities	105,442	117,440

Unsettled futures and options contracts according to the VERA scheme

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

Amounts in thousand Euros	31/12/2009	31/12/2008
Purchase contracts		
Interest rate futures	0	20,338
Currency and interest rate swaps in a single currency	715,496	525,031
Forward exchange transactions/gold contracts	28,464	34,937
Currency options	0	15,865
Index future contracts	341,294	81,075
Options on asset values and security index options	1,077,772	1,131,232
Share contracts	24,510	14,796
Commodity options	6,236	4,559
Sales contracts		
Interest rate futures	17,675	4,283
Currency and interest rate swaps in a single currency	10,667	12,190
Forward exchange transactions/gold contracts	27,511	34,165
Currency options	0	15,865
Index future contracts	39,076	13,847
Options on asset values and security index options	1,602,376	1,637,070
Commodity options	45,007	26,875

Securities trading book

A securities trading book is maintained pursuant to Article 22 of the Austrian Banking Act. At the balance sheet date the securities trading book value at market price (share derivatives with delta values) amounted to:

Amounts in thousand Euros	31/12/2009	31/12/2008
Shares	-83,581	141,880
Listed options	647	-20,652
Certificates	-239,585	-242,908
Bonds	862,075	391,166
Structured products	-768,797	-410,963
OTC options	160,189	45,860
Warrants	-22,865	-2,072
Share futures	347,813	82,834
Bond futures	-19,885	17,334
Forward exchange transactions/gold contracts	0	13,291
Total	**236,011**	**15,770**

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on share and share-related futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates on shares and share indices (Turbo, Discount, Bonus and Open-End Certificates), and guarantee bonds with a payment structure related to share or share 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 recognised 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 recognised 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 Heinen-Kat and spread options rely on the Kirk model.

Amounts in thousand Euros	Nominal amount		Positive market value		Negative market value	
as at 31/12/2009	Banking book	Trading book	Banking book	Trading book	Banking book	Trading book
1. Interest rate contracts	**21,333**	**722,504**	**-**	**9,265**	**271**	**-**
1.1. OTC products	**21,333**	**704,829**	**-**	**9,059**	**271**	**-**
Interest rate swaps	21,333	704,829	-	9,059	271	–
Interest forward rate agreement	-	-	-	-	-	-
1.2. Listed products	**-**	**17,675**	**-**	**206**	**-**	**-**
Interest rate futures	-	17,675	-	206	-	–
2. Foreign exchange contracts<	**17,255**	**38,719**	**21**	**10**	**35**	**16,408**
2.1. OTC products	**17,255**	**18,882**	**21**	**10**	**35**	**14,990**
Forward exchange transactions	17,255	18,882	21	10	35	14,990
2.2. Listed products	**-**	**19,837**	**-**	**-**	**-**	**1,418**
Currency future contracts	-	19,837	-	-	-	1,418
3. Securities-related transactions		**3,978,819**		**1,118,249**		**1,207,425**
3.1. OTC products	**-**	**1,165,446**	**-**	**166,608**	**-**	**59,198**
Share options- purchase	-	684,567	-	166,608	-	-
Share options- sale	-	480,879	-	-	-	59,198
3.2. Listed products	**-**	**2,813,373**	**-**	**951,641**	**-**	**1,148,227**
Share and other securities-related index options and future contracts	-	860,411	-	35,612	-	253,628
Commodities futures	-	75,752	-	13,470	-	55,970
Certificates and guarantee bonds	-	1,877,210	-	902,559	-	838,629
Total OTC products	**-**	**1,165,446**	**-**	**166,608**	**-**	**59,198**
Total listed products	**-**	**2,813,373**	**-**	**951,641**	**-**	**1,148,227**
Total	**38,588**	**4,740,043**	**21**	**1,127,524**	**306**	**1,223,833**
thereof carrying amount						
Loans and advances to credit institutions	-	-	-	156,746	-	-
Bonds, notes and other fixed-income securities	-	-	-	257,284	-	-
Shares and other variable-yield securities	-	-	-	490,012	-	-
Other assets	-	-	21	223,482	-	-
Securitised liabilities	-	-	-	-	-	858,875
Other liabilities	-	-	-	-	306	364,958

The surplus from sales contracts is offset against the shares acquired for hedging purposes listed under trading assets, which are not encompassed in the chart above.

C. Notes to the Income Statement

I. Other operating income

The income reported in "Other operating income" from trading activities amounting to TEUR 363 (2008: TEUR 466) primarily refers to fulfilling countertrade obligations to third parties in Indonesia and offset transactions. Furthermore, this item also includes income from charging-ons and non-banking income.

II. Other operating expenses

"Other operating expenses" amounting to TEUR 246 (2008: TEUR 425) primarily relates to fees and charging-on expenses for non-banking transactions.

III. Deferred tax

The bank did not exercise its right to capitalise deferred tax. The capitalisable amount of about TEUR 1,000 was calculated on the basis of non tax-deductible expenses for the 2009 financial year and previous years.

IV. Subordinated capital

Expenses related to subordinated capital amounted to TEUR 708 (2008: TEUR 985) for the period under review.

V. 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 Information

Contingent liabilities

The breakdown of contingent liabilities arising from guarantees and assets pledged as security totalling TEUR 1,322 (31/12/2008: TEUR 1,112) consists of the following:

Amounts in thousand Euros	31/12/2009	31/12/2008
Letters of credit	332	442
Guarantees	990	670
thereof for affiliated companies	493	442
	1,322	**1,112**

In accordance with Article 93 Austrian Banking Act, the bank is legally obliged to provide for a proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Fachverband der Raiffeisenbanken (professional association of the Raiffeisen Banking Group). This also entails an affiliation with Österreichischen Raiffeisen Einlagensicherung reg. GenmbH., Vienna (the deposit insurance arm of the Raiffeisen Banking Group, registered as a limited liability company). In the 2009 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 Euro 0.07.

Commitments shown under the balance sheet

Commitments shown under the balance sheet amounting to TEUR 14,702 (31/12/2008: TEUR 11,053) refer exclusively to irrevocable credit obligations and lines of credit.

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2009:

Item A 2 Loans and advances to credit institutions
TEUR 78,249 (31/12/2008: TEUR 63,444)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 4 Fixed-income securities
TEUR 71,448 (31/12/2008: TEUR 65,230)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 3 Loans and advances to customers
TEUR 0 (31/12/2008: TEUR 1)
Deposited as collateral for liabilities arising from the refinancing of export loans granted by Oesterreichische Kontrollbank AG (item P1b Liabilities to credit institutions)

Item A 5 Shares and other variable-yield securities
TEUR 49,550 (31/12/2008: TEUR 57,069)
Collateral deposited with banks and stock exchanges for the securities and options business

Trustee transactions

Trustee transactions not included in the balance sheet refer to one participating interest held in trust.

Own funds

The own funds of Raiffeisen Centrobank pursuant to Article 23 Austrian Banking Act are comprised of the following:

Amounts in thousand Euros	**31/12/2009**	**31/12/2008**
Subscribed capital	47,599	47,599
Capital reserve	6,651	6,651
Legal reserve	1,031	1,031
Reserve pursuant to Austrian Banking Act	13,539	13,539
Other reserves	9,500	9,50
	78.320	**78,320**

Number of employees	31/12/2009	Annual average	31/12/2008	Annual average
Salaried employees (including Executive Board)	209	208	215	214
thereof part-time	13	14	16	16
Workers	8	8	9	9
thereof part-time	0	0	1	1
Total	**217**	**216**	**224**	**223**

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 pensions

Expenses for severance payments and pensions (including contributions to pension funds and employee retirement benefit plans, as well as provisions for severance payments) amounted to TEUR 658 (2008: TEUR 203) for members of the Executive Board and to TEUR 880 (2008: TEUR 817) for other employees. The payment made to employee retirement benefit plans totalled TEUR 125 (2008: TEUR 146).

Remuneration for members of the Executive Board and Supervisory Board

In the 2009 financial year remuneration for three Executive Board members totalled TEUR 2,514 (2008: TEUR 2,722). In 2009 attending fees in the amount of TEUR 220 were paid to members of the Supervisory Board for the period 2008-2009.

Group relations

The company is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna. The annual financial statements are integrated both into the consolidated financial statements of Raiffeisen-Landesbanken-Holding GmbH, Vienna and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, which provides 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 organised securities 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
Chairman
Eva Marchart
Deputy Chairman
Alfred Michael Spiss
Member
Gerhard Grund

Supervisory Board
Chairman
Walter Rothensteiner
Chairman of the Management Board, Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
First Deputy Chairman
Patrick Butler
Member of the Management Board, Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Second Deputy Chairman
Herbert Stepic
Chairman, Raiffeisen International Bank Holding Aktiengesellschaft, Vienna
Members
Karl Sevelda
Member of the Management Board, Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Christian Teufl
Director, Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Johann Strobl
Member of the Management Board, Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna

State Commissioners
Peter Braumüller,
Divisional Director
Tamara Els
Deputy Assistant

Vienna, April, 2, 2010
The Executive Board

Eva Marchart
Chairman of the Executive Board

Alfred Michael Spiss
Deputy Chairman of the Executive Board

Gerhard Grund
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, Austria

for the year from 1 January 2009 to 31 December 2009. These financial statements comprise the balance sheet as of 31 December 2009, the income statement for the year ended 31 December 2009 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.

Auditors' 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 2009 and of its financial performance for the year from 1 January 2009 to 31 December 2009 in accordance with Austrian Generally Accepted Accounting Principles.

Report on Other Legal Requirements (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 6, 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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Wirtschaftsprüfer	Steuerberater
(Austrian charterered accountants)	Tax adviser

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