MOVINGON

Annual Financial Report 2011

Raiffeisen CENTROBANK

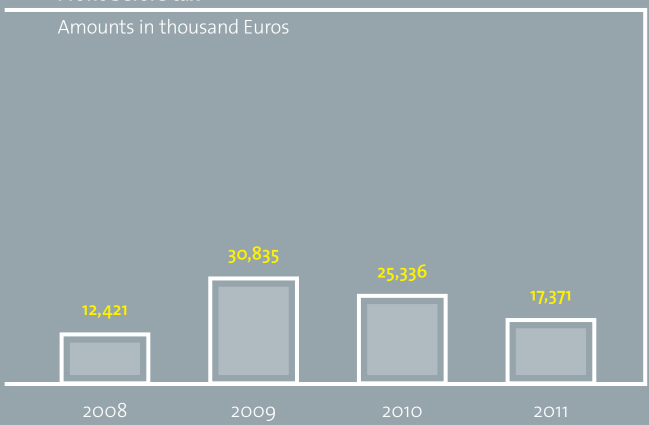
Table of Contents Annual Financial Report 2011: An Overview

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

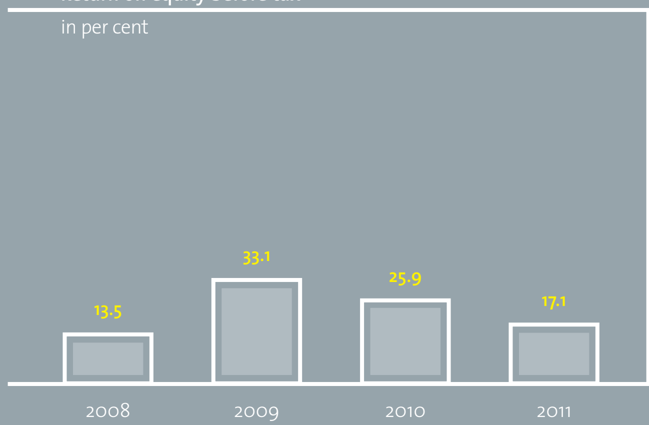
Key Data 2011 of Raiffeisen Centrobank Group

Amounts in thousand Euros / in percent	2011	2010	Change
Income Statement			
Net interest income	4,003	4,841	- 17.3%
Net fee and commission income	17,464	18,581	- 6.0%
Trading profit	44,464	43,227	+ 2.9%
General administrative expenses	- 60,452	- 59,991	+ 0.8%
Profit before tax	17,371	25,336	- 31.4%
Group net profit	13,887	27,630	- 49.7%
Balance Sheet			
Loans and advances to credit institutions	266,376	285,424	- 6.7%
Loans and advances to customers	58,029	85,476	- 32.1%
Trading assets	1,743,180	1,601,070	+ 8.9%
Liabilities to credit institutions	26,724	63,800	- 58.1%
Liabilities to customers	139,251	105,525	+ 32.0%
Trading liabilities	1,820,628	1,742,127	+ 4.5%
Equity	117,692	127,550	- 7.7%
Total assets	2,199,421	2,130,085	+ 3.3%
Indicators			
Return on equity before tax	17.1%	25.9%	-
Cost/Income ratio	77.3%	70.7%	-
Bank-specific indicators pursuant to the Austrian Banking Act			
Eligible own funds	98,009	98,199	- 0.2%
Total own funds requirement	51,187	55,191	- 7.3%
Excess own funds	46,822	43,008	+ 8.9%
Excess cover ratio	191.5%	177.9%	-
Resources			
Employees at end of period	342	333	+ 2.7%

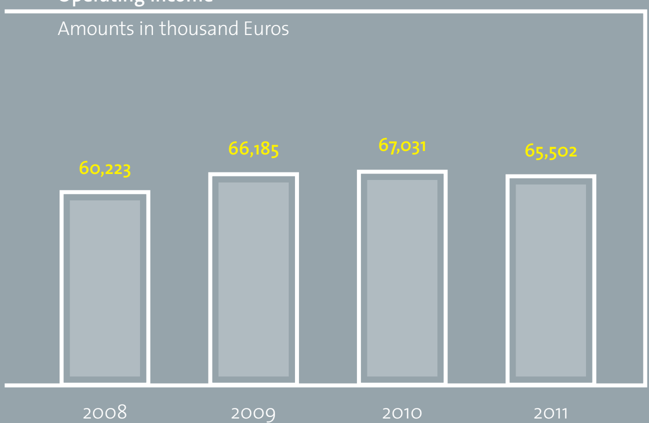
Profit before tax



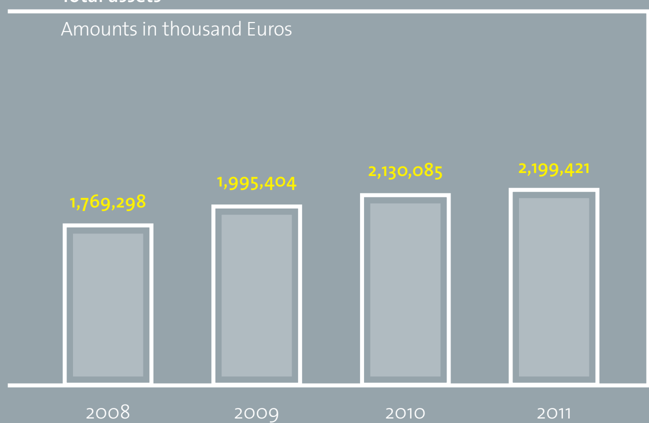
Return on equity before tax



Operating income*



Total assets



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

CEO Editorial

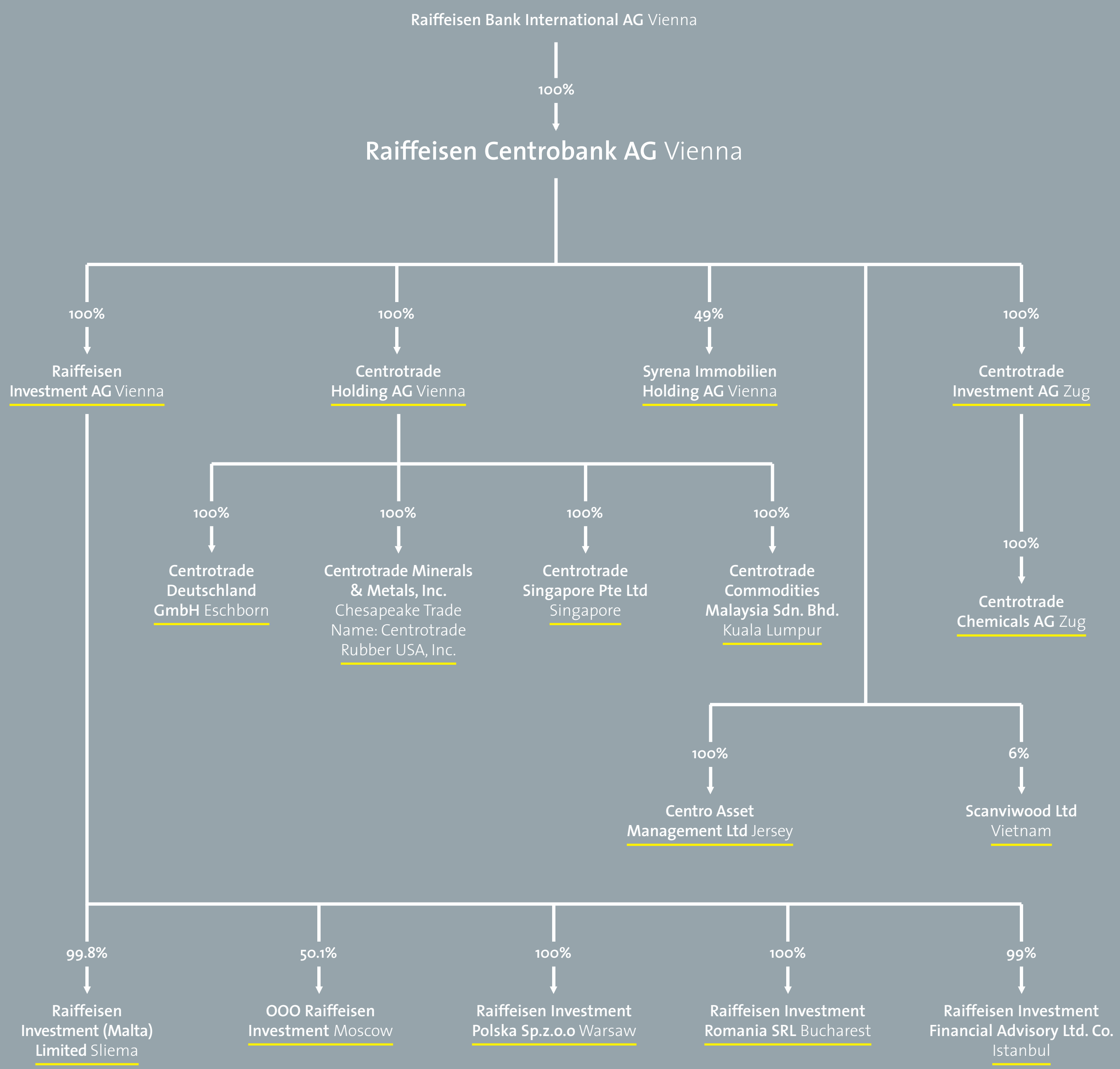
Dear Sir or Madam, dear Reader,

Though it has been said before, the past financial year was certainly one of the most difficult in the history of Raiffeisen Centrobank. The first half of the year was very positive, but this trend reversed completely in a period of just two weeks in the summer. The second half of the year brought us not just one but several black Fridays and Mondays, and the press was filled with apocalyptic headlines.

In short, the constantly changing economic conditions combined with the new regulatory requirements confronted us with a wide range of new tasks and was a challenge for our core business, investment banking. Given this situation, it is especially important for me to show how successful Raiffeisen Centrobank was in clearing these hurdles. The motto of this annual report, Moving On, not only refers to the turbulent events of 2011 but has also become a guiding theme at our Bank. Working from the strong foundations of a fully integrated and internationally active investment bank with a focus on Central and Eastern Europe, we tackled the challenges before us, assessed our processes, refined our business model and achieved an excellent result for 2011 by remaining highly flexible and focusing on our core areas of business and on the needs of our clients. In line with this, Moving On refers to the strength of our bank and its ability to overcome difficult circumstances through outstanding performance. A key element in this is the close cooperation between the Group parent and its subsidiary, which I would like to focus on in particular in this report in a talk with Herbert Stepic, CEO of Raiffeisen Bank International AG. In challenging times, it is doubly important to us to underscore the excellent relationship between these two banks, and the added value that this provides for our customers.

Everyone who has read our past reports will notice that we have adopted a new design this year. The illustrations of Jörg Block, an up-and-coming artist from Hamburg, are for us a graphical answer to the many paradoxes of 2011 and contain equal parts irony and seriousness in this review of the financial year.

Eva Marchart


Raiffeisen Bank International 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 Commodities Malaysia Sdn. Bhd. Kuala Lumpur
100%
Centrotrade Chemicals AG Zug
100%
Centro Asset Management Ltd Jersey
6%
Scanviwood Ltd Vietnam
99.8%
Raiffeisen Investment (Malta) Limited Sliema
50.1%
OOO Raiffeisen Investment Moscow
100%
Raiffeisen Investment Polska Sp.z.o.o Warsaw
100%
Raiffeisen Investment Romania SRL Bucharest
99%
Raiffeisen Investment Financial Advisory Ltd. Co. Istanbul

Corporate Bodies

Executive Board	Eva Marchart Alfred Michael Spiss Gerhard Grund	Chief Executive Officer Deputy Chief Executive Officer Member
Supervisory Board	Walter Rothensteiner Chief Executive Officer, Raiffeisen Zentralbank Österreich AG, Vienna	Chairman
	Patrick Butler Member of the Board, Raiffeisen Bank International AG, Vienna	First Deputy Chairman
	Herbert Stepic Chief Executive Officer, Raiffeisen Bank International AG, Vienna	Second Deputy Chairman
	Karl Sevelda Deputy Chief Executive Officer, Raiffeisen Bank International AG, Vienna	Member
	Johann Strobl Member of the Board, Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG, Vienna	Member
	Werner Kaltenbrunner Executive Director, Raiffeisen Bank International AG, Vienna	Member
State Commissioners	Alfred Hacker	
	Tamara Els Head of Department	

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

Foreword by the Chairman of the Supervisory Board

Dear Ladies and Gentlemen, Raiffeisen Centrobank started very well into 2011. The first half year developed positively but business development slowed down because of the rapidly changing macroeconomic conditions which essentially affected the situation on the equity markets. The Austrian stock index ATX lost almost 35 per cent in the course of the year. Numerous international – and especially CEE – equity indices underlined the negative trend.

Despite these developments Raiffeisen Centrobank, as the equity house of Raiffeisen Group, performed positively in its operating fields of business. Profit before tax 2011 almost reached the level estimated at the beginning of the year. The Bank proved once again its ability to arise from the stronger in turbulent times by setting innovative impulses and high engagement with regards to serving the clients in its core markets.

The company research department of Raiffeisen Centrobank with its focus on Austria and the CEE region is meanwhile the biggest and most important one in Vienna. Moreover the Bank was successful in expanding its pioneering role in the field of structured products with further listings at Eastern European stock exchanges. What is more, the bank became the overall winner of the "Certificates Awards Austria" in 2011 for the fifth consecutive year. In the field of market making RCB extended its leading position, too.

A sincere expression of thanks therefore goes to the staff of Raiffeisen Centrobank who worked with dedication and extraordinary competence to achieve such a good result. The Supervisory Board also thanks the Executive Board for its successful work.

Walter Rothensteiner
Chairman of the Supervisory Board

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

"Capital market products and services will continue to gain importance in CEE in 2012"

Herbert Stepic, CEO of Raiffeisen Bank International AG (RBI), the owner of Raiffeisen Centrobank AG (RCB), and Eva Marchart, CEO of Raiffeisen Centrobank AG, talked about an extraordinary 2011 financial year, what they learned, and what they expect in a challenging 2012.

The motto of this annual report is "Moving On". What does that mean for Raiffeisen Centrobank looking back over the past year?

Marchart The past financial year was one of the most challenging and also exciting that our Bank has ever seen. The first half of the year was very positive, but this trend reversed completely in a period of just two weeks in the summer. The second half of the year brought us not just one but several black Fridays and Mondays. We had to strike a good balance between efficient risk management and satisfactory business performance despite the massive turbulence that the European sovereign debt crisis triggered on the markets. Fundamental analyses became irrelevant, and politics were suddenly the sole driving force. As a result, we saw significant sales declines in our main business areas of securities and certificates trading, equity capital markets, and mergers&acquisitions. Thanks to our flexible and client-oriented business model, we were able to turn necessary changes into opportunities and largely compensated for these declines. In short, 2011 was a turbulent year during which we decided to look and move forward with even more commitment. So "Moving On" was the only possible motto for 2011.

The Raiffeisen brand celebrated its 125th anniversary in 2011. Investment banking as we know it today did not exist in the year the bank was founded. What role does this specific business activity play in the RBI Group today?

Stepic We see investment banking as an extension of our customer service in our markets, especially in Austria and the CEE region.

Marchart Especially regulatory measures like Basel III show how important it is to create additional options for corporate financing through investment banking.

Stepic This is exactly where we want to continue our pioneering role, by introducing products into "new markets"! Capital market products and services are a promising line of business that we want to expand for our customers. Raiffeisen Centrobank, our specialist in this segment, has established a strong and professional equity-related business over the past ten years and will work together with Raiffeisen Bank International to develop it further.

* **Eva Marchart,** CEO Raiffeisen Centrobank AG
Herbert Stepic, CEO Raiffeisen Bank International AG

We saw a number of changes especially in investment banking over the past year, with competitors restructuring their activities or withdrawing entirely from segments and submarkets. What is the strategy of Raiffeisen Bank International and Raiffeisen Centrobank as an equity-related investment specialist in the RBI Group?

Stepic We observed these changes with interest. It was primarily a withdrawal from proprietary business, in other words the banks' investment activities for their own account. This is very different from the capital-market-oriented customer products and services that RBI and RCB offer. As I already said, we want to be the clear market leader in customer-oriented investment banking! Because financing via the capital market will continue to become more important in light of Basel III. And after a time, this avenue will also become important for medium-sized businesses – especially in Austria. Europe has much catching up to do here compared with the USA. We want to do our part to facilitate this by focusing more strongly on this area. The most important thing is that we offer customer-oriented investment banking.

Marchart Exactly. This is why we focused even more intently on our core areas of business and on the expansion of our core competences in our target markets during the financial year. We were especially successful in our certificate business, and significantly expanded our range of products on the Warsaw Stock Exchange – cementing our market leadership in Poland in this area. We also became one of the leading market makers for Polish blue chips, thereby increasing our sales in this market. Our Company Research department is now the most important analysis desk in Vienna for Austria and Central and Eastern Europe. Another initiative aims to make better use of synergies between our Equity Capital Markets team and our M&A advisory specialist Raiffeisen Investment AG so that we can increase our presence in the core markets.

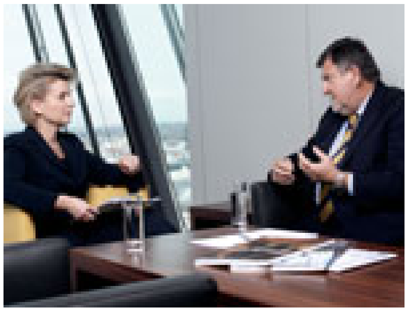
What role does cooperation between the parent company and subsidiary play in investment banking, and where will this relationship go in 2012?

Marchart We will begin selling our structured products more through the network banks in future. A sales offensive was initiated with the local network banks to this end in 2011. We are also working closer with the network banks in Equity Capital Markets and M&A. Joint ventures were set up in Poland and Russia to this end, with the goal of providing our customers with more comprehensive service. We will definitely continue our strategy in 2012, and will find innovative ways to tie it in with our core business.

Stepic Raiffeisen is certainly a pioneer in capital market products and services in Austria and CEE, and we intend to make sure that it stays that way. The cooperation between RBI and RCB in Austria as well as with the network banks in Central and Eastern Europe and the newly established joint ventures is a very important part of this. Together, we offer our customers the full spectrum of international investment banking: RBI covers the debt capital markets business, and RCB the stock-related equity business.

Raiffeisen Centrobank follows the regional focus of its parent, Raiffeisen Bank International, and is recognised as the leading investment bank in Austria and CEE. How do you judge the development of business in this region over the past year, and what do you expect for 2012?

Stepic Capital market products and services will definitely become more important in Central and Eastern Europe in 2012. Our many years of experience as a pioneer in CEE have shown that there is great demand for capital market products in this region. We see it as our task to bring customer-oriented investment banking to this region together with Raiffeisen Centrobank. In part because we see the further economic development of the CEE markets and the potential for growth increases – even at different rates – as something very positive. The Balkan countries including Bulgaria and Romania were hit harder by this crisis, and will need more time to recover. Ukraine and Russia will grow more rapidly. Overall, Central and Eastern Europe will achieve growth of 2 per cent. The roll-out of customer-oriented investment banking in this region is a top priority.



Marchart I agree. As an investment bank specialising in stocks, we were of course also affected by the turbulent conditions on the markets starting in the summer – just somewhat later in Central and Eastern Europe. The ATX lost nearly 35 per cent over the course of the year. And the CEE exchanges closed the year with losses. We expect that the first half of 2012 will remain difficult, and that a slight recovery will set in starting in the second half of the year. In addition to the market distortions, regulatory aspects like the financial transaction tax, EBA and Basel III will also be detrimental.

If you had one wish, what would it be?

Stepic Never-ending investment banking! (laughs) And when the regulators really do their part, we will have an excellent economic framework again. Now, what the European Banking Authority (EBA) is demanding from the banks, for example, is not really helpful. But we will of course meet the own funds ratio of 9 per cent that is required by the EBA on 30 June 2012. And I am confident that we will turn this temporary disadvantage into a long-term advantage for our Bank.

Marchart That investors and markets would let themselves be inspired a little more by the positive operating and macroeconomic figures and leading indicators ...

The RBI Group


ASIA
China / Beijing
China / Hong Kong
China / Xiamen
India / Mumbai
Kazakhstan / Almaty
Korea / Seoul
Malaysia / Johor Bahru
Singapore / Singapore
Vietnam / Ho Chi Minh City

Corporate Governance

The shares of Raiffeisen Centrobank are not listed on a stock exchange. As the issuer of a large number of structured products and as one of the most important securities brokers in Vienna and other financial centres, Raiffeisen Centrobank orients itself towards the rules and principles of good and responsible corporate governance as set forth in the Austrian Code of Corporate Governance to the extent that these rules and principles are applicable for Raiffeisen Centrobank. Raiffeisen Centrobank has not (yet) formally undertaken to comply with the Austrian Code of Corporate Governance.

Efficient collaboration between the various bodies of the Company on a strong foundation of trust, protection of its shareholder's interests and open and transparent communication are key elements of Raiffeisen Centrobank's approach to good corporate governance. The following comments illustrate some aspects of Raiffeisen Centrobank's compliance with the Code in the reporting period (1 January to 31 December 2011) and are based on the Austrian Code of Corporate Governance as amended in January 2010.

Executive Board

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

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

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

Rules for Proprietary Trading

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

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

Supervisory Board

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

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

Collaboration between the Supervisory Board and Managing Board

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

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

The Executive Board coordinates the strategic orientation of the Company with the Supervisory Board and discusses the status of the implementation of the strategy at regular intervals with this Board. The Supervisory Board meets at least four times per financial year.

Transparent Information Policy

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

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

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

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

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

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

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

Compliance and Code of Conduct of Raiffeisen Centrobank

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

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

Group Compliance

Raiffeisen Bank International AG bears responsibility for group compliance issues, and as a subsidiary of this company, Raiffeisen Centrobank is required to report to this company on its fulfilment of the group compliance requirements.

The group compliance office attaches considerable importance to maintaining close, regular contact between the Compliance Officer and the Chief Executive Officer and Executive Board as a whole, among other reasons to ensure the best possible awareness of the principles of the code of conduct at all levels of Raiffeisen Centrobank. To this end, the group compliance office specifically requires that the Compliance Office be strategically involved at all operational levels in such a way that ensures that compliance requirements are met optimally in all areas of the Company and that they can therefore be fulfilled in a systematic and sustainable manner. One result of these efforts is the fact that the Chief Executive Officer regularly informs the staff of compliance requirements herself.

In keeping with the business orientation of Raiffeisen Centrobank, the Compliance Office focuses its compliance activities on the Bank's core areas of business.

Review of the Execution Policy

Raiffeisen Centrobank has created an internal manual that describes its organisational structure and the processes associated with customer and proprietary trading in detail. All employees in the securities department have specifically undertaken to implement the execution policy requirements specified in this manual to the best of their ability.

This not only makes it possible to preclude potential conflicts of interests in advance, but also to effectively verify compliance with the execution policy on a continual basis for the benefit of the customers of Raiffeisen Centrobank. To this end, the Compliance Office randomly selects a number of relevant trades that were executed for customers each week and reviews these trades on the basis of relevant criteria such as correct time of execution, correct place of execution, best possible total fees, the obtainment of necessary approvals from the customer, etc. Whenever deviations are discovered, the reasons for them are analysed and remedial action taken.

The execution policy is also reviewed regularly in this connection and revised when necessary (for example when new exchanges are added as permitted places of execution).

Preventing Conflict of Interests and Insider Trading
Raiffeisen Centrobank has implemented organisational measures to prevent insider trading (including information barriers) and internal guidelines for handling insider and insider-relevant information (compliance manual). Raiffeisen Centrobank provides regular training for its staff in connection with these measures and monitors the fulfilment of all relevant requirements. For example, employees in areas protected by information barriers are regularly sensitised on the handling of insider and insider-relevant information to ensure the best possible protection of this information on a strict "need to know" basis through the organisational, spatial and personnel-related separation of different functions within the Bank.

Employee Transactions
All transactions for the benefit of employees of Raiffeisen Centrobank must be approved by the Compliance Office in advance. An IT-supported preclearance system prevents employees from executing transactions in titles in which they are suspended from trading. Employee accounts held at other banks are also monitored on a regular basis to ensure compliance with the requirements for employee transactions; other banks are specifically released from their legal banking secrecy obligations vis-à-vis Raiffeisen Centrobank for this purpose.

These legal requirements are further strengthened by a series of binding organisational instructions for employees. Moreover, the Executive Board and the managerial staff are subject to strict rules on employee transactions. To negate a breach of the rules on a documented basis, their fulfillment is monitored on a regular basis.

Conflicts Register and Trade Monitoring to Prevent Market Abuse
The constant updating and review of the conflicts register and the monitoring of trading activity to prevent market manipulation and the abuse of insider information supplement the measures described above and, together with the ongoing monitoring of the execution policy, ensure that customer interests are protected to the highest possible degree at all times. Among other things, major customer orders are identified systematically and analysed with the help of computer systems to find any correlations with employee and proprietary trades. All exchange transactions are also monitored to identify any undesired counter-trades.

Transparent Communication and Reporting
The Compliance Officer is completely autonomous and communicates constantly and through institutionalised channels with the Executive Board of Raiffeisen Centrobank. A comprehensive report about all compliance activities and the results and findings of these activities is submitted directly to the Executive Board and Supervisory Board of Raiffeisen Centrobank and to the group compliance office of Raiffeisen Bank International AG once per year. The Compliance Officer submits a personal report to the Supervisory Board of Raiffeisen Centrobank once per year.

Gerald Deimel

Gerald Deimel
Head of Legal, Compliance & Tax
Compliance Officer

With safety and profit through the certificates year 2011

Investment products with capital protection

Guarantee Certificates

Guarantee Certificates enable investors to invest into stock or commodity markets with the capital guarantee (mostly 100%) becoming effective at the end of the term. Depending on the type of certificates, investors participate either in the performance of the underlying or generate yield with coupons.

Investment products without capital protection

Discount Certificates

Discount Certificates are traded at a discount; i.e. the certificate's price is lower than the strike. The difference serves as a risk buffer. The profit is limited by a pre-defined cap.

Reverse Convertible Bonds

Reverse Convertible Bonds have a high fixed interest rate which is paid out at the end of the term regardless of the performance of the underlying. Redemption (100% nominal value or shares or the appropriate cash amount) depends on the performance of the underlying.

Bonus Certificates

As long as the underlying quotes above the barrier the bonus amount is paid out in the amount of the bonus level or the corresponding higher amount. The cap represents the maximum payout.

Express Certificates

Express Certificates usually have a term of several years. Each year investors have the opportunity to redeem the invested capital prior to the maturity date and to obtain an attractive yield provided that the underlying does not undercut a pre-determined payout level at any of the observation dates.

Index and Participation Certificates

Index and Participation Certificates enable investors to participate 1:1 and open-ended in the performance of the underlying.

Leverage products without knock-out

Warrants

Warrants are suited to speculative investors as they react above average to the performance of the underlying. Due to the leverage effect investors may generate high percentage profit at low capital expenditure but may as well incur substantial losses.

Leverage products with knock-out

Turbo Certificates

Similar to warrants, Turbo Certificates provide the opportunity to invest with a leverage effect. Since they have a knock-out barrier Turbo Certificates are solely recommended for experienced investors with a high risk appetite.

… moving on

We all know it: The world is in a constant state of change. The markets are evolving, old truths are being reassessed, and new ways are being sought. A world full of uncertainty, but also full of chances and opportunities for anyone who can flow with the new times and adapt to a changed future in the best interests of the client. Raiffeisen Centrobank looks to the future with optimism. Because we are well prepared for the new times…

… through turbulent markets

The European sovereign debt crisis, a flood of regulatory measures, the general uncertainty about future developments and a high level of volatility set the tone on the global markets during the year, and also had a direct impact on Raiffeisen Centrobank’s business environment.

... with enhanced flexibility

Raiffeisen Centrobank's staff responded to the challenges in all relevant areas with a high degree of flexibility, and largely thanks to this achieved a very respectable result for this year.

SECURITIES TRADING AND SALES

Volatility in stock and derivatives trading offset by efficient risk management

Head of Department: Wilhelm Celeda +++ Core business areas: Trading and Sales of stocks and derivatives with a clear focus on the equity markets in Austria and CEE

How was 2011 for Securities Trading and Sales?
The pressing sovereign debt situation in Europe and, in the latter part of the year, the discussion of new minimum capital requirements for European banks caused investor risk aversion to rise. This had a generally negative impact on our business. The resulting lack of orientation caused our clients to be more cautious, and brought a decline in sales. Thanks in part to our attractive research product, we were still able to win a number of new clients, especially in retail business. High margin pressure in our business with brokers further increased the importance of the direct market access business for our bank. In trading with stocks and listed derivatives, we were able to offset high volatility on our main markets with efficient risk management. We see the 7.7 per cent year-on-year increase in handled client order volume to EUR 8.3 billion and the defence of our market position as the largest market maker on the Vienna Stock Exchange as major successes. We were especially proud of the successful transfer of our expertise as the leading market maker to the Warsaw stock exchange and of the placement of the first public offering since 2008. The new record number of participants at the annual investor conference in Zürs again underscored the preeminent position that our Bank enjoys in our core markets of Austria and Central and Eastern Europe.

What was the greatest challenge during the financial year?
The sovereign debt crisis caused a great deal of uncertainty on the markets, particularly from the middle of the year onward. The first half of the year was positive for the relevant equity indices and the trading profit. This situation reversed completely within a period of two weeks in the summer – the exchanges were at the mercy of politics, and the fundamental analysis of individual stocks was overshadowed by the macroeconomic trends. As a result, our customers on the secondary market became very cautious. Public offerings and capital increases were postponed because of the difficult market conditions, causing a further decline in revenue from stock sales. Our equities traders had to adapt to the sudden rise in uncertainty and dwindling liquidity on the markets, and had to constantly adjust positions depending on the current conditions.

What are your expectations for 2012? Do you see any particular trends or developments?
We expect trading volumes to remain low or only increase slightly on the stock markets in Austria and the CEE region. Nevertheless, we are confident that we will be able to pick up the positive trend from the first half of 2011 again in stock sales and substantially improve our commission revenue. Market share gains, the significant expansion of our order routing activities and the intensification of our sales efforts for Polish and Russian stocks including competitive research offerings, especially in these two markets, will make an important contribution to this. We expect conditions in trading to normalise, which should make the markets somewhat more predictable. Another focus will be automated trading, which should also increase activity in this area. Our outstanding team, whose high motivation is the backbone of our success, makes us confident that we will improve our result in 2012.

STRUCTURED PRODUCTS

Optimising yields while maintaining sensible safety mechanisms

Head of Department: Heike Arbter +++ Core business areas: Issue and trading of certificates and structured products

How was 2011 for the Structured Products department?
The Structured Products department had a positive year in 2011. While turnover with securities decreased on the market overall, Raiffeisen Centrobank was actually able to expand its share of the certificate market. With over 3,500 products, we remain the most important domestic issuer of certificates, and the only complete provider in Austria. In 2011, certificates took on an even more important position in modern investment despite – or perhaps because of – the challenging market environment: the sovereign debt crisis, largely negative equity markets, low interest rates and other problematic factors. The flagship products among the guarantee and bonus certificates with low barriers proved to be attractive as investor risk aversion grew. Thanks to the listing of our products on the most important international market for derivatives in Stuttgart, we again garnered considerable success and respect on the German market. A particular highlight in 2011 was our overall win at the Certificate Awards Austria, RCB's fifth such victory in a row.

What was the greatest challenge during the financial year?
One of the greatest challenges was overcoming the general uncertainty and showing that there are also product solutions that are ideally suited to difficult market phases and that offer a very good balance of opportunity and risk. In numerous seminars, presentations and articles, we worked to counter the generally poor sentiment among investors and show the opportunities that volatile stock market phases offer and that can be realised optimally with certificates. This required simple, transparent product concepts with safety mechanisms and the clear communication of the opportunities and risks of the product. In this, we focused on addressing the right topics, providing targeted and comprehensive answers to investor questions and offering suitable product solutions.

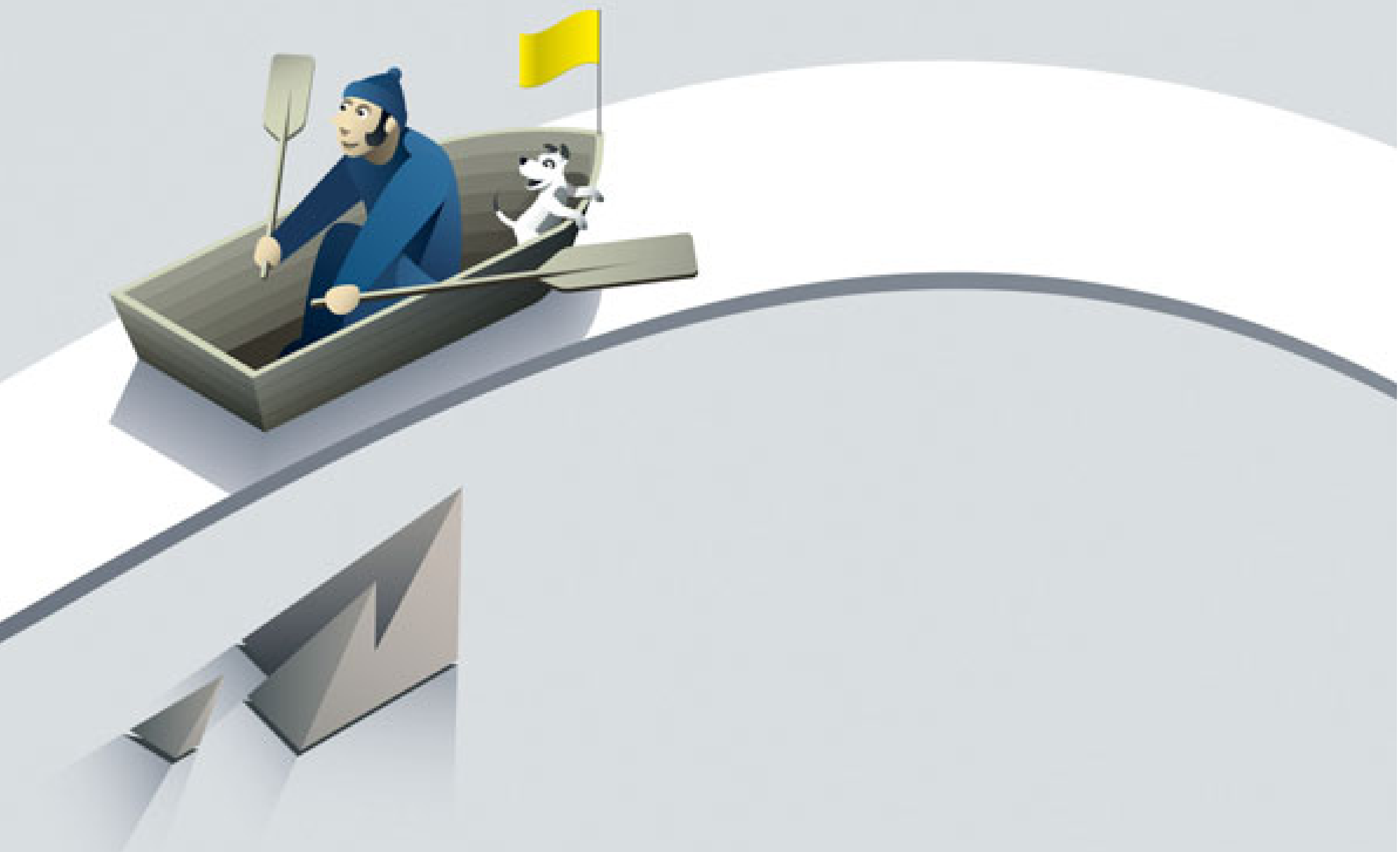
What are your expectations for 2012? Do you see any particular trends or developments?
The major issues including the sovereign debt crisis, economic worries, low interest rates and nervous stock markets will not yet be resolved in the beginning of 2012, so most investors will remain cautious. Because of this, the optimisation of yields while maintaining sensible safety mechanisms will continue to be an important factor in the certificate offerings of Raiffeisen Centrobank. Our primarily objective is, as always, to react flexibly to changing market conditions in the best interests of our clients. Sales offensives, especially in the Central and Eastern European markets, could prove to be successful and generate additional growth.

… with true team spirit

One of the strengths of our institution is its flat hierarchies: Short coordination processes, interdisciplinary cooperation and genuine personal responsibility form the framework for a professional working environment. This breeds a high level of commitment among our staff in everything they do.

... with unprecedented steadiness

Despite the difficult market conditions and high level of uncertainty among market participants, Raiffeisen Centrobank again left no doubt as to its number one priority during the year: Prudent and innovative service in the long-term interests of its clients and investors. A commitment that has been rewarded with their trust and loyalty for many years, even in difficult times.



EQUITY CAPITAL MARKETS

Intensive customer service, especially in difficult times

Head of Department: Siegfried Neumüller +++ Core business areas: Structuring and execution of capital market transactions and the provision of capital-market-relevant consulting services

How was 2011 for Equity Capital Markets?
Equity Capital Markets (ECM) had a very successful year despite the extremely difficult conditions on the stock markets. Thirteen equity transactions were completed in total, and we are especially pleased to have been involved in all important transactions on the Vienna Stock Exchange. Highlights included the IPO of Austria Metall AG (AMAG), for which Raiffeisen Centrobank held the highest domestic syndicate position, the successful “re-IPO” of Lenzing AG and the replacement of a package of Polytec Holding AG stock. In CEE, Raiffeisen Centrobank was the only Austrian bank in the syndicate handling the public offering of the Russian company Phosagro. Outside of the core markets of Austria and CEE, Raiffeisen Centrobank demonstrated its transaction competence in an international syndicate managing the capital increase of Commerzbank AG.

What was the greatest challenge during the financial year?
The greatest challenge of 2011 was certainly adequately addressing the expectations, needs and worries of investors and issuers in light of the deteriorating conditions on the financial markets. After the 2011 trading year got off to an encouraging start, the financial markets were impacted more and more by the sovereign debt crisis as the year progressed. Vienna’s ATX index lost more than a third of its value in 2011, and fared especially poorly in international comparison in part because of its sector composition with a high share of financial and cyclical stocks. The increasing disparity between macroeconomic trends on the one hand and company-related factors and developments on the other was especially marked in this phase. The markets were increasingly driven by macro issues, which overshadowed the often very good fundamental data of the companies. The resulting investor uncertainty caused a massive decline in stock transactions in the second half of the year.

What are your expectations for 2012? Do you see any particular trends or developments?
We expect that the first half of 2012 will be similarly challenging as the second half of last year for Equity Capital Markets, because the sovereign debt crisis and the economic slowdown will continue to be the dominant themes and will keep market volatility high. The stock markets should improve noticeably over the course of 2012, which will bring impetus to the issue market. As the intensive service that we provided to our clients during the difficult market situation in 2011 has created a solid foundation and good trust for the future, Raiffeisen Centrobank is optimistic about the coming months. We are confident that we will be selected to assist companies with capital market transactions such as replacements and capital increases in 2012 again.

COMPANY RESEARCH

Investors' interest in fundamental equity research unbowed

Head of Department: Stefan Maxian +++ Core business areas: Sell-side research on listed companies in Austria and Central and Eastern Europe. Support for capital market transactions

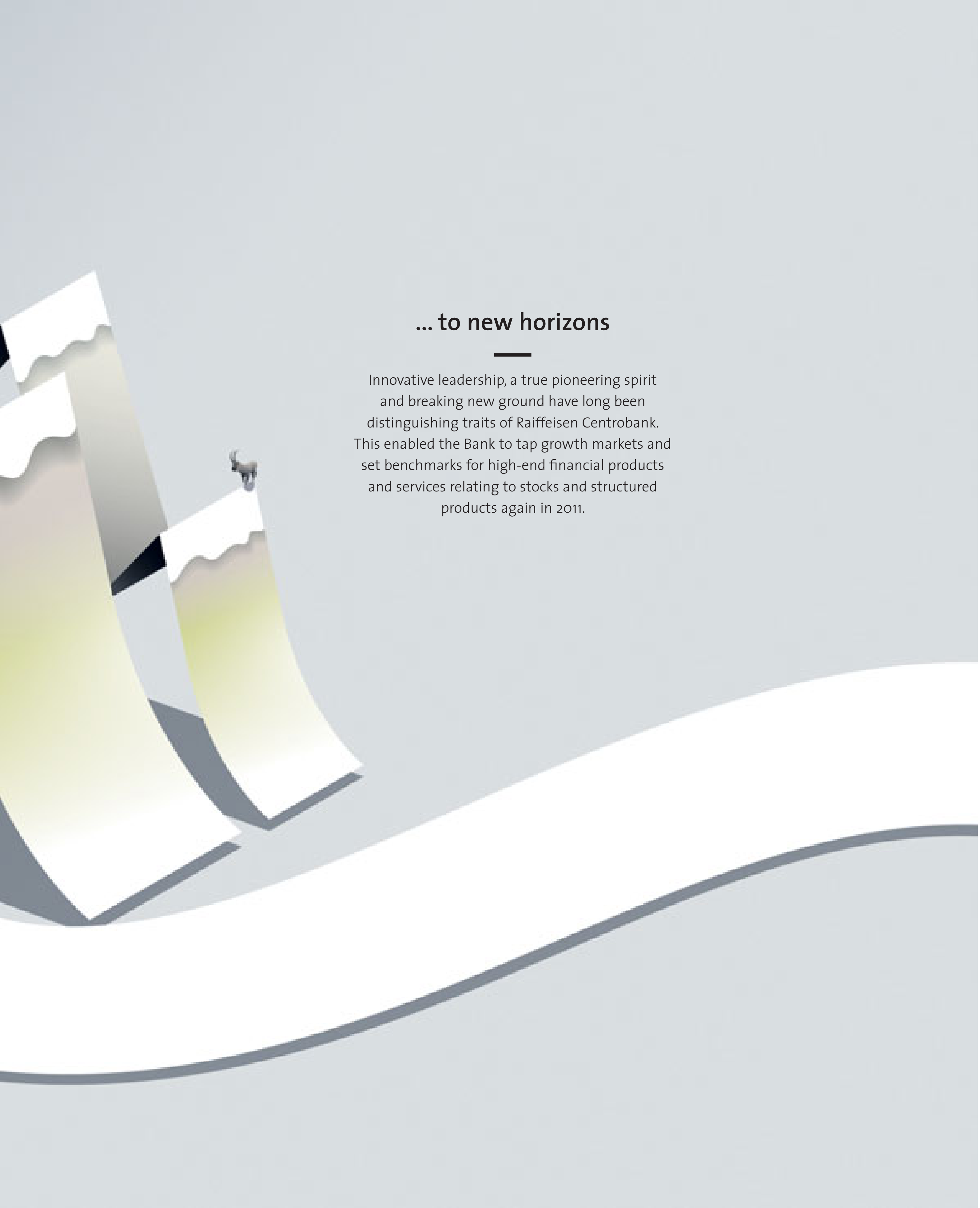
How was 2011 for Company Research?
Company Research was able to ply a steady course in the stormy seas of the 2011 financial year. In contrast to the trend in the industry as a whole, we came close to our record publication volume last year by releasing 346 company updates. Of these company updates, 255 covered companies listed on CEE exchanges. This figure underscores our cross-border sector approach and our increasing focus on Eastern Europe. We also recently began covering more Polish than Austrian companies. Investor interest in our analysts' sector and roadshow reports remained high. This shows how important fundamental stock analyses are when conditions on the exchanges are difficult, and is a testament to the in-depth knowledge of our analyst teams. Thanks to its strategic decision to maintain consistent coverage in times when competitors are withdrawing from the market or curtailing their research, Company Research became Vienna's largest stock analyst office for Austria and Central and Eastern Europe.

What was the greatest challenge during the financial year?
As the European debt crisis worsened in the summer months, investors began focusing more on macroeconomic factors than on company-specific factors. Accounting for this trend change as quickly as possible in our assessments was the greatest challenge, as it also was at the end of 2008. At the end of the year, we had to increasingly eliminate stocks that had been hit by massive, unjustified price corrections. Striking a good balance between sometimes short-lived meta-issues and consistently focusing on fundamental company data is the hardest thing to master right now in stock analysis.

What are your expectations for 2012? Do you see any particular trends or developments?
Conditions at the beginning of 2012 should be similar to the second half of 2011. Prices will be driven by news about the debt crisis and the economic downturn. Because we expect the general conditions to improve as the year progresses, investors will begin focusing more on fundamental stock analysis again. In order to account for investor needs, timing and trading aspects and the strategic orientation of our recommendations will begin playing a greater role.

… with a sharper profile

The Bank's efforts during the year centred on staying true to its underlying values and focusing on its core business areas – moving steadily forward despite any hindrances.



… to new horizons

Innovative leadership, a true pioneering spirit and breaking new ground have long been distinguishing traits of Raiffeisen Centrobank. This enabled the Bank to tap growth markets and set benchmarks for high-end financial products and services relating to stocks and structured products again in 2011.

RAIFFEISEN INVESTMENT AG

With a clearly forward-oriented focus

Head of Department: Gerhard Grund +++ Core business areas: High-end advisory services in the fields of M&A, merchant banking, structured transactions and privatisations

How was 2011 for Raiffeisen Investment AG (RIAG)?
The business development 2011 was quite satisfactory until the third quarter but the situation changed tremendously at the M&A market in summer. With 14 transactions, a total deal volume of about EUR 3 billion and net-fee of EUR 11.5 million, a downturn had to be faced in comparison to the previous year. Despite the challenging market conditions we could successfully enlarge our leading role in some of our core markets. This is particularly true for Southeastern Europe and Turkey. In this context we can especially highlight RIAG's participation in the takeover of the Turkish pharmaceutical company Dr. F. Frik Ilac A.S. with a transaction volume of EUR 90.1 million, as well as in the complete sales process of the leading Turkish pharmaceutical company BirgiMefar Group. An additional highlight with regards to international projects in 2011 was certainly the takeover of the leading Serbian retail company Delta Maxi by the Belgian Delhaize Group which was advised jointly with our cooperation partner Lazard. With an estimated price of EUR 932.5 million, it was the hitherto largest privatisation in Serbia. Moreover we advised jointly with Lazard the company Contour Global, an energy-sector specialized investment fund based in New York, on the takeover of a 73 per cent share of the Bulgarian brown coal power plant Enel Maritza East III. With a purchase price of EUR 545 million (EUR 230 million equity value) the M&A transaction in the energy sector is considered to be one of the biggest in the history of Bulgaria. What makes us particularly proud is the fact that this deal was awarded with the EMEA Achievement Award in the category "Best Deal in CEE 2011".

What was the greatest challenge during the financial year?
Just in turbulent economic times it's of decisive importance to maintain a strong forward-oriented focus and emerge from the stronger. The foundation of two 50:50 joint ventures with RBI network banks in Poland and Russia meant an important step into this direction. Also the expansion of our cooperation with RCB – particularly in the fields of Equity Capital Markets – has to be mentioned. Through these measures, resources can be pooled and our clients will be far better serviced than before.

What are your expectations for 2012? Do you see any particular trends or developments?
In 2012 we expect more closings in our core markets Turkey, Russia and Poland – with a clear focus on the sectors retail, energy and industry. We are currently working on about 75 mandates and are leading negotiations for 60 further projects. Based on this well filled project-pipeline, our outlook for 2012 is positive – despite the cloudy macroeconomic conditions.

PRIVATE BANKING // CONTROLLING & RISK MANAGEMENT // IT & ORGANISATION

Quality and responsibility come first

Private Banking +++ Head of Department: Norbert Rudigier, CPM +++ Core business areas: Individual investment advice meeting the highest quality requirements and focusing on equity-related investment

After 2011 got off to a good start, our customer portfolios saw a somewhat reduced performance starting in the summer due to the market turbulence. However, we were able to expand the total portfolio volume even under these circumstances, an unexpected but very encouraging success. The number one strength of our institution, our connection to one of the largest Austrian trading departments and our links with a number of renowned exchanges in Eastern and Western Europe, proved to be a valuable asset again this year. This enabled us to provide our clients with optimal buy and sell recommendations and to complete orders within a very short time of their placement. Our focus on client service and our associated information provision and communication efforts were the keys to the trust that we enjoy, especially in the difficult year that we have behind us.

Controlling & Risk Management +++ Head of Department: Andreas Rosenbaum +++ Core business areas: Securities controlling, limit management, risk management, (IFRS) reporting

The predominantly negative influences in 2011 (largely stemming from the sovereign debt crisis) caused substantial declines on the relevant equity markets and even led to the suspension of conventional valuation methods on the markets at times. Effective risk management was particularly challenging under these conditions. Despite this, the Bank was able to manage its material risk during the reporting period so that it did not incur any significant losses from credit risk, market risk or operational risk. Day-to-day business focused on the processing of the flood of new regulatory requirements as well as on the successful refinement of existing simulation tools and pricing engines.

IT & Organisation +++ Head of Department: Günter Völker +++ Core business areas: Reliable, high-performance operation of the technical infrastructure; ongoing adaptation of the IT system to support the business strategy

We took an important step in the modernisation of our computer infrastructure in 2011 by introducing the latest Microsoft products, Windows 7 and Office 2010, throughout the Bank. A recurring theme over the past years has been the need to invest in the security of our IT systems. Last year, these efforts focused on network access security, patch management automation, mobile security and endpoint security. A highlight during the financial year was definitely the successful introduction of the new VEGA NOSTRO module, an innovative system for the transparent depiction of gains and losses from securities business. The “Raiffeisen Centrobank as a market maker on the Warsaw Stock Exchange” project also got off to a very successful start in cooperation between Securities Trading and IT.

Group Management Report for Raiffeisen Centrobank AG for the 2011 financial year

The designation "Raiffeisen Centrobank Group" refers to the group of companies parented by Raiffeisen Centrobank AG. The company itself as an individual entity (the parent company) is referred to as "Raiffeisen Centrobank". The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts. The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report. All designations that are used to refer to persons in this report apply equally to both genders unless reference is being made to a specific individual.

Economic Environment

While conditions at the beginning of the year gave good cause for optimism, they deteriorated steadily and 2011 became an annus horribilis for some segments of the financial market, including the Austrian equity market. This development was no surprise, with the global economy being plagued by numerous problems in 2011: Rising commodity prices, climbing inflation, the natural and nuclear disaster in Japan, the political unrest in North Africa, the debates on a debt cap in the USA and its downgrade by the rating agencies, and above all the sovereign debt crisis in Europe. All of this caused great uncertainty on the markets and noticeably dampened consumer and business sentiment. It was only thanks to the continued strong growth of the emerging markets that the world economy was able to expand by just shy of 3 per cent, after an improvement of over 4 per cent in 2010. The financial markets were influenced heavily by politics in 2011, and were therefore very volatile. The equity and commodities markets had their worst showing in three years. Bank stocks came under heavy pressure, especially in Europe, because of worries about the exposure of European and other banks to the crisis countries in the Eurozone and therefore about their capital positions, access to liquidity and financing quality. In the fourth quarter, the extreme unease in the banking sector, the corrections on the financial markets and the escalation of the debt crisis even gave rise to associations with the autumn of 2008, with the impending bankruptcy of Greece replacing the trauma of the failure of Lehman.

Development of the economy

Several debt summits have been held since May 2010 to address these problems. However, a definitive solution is not yet in sight, and it is very difficult to say how the global economy will develop. The emerging economies will certainly remain the driving force, while economic growth in the USA will likely stabilise at a low level and then begin improving slowly. The economy of the European Union will stagnate at best in year-on-year terms, and will even slip into mild recession for a time. The problem countries in the Eurozone are facing deep recession because of the need for massive budget restructuring. Austria will also be affected by this because of its high export orientation, but is expected to develop more strongly than the other EU countries and to achieve some growth. To what extent the European and world economies are slowed by the current conditions will depend above all on how quickly an effective solution is found for the sovereign debt crisis in the Eurozone, which remains the greatest challenge for the real economy and financial system in Europe and the rest of the world. Because of the especially close economic ties between the EU and the CEE countries, this region also saw its economy slow and will likely continue feeling the effects of the problems in the Eurozone in the coming year. This is a result of the one-sided export orientation towards the EU and the tensions in the European banking sector. However, more robust domestic demand will make the impact less severe in some countries, such as Poland and the CIS, than in Central Europe and Austria. The steps that were taken towards a stability union at the beginning of December were correct and important for the future. But it will take time to implement them, and it remains to be seen what effect they will really have. For this reason, it will be necessary to turn to the European Stability Mechanism, the IMF and the European Central bank until the situation stabilises. And as far as the financial markets are concerned, only a unified and economically prosperous European Union can enable banks, insurance companies and securities exchanges to remain globally competitive and to effectively represent their own interests in the global regulatory systems. The earlier a decision is made to increase the integration of the currency union and the faster the governments see success in the implementation of their austerity and growth measures, the faster investor confidence will return. This will also determine how fast the situation on the capital markets and for banks will normalise and how fast the weakness of the economy can be overcome. Until then, the political and economic conditions will remain volatile and challenging.

Financial markets

Under these difficult overall conditions, the equity markets that are relevant for our institution performed very poorly during the reporting period, and all major international exchanges in the USA, Europe and Japan and especially in Austria and CEE suffered substantial losses. Over the course of the year, the tentative upswing that began in 2010 was brought to a halt in March, first by the inflation risks and then by the tsunami in Japan, and the markets saw in part substantial price corrections. The markets enjoyed a short recovery again, but this was cut off by the escalation of the Greek crisis and the subsequent negative market reactions. The brighter conditions in the fourth quarter were only enough to bring the US equity market into positive territory; outside of the USA, the overall performance for the equity markets was negative, and the development of the stock prices was indicative of a bear market. In the USA, the Dow Jones saw a loss of 5 per cent in year-on-year terms as of the reporting date, while Japan reported a correction of over 17 per cent. The trend in Europe was also clearly negative, with the Eurostoxx 50 losing 18 per cent and the DAX 15 per cent. The slide in Austria was particularly severe, with the exchange closing the year at an extremely disappointing minus of 35 per cent. The CEE countries did not fare much better, with the CECE down by 29 per cent and Russia down by a less extreme but disappointing 20 per cent.

In year-on-year terms, the worries of the international financial markets about the events in Europe had little effect on the euro exchange rate. The common currency only lost a marginal 3 per cent against the US dollar, and closed the year above EUR/USD 1.30. However, this development did have an influence on the interest rate policies of all relevant central banks, which continued to supply the markets with cheap money. The key interest rate in the USA is still at a historic low near zero. In Europe, the key rate was cut to an all-time low of 1 per cent in the last quarter of the year, and the market was also provided with three-year tender facilities at this low interest rate. The yields on ten-year benchmark bonds reacted significantly to the market distortions, lost more than 100 basis points and reached near-record lows at 1.9 per cent for the US dollar and the euro.

Commodity markets

The price increase that began on the rubber market in 2010 continued through to the middle of February. From this point until the end of the year, the overall economic uncertainty caused prices to fall noticeably. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was just under USD 5,000 per tonne at the start of the year, rose to USD 5,750 per tonne by the middle of February, and then closed the year at USD 3,300 per tonne.

The olefins traded by Centrotrade Chemicals correlate with the oil price, which rose strongly during the year and then fell again after peaking in April, but still remained well over the price level in 2010.

Development of Business and Earnings in 2011

While economic conditions at the beginning of 2011 gave good cause for optimism, they deteriorated steadily over the course of the year. The economy was plagued by many negative factors, including the debate about a debt cap in the USA and the country's downgrade by the major rating agencies, as well as the unresolved sovereign debt crisis in Europe. Even though the Raiffeisen Centrobank group was able to perform well in this difficult environment and generated a solid result, the high level of uncertainty that dominated the business conditions left its mark on the financial accounts for the year.

The group net profit for the group came to EUR 13.887 million, falling below the result for 2010 by roughly 50 per cent or EUR 13.743 million. Raiffeisen Centrobank again made the largest contribution to this result and achieved a profit after tax in the amount of EUR 13.333 million (not including dividend income from fully consolidated companies). Next were the commodity trading subsidiaries, which made a contribution of EUR 3.014 million to the group net profit. Raiffeisen Investment AG and its subsidiaries achieved a negative result overall for the financial year.

The pre-tax result can above all be attributed to a significant reduction in the other operating result, which includes as significant elements the sales revenues and expenses of the commodity trading subsidiaries and the result from other non-banking activities. The main reason for the decline of roughly 33 per cent or EUR 5.931 million to EUR 12.306 million (previous year: EUR 18.237 million) is the poorer result from trading with olefins. The loss of important suppliers in Libya and Iran made it impossible to match the record result from the previous year. In addition, Raiffeisen Investment AG reported a lower other operating result due to higher other operating expenses, primarily stemming from the recognition of impairment losses on loans and advances, and declining other operating income.

Net interest income fell by EUR 0.838 million to EUR 4.003 million (previous year: EUR 4.841 million) due to a decreased investment volume and a lower interest rate level than in 2010. Net fee and commission income contracted by EUR 1.117 million to EUR 17.464 million (previous year: EUR 18.581 million). While demand for M&A advisory services increased compared with the previous year and this segment saw an improved result, the ECM and Private Banking business declined. Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR), which was newly founded and thus consolidated for the first time this year, achieved net fee and commission income of EUR 1.546 million in the reporting period.

The trading profit, which consists primarily of contributions from Raiffeisen Centrobank, came to EUR 44.464 million, exceeding last year's result by EUR 1.237 million. Sales in the institutional brokerage segment remained at a low level because of the poor development of the trading volume, but demand for structured products, especially bonus certificates, improved. The profit contribution from trading in 2011 fell in annual comparison because the result for 2010 included substantial one-off effects from the sale of securities whose fair values had fallen in previous periods due to rating changes.

The net income from financial investments was minus EUR 0.428 million in 2011, down from plus EUR 0.132 million in 2010 because of a net loss of securities at fair value through profit and loss and the write-down of shares in non-consolidated associated companies.

Total earnings, made up of net interest income after provisioning, net fee and commission income, the trading profit and the net income from financial investments and derivative financial instruments, decreased by EUR 1.529 million or roughly 2 per cent in annual comparison to EUR 65.502 million (previous year: EUR 67.031 million).

The 0.8 per cent or EUR 0.461 million increase in general administrative expenses to EUR 60.452 million (previous year: EUR 59.991 million) can be attributed to the first-time consolidation of Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR), which had general administrative expenses of EUR 1.095 million. While staff expenses were reduced by 1.9 per cent or EUR 0.796 million to EUR 41.798 million (previous year: EUR 42.594 million), other administrative expenses grew by 8.9 per cent or EUR 1.351 million to EUR 16.568 million. This is due above all to higher IT, advertising, communication, legal, advisory and consultancy expenses. Depreciation fell slightly to EUR 2.086 million (previous year: EUR 2.180 million).

The profit before tax came to EUR 17.371 million, roughly 31 per cent or EUR 7.965 million lower in annual comparison (previous year: EUR 25.336 million).

After income taxes, which came to EUR 3.492 million and the share of profit due to non-controlling interests, group net profit for the year totalled EUR 13.887 million, down from the EUR 27.630 million achieved in 2010. A positive tax result in the amount of EUR 2.294 million was reported for 2010, largely because of a tax credit that resulted from the tax audit for the years 2001 to 2006 and the subsequent adjustment of the accounts for the years 2007 to 2009.

The balance sheet total as of 31 December 2011 showed a slight year-on-year increase of roughly 3 per cent or EUR 69.336 million to EUR 2,199.421 million. On the assets side, the greatest change was seen in "Trading asset"s (roughly 79 per cent of the balance sheet total on 31 December 2011 and roughly 75 per cent on 31 December 2010), which grew by EUR 142.110 million to EUR 1,743.180 million. This can be attributed to a primarily volume-based increase in bonds, notes and other fixed-interest securities. The vast majority of the bonds purchased by Raiffeisen Bank International AG is held as hedges for the guarantee products issued by Raiffeisen Centrobank. The stocks, options and futures that are also reported under "Trading assets" serve as hedges for the issued certificates, options and short sales together with the bonds, or are part of the Bank's market maker activities.

The item "Loans and advances to customers" (roughly 3 per cent of the balance sheet total on 31 December 2011 and roughly 4 per cent on 31 December 2010) declined by EUR 27.447 million to EUR 58.029 million, largely as a result of the repayment of loans to corporate customers.

"Loans and advances to credit institutions" (roughly 12 per cent of the balance sheet total on 31 December 2011 and roughly 13 per cent on 31 December 2010) fell by EUR 19.048 million, while "Other assets" (roughly 4 per cent of the balance sheet total on 31 December 2011 and roughly 5 per cent on 31 December 2010) decreased by EUR 18.303 million. The contraction in "Loans and advances to credit institutions" from EUR 285.424 million to EUR 266.376 million is the result of lower money market deposits. The reduction in "Other assets" from EUR 108.899 million to EUR 90.596 million was caused by a decrease in loans and advances of the commodity trading subsidiaries from olefins trading.

The item "Securities and financial investments" (roughly 1 per cent of the balance sheet total on 31 December 2011 and roughly 2 per cent on 31 December 2010) decreased by EUR 8.124 million to EUR 24.632 million due to the expiration of a bond in the banking book that was held to maturity.

On the equity and liabilities side of the balance sheet, the most significant increase was seen in "Trading liabilities" (roughly 83 per cent of the balance sheet total on 31 December 2011 and roughly 82 per cent on 31 December 2010), which grew by EUR 78.501 million in annual comparison to EUR 1,820.628 million. "Trading liabilities" consist primarily of the structured guarantee products issued by Raiffeisen Centrobank, including the well-known blue chip certificates, warrants and other certificates such as the turbo certificates on indices and individual stocks. The item also includes liabilities from short sales in connection with the market maker activities of the Bank. The increase can be attributed primarily to volume growth in the short selling of stocks. Please also see the comments on the development of the item “Trading assets” and the hedging relationships between these items.

The ”Liabilities to customers” (roughly 6 per cent of the balance sheet total on 31 December 2011 and roughly 5 per cent on 31 December 2010) also increased by EUR 33.726 million from EUR 105.525 million to EUR 139.251 million, primarily due to higher deposits by foreign customers. The item “Other liabilities” (roughly 2 per cent of the balance sheet total on 31 December 2011 and 31 December 2010) grew by EUR 9.340 million from EUR 40.276 million to EUR 49.616 million as a result of an increase in liabilities arising from non-banking activities (goods and services) of the commodity trading subsidiaries.

The “Liabilities to credit institutions (roughly 1 per cent of the balance sheet total on 31 December 2011 and roughly 3 per cent on 31 December 2010) declined by EUR 37.076 million to EUR 26.724 million as a result of a reduction in liabilities to foreign banks. The “Provisions” (roughly 1 per cent of the balance sheet total on 31 December 2011 and 31 December 2010) fell by EUR 5.580 million from EUR 30.057 million to EUR 24.477 million due to a decrease in “Other provisions” (mainly lower allocations for bonuses).

Including the group net profit for 2011 of EUR 13.887 million and the dividend payment for the 2010 financial year in the amount of EUR 24.890 million, consolidated equity decreased by EUR 9.858 million from EUR 127.550 million at the end of 2010 to EUR 117.692 million. Included in the equity as of 31 December 2011 are non-controlling interests in the amount of EUR 0.760 million (31 December 2010: EUR 0 million).

Review of Business Segments

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Despite the challenging market conditions described above, the continued lack of volume growth and even considerable decreases in sales on the Vienna market compared with the previous year, the securities segment achieved a respectable result in 2011 again. Business developed relatively consistently over the twelve months of the year except for a spike in June.

In terms of revenue sources, business in the CEE region and business with institutional brokerage remained weak. In contrast, business with structured products proved to be very robust, especially thanks to increased demand for special bonus certificates. As far as the risk parameters are concerned, market risk again resulted in no negative effects for the segment overall in the reporting period. No significant costs were incurred in connection with operational or credit risk, either.

Raiffeisen Centrobank's share of equities traded on the Vienna Stock Exchange grew in 2011. Accounting for 7.7 per cent (2010: 7.4 per cent) of all stocks that changed hands during the year, the Bank achieved a top position among Austria's banks and its greatest share since 2007. In this connection, it is worth noting that total turnover on the Vienna Stock Exchange was roughly 20 per cent lower than in the previous year and nearly 70 per cent lower than the peak in 2007, in line with other markets in the region. The ATX closed 2011 at a lower level than in December 2005, reflecting the general trend on the global equity market: The last 100 days of the reporting period saw the lowest stock trading volume since 2006 on the ten most important exchanges in the world.

Business with Austrian derivatives developed even worse in some cases. Despite these difficulties, Raiffeisen Centrobank not only held its market position but increased it in 2011. With a share of over 25 per cent (2010: 20 per cent) of the total market, the Bank has assumed a leading position among Austrian banks. Together with our trading in warrants and structured products, we maintained our market leadership in the segment for equities derivatives in Austria. Raiffeisen Centrobank was again at the head of the pack in trading Eastern European derivatives on the EUREX Vienna with a market share of roughly 25 per cent.

After winning a record 63 per cent of all awarded mandates during the auction in April, Raiffeisen Centrobank is again the largest market maker and specialist on the Vienna Stock Exchange. On the Polish stock exchange, market making was assumed for eight instruments, and the role of "super animator" for seven of these.

In addition to being admitted on the exchange in Vienna, all structured and derivative products issued by Raiffeisen Centrobank are also admitted for trading on the leading European derivatives exchange in Stuttgart, the main marketplace.

In order to maintain its high level of customer service despite the challenging conditions on the equity markets and the low levels of customer business, the Bank again stepped up its roadshows and presentation activities for secondary market trading on the basis of sector reports and presentations about individual companies. We are pleased to report that the traditional investor conference in Zürs, which was held for the tenth time in 2011, again broke the records for the number of participants (in contrast to competitors) and scope of content.

Another highlight was the successful expansion of order routing for stocks and stock derivatives for 30 international institutional customers and for regional Raiffeisen banks and other group units.

Because US investors have been the largest shareholders in the companies covered by our research for many years, an equity broker was set up in New York under Raiffeisen Bank International in 2011.

Raiffeisen Centrobank's leading position in the Austrian certificate business was impressively demonstrated by its being named the "Certificate House of the Year" at the Certificates Award Austria for the fifth time in a row. First place was also taken in seven individual categories.

Equity Capital Markets (ECM)

Despite the fact that 2011 was an exceedingly difficult year for the financial markets and the fact that the Austrian equity market fared especially poorly in international comparison with a loss of nearly 35 per cent, Raiffeisen Centrobank had a successful year in its Equity Capital Markets segment. A total of thirteen stock transactions were concluded, all of them in the first seven months of the year. The high volatility on the stock markets made it increasingly difficult to impossible for companies to obtain financing over the stock exchange in the second half of the year.

Through its involvement in all key transactions on the Vienna exchange, Raiffeisen Centrobank defended its leading position and clear market leadership in Austria. One highlight here was the IPO of Austria Metall AG (AMAG), for which Raiffeisen Centrobank held the highest domestic syndicate position. This transaction was the first IPO on the Viennese market since STRABAG SE went public in 2007 and reawakened the Austrian IPO market. New mandates were also won and successfully executed for listed companies:

- Joint bookrunner and joint lead manager for the replacement of a stock package of Polytec Holding AG,
- Joint bookrunner and joint lead manager for the capital increase of Kapsch TrafficCom AG,
- Co-lead manager of the re-IPO of Lenzing AG,
- Co-lead manager of the capital increase of OMV AG.

Raiffeisen Centrobank was also involved in the capital increases of KTM Power Sports AG and Allgemeine Baugesellschaft-A. Porr AG as an arranger and consultant and in the public buyback offer for shares of Pankl Racing Systems AG as a settlement agent.

The Bank was again successful in the equity linked subsegment in 2011. Two PLN-denominated convertible bond tranches were placed for Warimpex Finanz- und Beteiligungs AG in April and May, with Raiffeisen Centrobank acting as the co-lead manager for the transaction.

Raiffeisen Centrobank was also involved in successful transactions outside of its core market of Austria in 2011. After the capital increase for Deutsche Bank AG in 2010, Raiffeisen Centrobank again demonstrated its transaction competence in 2011 as co-manager in an international syndicate for the capital increase of another leading financial institution, Commerzbank AG. A consulting mandate was also fulfilled in Germany in connection with a squeeze-out of the minority shareholders of PC-Ware Information Technologies AG.

Raiffeisen Centrobank was also very active in CEE during the past financial year. The international roadshow that covered seven European cities was organised as part of the listing of the Romanian Fondul. In Russia, the Bank was co-lead manager for the IPO of OJSC Phosagro on the London and MICEX stock exchanges – a particular success because Raiffeisen Centrobank was the sole Austrian bank in the syndicate.

Raiffeisen Centrobank's strategy of seeking dialogue with companies and investors especially in difficult times has laid a solid and healthy foundation for continued collaboration. Because of this, Raiffeisen Centrobank is optimistic about the coming months and about the full pipeline of promising capital market transactions in 2012.

The results of the department are included in the report for the "Equity Capital Markets" business segment, which achieved a negative result because of the poor market conditions for the M&A business of Raiffeisen Investment AG and its subsidiaries.

Company Research

In the difficult stock exchange environment, Raiffeisen Centrobank stood out especially for the consistency of its research coverage. A total of 346 company updates were released in 2011, just short of the record 356 released in 2010. Companies listed on CEE exchanges accounted for 255 company updates, nearly 75 per cent, with more Polish than Austrian companies being covered for the first time in the latter part of the year. These figures bear out the cross-border sector approach and the increasing focus on Eastern Europe.

The number of stocks being covered also increased, from 104 in 2010 to 126 in 2011. In real estate, the Bank began covering the Polish companies Globe Trade Centre, Echo Investment and Polnord. Poland's Lotos and Russia's Tatneft were added to the coverage in the oil and gas sector, while consumer stocks now also include the Russian companies CTC Media, Magnit, M.Video, O'Key and X5 and the Polish companies CEDC, Eurocash and LPP. The universe of Polish companies was also expanded with Bank BGZ, the utility ENEA and the coal companies JSW and Bogdanka. Coverage was begun for the Austrian companies AMAG, Lenzing and Polytec, the Serbian banks Komrcijalna Banka and AIK Banka, and the Russian companies Mechel and Phosagro.

Extensive sector reports were released for oil and gas, telecommunications, banks, utilities and Polish real estate and marketed at a large number of customer meetings. In addition to the sector reports, roadshow reports were prepared for Russian steel companies and Austrian and Polish real estate stocks and presented in meetings with Austrian and international investors. Investor events in connection with these sector and roadshow reports were held in 15 European cities: Amsterdam, Budapest, Copenhagen, Graz, Helsinki, London, Paris, Prague, Poznan, Stockholm, Tallinn, Vienna, Warsaw, Zagreb and Zurich.

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

Subsidiaries

Raiffeisen Investment AG Group

Raiffeisen Investment AG (RIAG) is a wholly owned subsidiary of Raiffeisen Centrobank and is one of the leading investment advisors for mergers and acquisitions in Austria, Central and Eastern Europe and Turkey. Its clients include international companies and organisations as well as governments, all of which are advised in connection with mergers, acquisitions and privatisation projects from the perspective of the buyer and the seller. Raiffeisen Investment AG has extensive sector expertise thanks to its well trained industry specialists, and outstanding knowledge of the markets in eleven countries thanks to its local teams.

A highlight among the international projects during the reporting period was the takeover of the leading Serbian retail group Delta Maxi by the Belgian Delhaize Group, which

Raiffeisen Investment AG advised in collaboration with its cooperation partner Lazard. At an estimated purchase price of EUR 932.5 million, this was the largest private transaction in Serbia to date. RIAG also worked together with Lazard to advise Contour Global, an investment fund domiciled in New York and specialising in the energy industry, regarding the takeover of 73 per cent of the shares in the Bulgarian lignite-fired power plant Enel Maritza East III. This transaction was one of the largest M&A transactions ever in the Bulgarian energy sector, at a purchase price of EUR 545 million (EUR 230 million equity value).

Business in Turkey developed especially well, and Raiffeisen Investment AG was able to extend its lead as the top M&A advisor. Especially noteworthy in this connection is Raiffeisen Investment AG's involvement in the takeover of the Turkish pharmaceutical company Dr. F. Frik Ilac A.S. with a transaction volume of EUR 90.1 million, and in the complete process for the sale of the leading Turkish pharmaceutical company BirgiMefar Group.

Business development was very satisfactory up to the middle of the year, but the sentiment on the M&A market shifted drastically starting in the summer. For this reason, business declined in annual comparison in 2011 with only fourteen transactions, a deal volume of roughly EUR 3 billion and a net fee volume of EUR 11.5 million. The results of Raiffeisen Investment AG and its subsidiaries, which were negative overall because of the adverse market conditions in the 2011 financial year, are included in the report for the "Equity Capital Markets" business segment together with the Equity Capital Markets department of Raiffeisen Centrobank.

The number of deals is expected to increase substantially in the three core markets of Turkey, Russia and Poland in 2012, especially in the sectors of consumer goods, energy and industry.

Commodity Trading

The subsidiaries of the Centrotrade group are active in rubber trade and trading with olefins. The rubber trading subsidiaries are held by Centrotrade Holding AG.

The rubber group was able to exceed its result for 2010 by a wide margin thanks to an outstanding first half of the year, while the result from trading with olefins was positive, but well below the record result for 2010. This can be attributed to the conflict in Libya and the associated loss of the main supplier, as well as to the fact that raw materials could not be purchased from Iran due to the company policy in connection with the international sanctions imposed against this country. The group's profit after tax from the operating companies came to EUR 3.590 million for the reasons presented above, less than in the previous year (2010: EUR 5.766 million).

A Malaysian company that is active in the trading of latex and rubber was acquired in the fourth quarter of 2011 and is being integrated into the rubber group. This will increase the group's market presence and allow it to access new sales markets.

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

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

	2011	2010
Return on equity before tax (in per cent)	17.1	25.9
Cost-income ratio (in per cent)	77.3	70.6
Earnings per share in euros	21.20	42.18

The lower profit before tax in annual comparison combined with higher average equity caused the return on equity before tax to fall from 25.9 per cent to 17.1 per cent. Because the operating income (net interest income before provisioning, net fee and provision income, the trading profit and the other operating result) fell overall compared with the previous period while the general administrative expenses increased marginally, the cost-income ratio rose from 70.6 per cent in 2010 to 77.3 per cent in 2011.

With an unchanged 655,000 shares in free float, the earnings per share fell by roughly 50 per cent to EUR 21.20.

Non-Financial Performance Indicators

	2011	2010
Average number of employees	340	328
Stock exchange memberships	10	14
Number of newly issued warrants and certificates	2,371	2,670

An average of 340 employees worked for Raiffeisen Centrobank Group during the reporting period, an increase of twelve people or about 4 per cent compared with the previous year. This staff increase can be attributed primarily to the first-time consolidation of Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR), which had an average of nine employees in 2011.

After the termination of membership in the stock and derivatives exchanges in Milan and Zurich, the number of exchange memberships fell to ten. The number of warrants and certificates issued by the Company during the financial year fell by roughly 11 per cent to 2,371 after an extraordinarily high increase in 2010.

Risk Management

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

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

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

Risk management in 2011 was also significantly influenced by the effects of the natural and nuclear disaster in Japan, the Arab Spring, the downgrade of the USA and the sovereign debt crisis in Europe. Despite these largely negative factors and the resulting substantial declines of the relevant equity indices in the USA, Japan and Europe – especially Austria – the Bank was able to manage its material risk during the reporting period so that it did not incur any significant losses from credit risk, market risk or operational risk.

In its operations, the department focused on the refinement and further development of the existing models for the valuation of structured and complex products and on the extensive automation of daily routines.

Please also see the detailed risk report in the notes.

Internal Control System as Relevant for the Consolidated Accounting Process

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

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

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

Because Raiffeisen Centrobank is a member of RZB Group, the technical (quantitative) preparation of its consolidated financial statements has been delegated to Raiffeisen Bank International

AG and is handled by its Group Financial Reporting department. The qualitative elements are prepared internally by the Controlling and Reporting department.

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

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

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

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

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

In addition to the Executive Board, the general control framework also includes middle management (the department heads). All control measures are applied to the daily business processes to ensure that potential errors or deviations in the financial reporting are prevented or discovered and corrected. The control measures that are applied at regular intervals range from the review of the periodic results by the management to the specific reconciliation and coordination of accounts and the analysis and further optimisation of accounting processes. The Internal Audit department is also involved in the monitoring process. Its activities are based on the Austrian Financial Market Authority's minimum standards for internal auditing and international best practices. The Internal Audit department reports directly to the Executive Board. RZB Group's group accounting department also independently verifies compliance with the internal regulations on a regular basis.

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

Human Resources

The clear successes we achieved in the 2011 financial year would not have been possible without the competence and dedication of our staff. Raiffeisen Centrobank Group had 342 employees on 31 December 2011 (31 December 2010: 333 employees). When Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR), which was consolidated for the first time and which has nine employees, is eliminated, the number of employees remained the same as last year.

This and the internal transfers within the Group reflect adaptation to the current business conditions and cost structure, as well as the targeted deployment of the available personnel resources in line with the business strategy. For example, the Raiffeisen Investment AG units in Moscow and Turkey were expanded, especially with regards to specialists.

Raiffeisen Centrobank Group is proud of the outstanding expertise, commitment and tight integration of its staff. As this is a cornerstone of our success, substantial investments were again made in various training measures during the 2011 financial year. The motivation that the staff and management have displayed in continually expanding their professional knowledge and skills in line with current developments and enhancing their expertise in their areas of focus is remarkable. One important measure to this end was a four-week training programme for selected analysts of Raiffeisen Investment AG at our partner investment bank Lazard in London. During this time, new staff from Vienna and the subsidiaries expanded their knowledge by completing a structured curriculum together with analysts from Lazard. In line with our focus on our core markets, language courses in different Eastern European languages as well as English and German have proven to be extremely popular and help to improve the external and internal information flow.

The strategic focus on the CEE markets is also a key element of the Group's personnel policy. Our focused approach to personnel recruiting and selection has enabled us to expand and deepen our market and customer expertise in the CEE growth markets.

A particular focus was placed on achieving a balanced ratio of male to female employees in 2011, something that is particularly challenging in the field of investment banking. At present, women make up 41 per cent of the staff at Raiffeisen Centrobank. The share of women with proxy powers or posts on the Managing Board is also relatively high at 36 per cent.

An important human resources project during the reporting period was the implementation of the new compensation principles according to §39 b BWG. The work focused on the creation of compensation principles for Raiffeisen Centrobank and the implementation of these principles, including the introduction of a structured, risk-adjusted performance management process and corresponding tools.

Outlook for 2012

The year 2012 will undoubtedly be difficult for the world economy. The speed of global economic recovery is being seriously hampered by the ongoing debt crisis. To what extent the European and world economies are slowed by the current conditions will depend above all on how quickly an effective solution is found for the sovereign debt crisis in the Eurozone, the greatest challenge for the real economy and financial system in Europe and the rest of the world.

Economic growth in the USA during the year will likely stabilise at a low level and then begin improving slowly. All in all, real economic growth is projected at 1.5 per cent for the USA in 2012.

The economy of the European Union will stagnate at best in year-on-year terms, and will even slip into mild recession at times. We expect a contraction of 1 per cent for the Eurozone. Individual problem countries in the currency union are facing the prospect of even deeper recession because of the need for massive budget restructuring measures.

Because of its strong export orientation, Austria will also be affected by the expected recession but should develop more strongly than the other euro countries and see a contraction of only 0.5 per cent. All in all, exports are not likely to drive growth in the foreseeable future. The situation on the labour market is more favourable. The jobless rate has risen from the lows in the summer of 2011, but Austria still had one of the best annual unemployment rates in the EU last year at 4.1 per cent. We expect this rate to climb slightly to 4.5 per cent in 2012 due to the economic downturn. Inflation was very strong in 2011 at 3.5 per cent, but should fall in the coming months. We expect substantially more moderate consumer price inflation of 2.1 per cent in 2012.

Because of the especially close economic ties between the EU and the CEE countries, negative effects were unavoidable in 2011 and are likely in the current year. However, more robust domestic demand will make the effects less severe in some countries, such as Poland and the CIS, than in Central Europe. We expect that economic growth will come to plus 2.0 per cent in CEE in 2012. Because of closer trade ties with the Eurozone, the negative effects will be more substantial for Central Europe (plus 0.5 per cent) and Southeastern Europe (plus 0.4 per cent). The more severe recession in Italy and Greece is especially relevant in SEE. GDP growth is projected at 3.1 per cent for the Commonwealth of Independent States because of the lower level of trade ties and the high energy prices.

Under these difficult overall conditions, the important equity markets performed very poorly during the reporting period – except for the USA, where some markets even closed with minor gains – and all major international exchanges in the USA, Europe and Japan and especially in Austria and CEE suffered substantial losses. Moving forward from these low levels, a stabilisation of the Eurozone sovereign debt crisis, a slowdown in negative earnings revisions and favourable valuations could lead to moderately rising prices in 2012. A likely return to positive growth in the second half of the year would bring further impetus to the markets.

Even though the market conditions are likely to remain highly challenging because of the difficult macroeconomic conditions, as discussed above, the good position that our Group occupies within RBI Group and in our core markets of Austria and Central and Eastern Europe should allow us to achieve sustainable success in our central business areas of securities trading, capital market transactions and mergers and acquisitions in 2012.

Report of the Supervisory Board

The 2011 annual financial statements audited and issued with an unqualified opinion by the appointed auditor – KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna, Austria – were presented to the 39th Annual General Meeting on 18 April 2012 and ratified by that body.

In April 2012, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft completed its audit of the consolidated financial statements for the 2011 financial year and also issued an unqualified audit opinion. The Supervisory Board has reviewed thoroughly and approved the Consolidated Annual Financial Statements for the 2011 financial year audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

Vienna, April 2012

Walter Rothensteiner
Chairman of the Supervisory Board

Events after the Balance Sheet Date

No material events occurred after the reporting date.

Research and Development

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

Statement of All Legal Representatives pursuant to § 82 Stock Exchange Act

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

Vienna, 10 April 2012
The Executive Board

Eva Marchart
Chief Executive Officer

Alfred Michael Spiss
Deputy Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Consolidated Financial Statements
of Raiffeisen Centrobank AG as at 31 December 2011 in accordance with International Financial Reporting Standards (IFRS)

Throughout this report, Raiffeisen Centrobank Group is used to refer to the Raiffeisen Centrobank Group. Raiffeisen Centrobank is used whenever statements refer solely to Raiffeisen Centrobank AG, the parent company. In the summing-up of rounded amounts and percentages, the application of automatic calculating devices could result in rounding-off differences. Information on percentage changes refers to the actual and not to the rounded-off figures.

Statement of Comprehensive Income

Income Statement Amounts in thousand Euros	Notes	1/1/-31/12/2011	1/1/-31/12/2010	Change
Interest income		7,287	6,994	4.2%
Interest expenses		- 3,284	- 2,154	52.5%
Net interest income	**(2)**	**4,003**	**4,841**	**- 17.3%**
Net allocation to provisioning for impairment losses	(3)	15	60	- 75.0%
Net interest income after provisioning		**4,018**	**4,901**	**- 18.0%**
Fee and commission income		31,129	28,937	7.6%
Fee and commission expenses		- 13,666	- 10,356	32.0%
Net fee and commission income	**(4)**	**17,464**	**18,581**	**- 6.0%**
Trading profit	(5)	44,464	43,227	2.9%
Valuation result from derivative financial instruments	(6)	0	250	-
Net income from financial investments	(7)	- 428	132	-
General administrative expenses	(8)	- 60,452	- 59,991	0.8%
Other operating result	(9)	12,306	18,237	- 32.5%
Profit before tax		**17,371**	**25,336**	**- 31.4%**
Income taxes	(10)	- 3,492	2,294	-
Profit after tax		13,879	27,630	- 49.8%
Share of profit due to non-controlling interests		8	0	-
Group net profit		**13,887**	**27,630**	**- 49.7%**

Transition to comprehensive income Amounts in thousand Euros	Total		Group equity		Non-controlling interests	
	1/1 - 31/12/2011	1/1 - 31/12/2010	1/1/ - 31/12/2011	1/1/ - 31/12/2010	1/1/ - 31/12/2011	1/1/ - 31/12/2010
Group net profit	13,879	27,630	13,887	27,630	- 8	0
Exchange differences	500	773	513	773	- 13	0
Comprehensive income	**14,379**	**28,403**	**14,400**	**28,403**	**- 21**	**0**

The development of the items recorded under retained earnings resulted solely from exchange differences and is shown in the following table:

Retained Earnings Amounts in thousand Euros	Exchange differences
Balance as at 1/1/2010	**- 3,873**
Net change during the reporting year	773
Balance as at 31/12/2010	**- 3,101**
Net change during the reporting year	500
Balance as at 31/12/2011	**- 2,601**

Earnings per share (in Euro)	**(11)**	**21.20**	**42.18**	**- 20.98**

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**	**31/12/2011**	**31/12/2010**	**Change**
Cash reserve	(13), (32)	4,148	3,839	8.1%
Loans and advances to credit institutions	(14), (32), (33)	266,376	285,424	- 6.7%
Loans and advances to customers	(15), (32), (33)	58,029	85,476	- 32.1%
Impairment losses on loans and advances	(16)	- 267	- 352	- 24.1%
Trading assets	(17), (32)	1,743,180	1,601,070	8.9%
Derivative financial instruments	(18)	654	313	108.9%
Securities and financial investments	(19), (32)	24,632	32,756	- 24.8%
Intangible fixed assets	(20), (22)	339	155	118.7%
Tangible fixed assets	(21), (22)	11,734	12,505	- 6.2%
Other assets	(23), (32)	90,596	108,899	- 16.8%
Total assets		**2,199,421**	**2,130,085**	**3.3%**

Equity and liabilities Amounts in thousand Euros	**Notes**	**31/12/2011**	**31/12/2010**	**Change**
Liabilities to credit institutions	(24), (32), (33)	26,724	63,800	- 58.1%
Liabilities to customers	(25), (32), (33)	139,251	105,525	32.0%
Provisions	(26), (33)	24,477	30,057	- 18.6%
Trading liabilities	(27), (32), (33)	1,820,628	1,742,127	4.5%
Derivative financial instruments	(28)	553	338	63.5%
Other liabilities	(29), (32), (33)	49,616	40,275	23.2%
Subordinated capital	(30), (32), (33)	20,481	20,413	0.3%
Equity	(31)	117,692	127,550	- 7.7%
Consolidated equity		103,044	99,920	3.1%
Group net profit		13,887	27,630	- 49.7%
Non-controlling interests		760	0	-
Total equity and liabilities		**2,199,421**	**2,130,085**	**3.3%**

Statement of Changes in Equity

Amounts in thousand Euros	Subscribed capital	Capital reserves	Retained earnings	Group net profit for the period	Non-controlling interests	Total
Equity as at 1/1/2010	**47,599**	**6,651**	**37,783**	**25,980**	**0**	**118,013**
Transferred to retained earnings	0	0	6,985	- 6,985	0	0
Dividend payments	0	0	0	- 18,995	0	- 18,995
Comprehensive income	0	0	773	27,630	0	28,403
Other changes	0	0	129	0	0	129
Equity as at 31/12/2010	**47,599**	**6,651**	**45,670**	**27,630**	**0**	**127,550**
Capital paid-in	0	0	0	0	572	572
Transferred to retained earnings	0	0	2,740	- 2,740	0	0
Dividend payments	0	0	0	- 24,890	0	- 24,890
Comprehensive income	0	0	513	13,887	- 21	14,379
Other changes	0	0	- 128	0	209	80
Equity as at 31/12/2011	**47,599**	**6,651**	**48,794**	**13,887**	**760**	**117,692**

Other changes in equity are the result of exchange differences between the income statement and the balance sheet, and are attributable to changes in the shareholding in group units. Details on other changes are provided in the notes under item (31) “Equity”.

Cash Flow Statement

Amounts in thousand Euros	2011	2010
Group net profit	**13,879**	**27,630**
Non-cash positions in profit and transition to net cash from operating activities:		
Write-downs, write-ups of tangible fixed assets and financial investments	2,303	2,180
Net provisions for liabilities and charges and impairment losses	8,272	13,717
Gains/losses from disposals of tangible fixed assets and financial investments	28	- 3
Other adjustments (net)	- 176,715	22,645
Subtotal	**- 152,233**	**66,169**
Change in assets and liabilities arising from operating activities after corrections for non-cash items:		
Loans and advances to credit institutions and customers	47,136	157,693
Trading assets/trading liabilities (net)	101,291	- 88,525
Other assets/other liabilities (net)	34,516	- 19,880
Liabilities to credit institutions and customers	- 3,466	- 94,265
Cash flow from operating activities	**27,244**	**21,192**
Proceeds from the sale of:		
Financial investments and equity participations	0	125
Tangible and intangible fixed assets	133	84
Payments for the acquisition of:		
Financial investments and equity participations	- 547	0
Tangible and intangible fixed assets	- 1,631	- 1,045
Cash flow from investing activities	**- 2,045**	**- 836**
Dividends paid	- 24,890	- 18,995
Cash flow from financing activities	**- 24,890**	**- 18,995**

Cash and cash equivalents at the end of the previous period	**3,839**	**2,478**
Net cash from operating activities	27,244	21,192
Net cash from investing activities	- 2,045	- 836
Net cash from financing activities	- 24,890	- 18,995
Cash and cash equivalents at the end of the period	**4,148**	**3,839**

Cash flows for taxes and interest	2011	2010
Interest received	7,139	6,830
Interest paid	- 2,854	- 2,177
Income taxes paid	- 338	-1,100

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

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

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

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

Cash and cash equivalents comprise the cash reserve recognised in the balance sheet. which consists of cash in 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

Segmentation

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

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

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

» Securities Trading & Sales and Treasury
» Equity Capital Markets
» Credit Department
» Other Departments and Commodity Trading

The segment "Securities Trading & Sales and Treasury" comprises the issue of securities (certificates, structured products and warrants) as well as securities trading by customers (brokerage transactions). It also includes market making, proprietary securities trading, asset and liability management (matching of maturities), liquidity management, money market and interest rate transactions with on-balance sheet (e.g. money market deposits) and off-balance sheet products (e.g. futures and options). In accordance with the related settlement costs, 50% 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".

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

In line with Raiffeisen Centrobank's realignment of its business strategy, the segment "Private Banking" is no longer stated as a separate segment but is included in the segment "Other Departments and Commodity Trading". The segment "Other Departments and Commodity Trading" includes the "Private Banking" and "Countertrade" departments of Raiffeisen Centrobank as well as business transactions by Raiffeisen Centrobank that cannot be allocated to one of the other segments. It also contains the results of rubber and olefin transactions by the fully-consolidated trading subsidiaries of the Raiffeisen Centrobank Group.

Assessment of segment results

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

» The return on equity before tax is the ratio that states the profit before tax to average equity employed and expresses the return on capital employed.
» The cost/income ratio represents the cost efficiency of the individual operating segments. This indicator is calculated as the quotient of general administrative expenses and total of net interest income, net fee and commission income, trading profit and other operating result (excluding results from the valuation of hedge accounting and other derivative financial instruments).

1/1–31/12/2011 Amounts in thousand Euros	Securities Trading & Sales and Treasury	Equity Capital Markets	Credit Department	Other Departments and Commodity Trading	Transition	Total
Net interest income	3,372	22	2,278	- 1,410	- 259	4,003
Provisioning for impairment losses	0	0	0	0	15	15
Net interest income after provisioning	3,372	22	2,278	- 1,410	- 244	4,018
Net fee and commission income	114	15,260	482	1,349	259	17,464
Trading profit	44,727	-90	0	- 173	0	44,464
Valuation result from derivative financial instruments	- 48	0	48	0	0	0
Net income from financial investments	- 211	- 283	0	0	66	- 428
General administrative expenses	- 31,682	- 17,721	- 1,575	- 10,201	727	- 60,452
Other operating result	0	- 1,213	0	14,070	- 551	12,306
Profit/loss before tax	**16,272**	**- 4,025**	**1,233**	**3,635**	**256**	**17,371**
Basis of assessment (credit and market risk)	404,913	0	76,988	37,937	0	519,839
Average assets	2,028,915	16,723	102,916	162,668	- 126,450	2,184,772
Average liabilities	1,968,094	9,152	1,244	221,627	- 116,927	2,083,190
Average number of staff	153	115	9	63	0	340
Cost/income ratio	65.7%	126.8%	57.1%	73.7%	0	77.3%
Average equity	71,201	8,388	13,538	18,546	-10,091	101,582
Return on equity (ROE) before tax	**22.9%**	**-**	**9.1%**	**19.6%**	**0**	**17.1%**

1/1–31/12/2010 Amounts in thousand Euros	**Securities Trading & Sales and Treasury**	**Equity Capital Markets**	**Credit Department**	**Other Departments and Commodity Trading**	**Transition**	**Total**
Net interest income	4,062	236	1,338	- 778	-17	4,841
Provisioning for impairment losses	0	0	0	0	60	60
Net interest income after provisioning	4,062	236	1,338	- 778	43	4,901
Net fee and commission income	1,730	12,701	304	3,829	18	18,581
Trading profit	43,882	151	0	- 1,088	282	43,227
Valuation result from derivative financial instruments	- 67	0	67	532	- 282	250
Net income from financial investments	134	- 2	0	0	0	132
General administrative expenses	- 30,800	- 16,525	- 1,475	- 11,688	497	- 59,991
Other operating result	0	1,044	0	17,555	- 363	18,237
Profit/loss before tax	**18,941**	**- 2,395**	**234**	**8,362**	**194**	**25,336**
Basis of assessment (credit and market risk)	419,096	117	115,725	41,300	0	576,238
Average assets	1,889,880	17,702	77,826	132,582	- 80,366	2,037,623
Average liabilities	1,804,768	9,552	1,968	192,898	- 69,214	1,939,972
Average number of staff	147	107	9	65	0	328
Cost/income ratio	62.0%	116.9%	89.8%	59.9%	0	70.6%
Average equity	64,647	9,001	17,846	17,309	- 11,152	97,651
Return on equity (ROE) before tax	**29.3%**	**-**	**1.3%**	**48.3%**	**0**	**25.9%**

Due to Raiffeisen Centrobank's realignment of its business strategy, the segment "Private Banking" is not stated as a separate segment from 2011 on, but is included in the segment "Other Departments and Commodity Trading". Comparative figures for 2010 have been adjusted, respectively.

Notes

The company

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

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

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

Raiffeisen Centrobank is a leading Austrian investment bank, which provides the entire spectrum of services and products focusing on shares, derivatives, and its own listed and unlisted capital market transactions. The mergers and acquisitions (M&A) business is conducted through Raiffeisen Investment AG and its subsidiaries, most of which are included in the financial statements through full consolidation. The other companies comprising the Raiffeisen Centrobank Group are active in the fields of international commodity trading, focusing on rubber and chemicals (olefins).

The consolidated financial statements were approved by the Executive Board on 10 April 2012, and subsequently submitted to the Supervisory Board for examination and approval.

Basis of preparation

Principles

The consolidated financial statements for the 2011 financial year and the comparative amounts for the 2010 financial year were prepared in accordance with § 245a of the Austrian Commercial Code in connection with § 59a of the Austrian Banking Act and in agreement with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002, including the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). All standards published by the IASB to be applied to the financial statements 2011 and adopted by the EU have been applied, IAS 11, 20, 23, 29, 31, 34, 40 and 41 as well as IFRS 2, 4, 5 and 6 were not applied because there were no relevant business transactions in the Group.

Since the beginning of 2011 the application of the revised IAS 24 became mandatory (Related party transactions; entered into force on 1 January 2011). On the one hand it provides a partial exemption from disclosure requirements for businesses under the control, joint control or where there is significant influence by the public sector and on the other hand contains a clarification of the definition of a related party. Raiffeisen Centrobank and its subsidiaries are not companies that are under the control, joint control or are significantly influenced by the public sector. Therefore, these changes have no material impact on the consolidated financial statements for 2011.

The amendments to IAS 32 (Classification of rights issues; entered into force on 1 February 2010) relating to the classification of granted rights, options or warrants to acquire a fixed number of own shares at a fixed price in any currency. These rights should be recognised as equity if they are granted on a pro rata to all existing shareholders of the same class of share. The changes in IAS 24 have no material impact on the consolidated financial statements for 2011.

Changes in IFRS 1 have been added (indicating relief concerning the statements for first time adoption of IFRS) which bring relief for the initial implementation of those additional disclosure requirements which were adopted in IFRS 7 in March 2009 for the first time. Since Raiffeisen Centrobank is not a first time adopter of IFRS, IFRS 1 has had no effect on the consolidated financial statements for 2011. IFRIC 14 (The limit on a defined benefit asset, minimum funding requirements and their interaction; entered into force on 1 January 2011) specifies additional criteria which limits the recognition of plan assets determined under IAS 19. The company must have use of excess assets for reducing future payments, to be able to recognise these as an asset. These changes have no effect on the consolidated financial statements for 2011.

IFRIC 19 (Repayment of financial liabilities with equity instruments; entered into force 1 July 2010) now clarifies that equity instruments issued to creditors to extinguish a financial liability are part of the consideration paid pursuant to IAS 39.41 and the equity instruments should be measured at fair value. If this cannot be reliably determined, the equity instruments should be shown at the fair value of the extinguished liability. These changes have no effect on the consolidated financial statements for 2011.

Furthermore, in the framework of the "Improvements Project - 2010" the following standards and interpretations were amended.

The changes to IFRS 1 (Content of an interim report, exemption rules as deemed cost or cost of production, price controls; entered into force 1 January 2011) bring relief from the initial application of IFRS. Since Raiffeisen Centrobank is not a first time adopter of IFRS, the IFRS 1 changes have no effect on the consolidated financial statements for 2011.

The revised IFRS 3 clarifies on the one hand that the requirements in IAS 39, IAS 32 and IFRS 7 are not applicable for conditional purchase agreements on corporate mergers, whose acquisition date is before the date of adoption of the revised IFRS, and on the other hand, how non-controlling interests are to be measured. Furthermore the loophole in IFRS 3 concerning how share-based payment arrangements are accounted for in a business combination has been closed. These changes have no effect on the consolidated financial statements for 2011.

IFRS 7 (Changes in the necessary disclosures; came into force on 1 January 2011) now includes clarification for the quantification of the financial impact of any collateral held on the risk of default. These changes have no material impact on the consolidated financial statements for 2011.

The amendment to IAS 1 (Presentation of financial statements; entered into force on January1, 2011) clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. These changes have no material impact on the consolidated financial statements for 2011.

The revised IAS 27 (Consolidated and separate financial statements; into force 1 July 2010) now clarifies that the consequential amendments from to IAS 21, IAS 28 and IAS 31, which result from former amendments to IAS 27, are to be applied at the same time as the new regulation of IAS 27. 'These changes have no impact on the consolidated financial statements for 2011.

The amendment to IAS 34 (Interim financial reporting; entered into force on 1 January 2011) now highlights that it is necessary to disclose relevant transactions and events in the interim reporting. There are additional provisions regarding data on changes in the fair value and the updating of relevant information from the most recent annual report. These changes have no impact on the consolidated financial statements for 2011.

No early adoption of other new and amended standards and interpretations that have been adopted, but whose use is not mandatory, was made. This applies to IFRS 9 (Financial instruments; entry into force 1 January 2015), IFRS 10 (Consolidated financial statements; entry into force on 1 January 2013), IFRS 11 (Joint arrangements; entry into force 1 January 2013), IFRS 12 (Details of shareholdings in other companies; entry into force on 1 January 2013), IAS 27 Separate financial statements; entry into force on 1 January 2013), IAS 28 (Investments in associates and joint ventures; entry into force 1 January 2013), IFRS 13 (Assessment of fair value; entry into force on 1 January 2013), IFRS 1 (First-time adoption of International Financial Reporting Standards; entry into force on 1 July 2011), IAS 1 (Presentation of financial statements; entry into force 1 July 2011), IAS 12 (Income tax, entry into force on 1 January 2012) and IFRS 7 (Financial instruments: transfer of financial asset values; entry into force 1 July 2011).

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

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 an outflow of resources embodying economic benefits will result from the settlement of the obligation and the amount at which the settlement will take place can be measured reliably.

If estimates or assessments are necessary for accounting or measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors such as planning and expectations or forecasts of future events. Basically, this applies to impairment losses on loans and advances, fair value (in particular, the individual parameters used in calculations), impairment of financial instruments and the provisions for retirement benefits and severance compensation. The actual figures may deviate from the estimated values.

Deferred taxes are not shown separately in the income statement and balance sheet. Details are provided under 10 “Income taxes”, 23 “Other assets” and 26 “Provisions”.

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. Generally, these subsidiaries are included in the scope of the consolidated financial statements from the date on which the Group attains de facto control of the company and are excluded from the scope of the consolidated financial statements when the Group no longer has control of the company. Non-controlling interests are reported under equity in the balance sheet, but shown separately from the equity attributable to the shareholders of Raiffeisen Centrobank. The share of group profit attributable to Non-controlling interests is also shown separately in the income statement.

When Raiffeisen Centrobank purchases additional shares in companies under its control or sells shares without the loss of control, the relevant transactions are recognised directly under equity in subsequent consolidations.

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

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

Business combinations

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

Consolidation entries

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

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

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

Consolidation range

The number of companies included in the financial statements through full consolidation increased from 12 to 13 companies during the reporting year. The subsequent company was included:

Name	Share	As at	Reason
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	99.0 %	1/1	New Foundation

12 companies were not included in the consolidated financial statements in 2011 (2010: 11) because they are immaterial for the presentation of the financial position and financial performance of the Raiffeisen Centrobank Group. These companies are carried at cost and reported as shares in affiliated companies under "Securities and financial investments".

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

Foreign currency translation

Financial statements of fully-consolidated companies prepared in foreign currencies were translated into Euros employing the modified current rate method in accordance with IAS 2. Equity was translated at its relevant historical exchange rate, while all other assets, equity and liabilities and the notes to the financial statements were translated at the prevailing foreign exchange rates as of the balance sheet date. Differences arising from the translation of equity (historical exchange rates) were offset against retained earnings.

Income statement items were translated at the average exchange rate for the year, which was determined as the average of the exchange rates at the end of each month. Differences arising between the exchange rate as of the balance sheet date and the average exchange rate applied in the income statement were offset against equity and not recognised in the income statement.

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

The following exchange rates were used for foreign currency translation:

Exchange rate in local currency per Euro	2011 Balance sheet date	2011 Average for the year	2010 Balance sheet date	2010 Average for the year
US-Dollar (USD)	1.2939	1.39511	1. 336	1.330
Romanian Leu (RON)	4.323	4.242	4.262	4.218
Russian Ruble (RUB)	41.765	41.022	40.820	40.447
Polish Zloty (PLN)	4.458	4.125	3.975	4.013
Turkish Lira (TRY)	2.443	2.333	-	-

Accounting policies

Financial instruments: recognition and measurement (IAS 39)

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

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

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

a. Trading assets and trading liabilities

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

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

b. Designated financial instruments at fair value

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

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

Financial assets held-to-maturity

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

Loans and advances

Loans and advances are recognised at their nominal value without deduction of impairment losses, including accrued interest. Accrued interest is only recognised if there is a high probability that it would be received.

Available-for-sale financial assets (AfS)

This category contains those financial instruments (primarily equity participations, for which there is no active market) that did not qualify to be included in any of the other three categories. They are stated at fair value, if a fair value can be reliably determined. Valuation differences are shown directly in other comprehensive income, and are only recognised in “Net income from financial investments” 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.

It is not permitted to include the appreciation in value in the income statement for equity instruments classified as available for sale, but rather this should be recognised in other comprehensive income under the item fair value reserve. This means that only impairments or disposals are to be shown in the income statement. For unquoted equity instruments, for which reliable fair values cannot be assessed regularly and are therefore valued at cost less impairment losses, it is not possible to show an appreciation in value.

This type of financial instrument is reported under “Securities and financial investments”.

Financial liabilities

Liabilities are recognised 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 can be reclassified to financial assets held-to-maturity. The company neither utilised this option in 2011 nor in 2010.

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.

a. Quoted prices in an active market (level I)

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

b. Measurement method using observable parameters (level II)

In cases in which no published price quotations are available for financial instruments, the market prices of comparable financial instruments are used to determine fair value or are calculated using measurement methods based on observable prices or parameters (particularly present value techniques or option pricing models). These procedures relate to most OTC derivatives and unlisted debt instruments.

c. Measurement methods based on non-observable parameters (level III)

If no observable published quotations or prices are available, fair value is calculated using measurement models appropriate to the respective financial instrument. The use of these models necessitates assumptions and estimates by management, the scope of which is determined by the price transparency of the relevant financial instrument, by the market and by the complexity of the instrument.

Classes of financial instruments as defined by IFRS 7

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

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

Derivative financial instruments

The derivative financial instruments employed in the Group include swaps, standardised forward contracts, forward transactions, options and similar contracts. In the ordinary course of business, different transactions are effected with derivative financial instruments for trading and hedging purposes. Derivatives are initially recognised at the time of the transaction at fair value and subsequently re-valued to fair value. The resulting valuation gain or loss is recognised immediately under valuation result from derivative financial instruments or under trading profit, unless the derivative is designated as a hedging instrument for hedge accounting purposes and the hedge is effective. Here, the timing of the recognition will depend on the type of the hedge.

Derivative financial instruments that are not held for trading but were acquired for hedging purposes are subdivided into the following categories, reflecting different models of recognition on the IFRS-compliant balance sheet:

a. Fair value hedge

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

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

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

b. Other derivative instruments

Derivative instruments which are purchased for the purpose of hedging market risks and do not fulfil the requirement of IAS 39 hedge accounting are recognised as follows: positive dirty prices are recognised under “Derivative financial instruments” (positive fair values under assets, negative fair values under liabilities). The change in value of these derivatives on a clean-price basis is recognised under “Valuation result from derivative financial instruments”, whereas interest is recorded under “Net interest income”.

Offsetting

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

Cash reserve

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

Impairment losses on loans and advances

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

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

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

Derecognition of financial assets and liabilities

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

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

Equity participations

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

Intangible fixed assets

Purchased software is reported under this item. Acquired intangible fixed assets are capitalised at acquisition cost and amortised over their estimated useful lives. Intangible fixed assets without determinable useful lives do not exist in the Raiffeisen Centrobank Group. The useful life for software amounts to between three and 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 with the following useful lives applied uniformly in the company:

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

Land is not subject to scheduled depreciation.

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

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

Operating lease

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

Inventories

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

Provisions for pensions and similar obligations

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

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

in per cent	2011	2010
Discount rate	4.50	4.25
Expected increase in retirement benefits	2.0	2.0
Expected return on defined benefit pension plans	4.50	4.25

Calculations are based on a theoretical retirement age of 60 years.

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

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

in per cent	2011	2010
Discount rate	4.50	4.25
Average increase in salary	3.0	3.0

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

Defined contribution pension schemes

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

Other provisions

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

Subordinated capital

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

Net interest income

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

Net fee and commission income

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

Trading profit

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

General administrative expenses

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

Income taxes

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

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

Raiffeisen Centrobank AG, Vienna, and Raiffeisen Investment 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 addition, since 2006 Raiffeisen Centrobank AG has also been a member of an equity group pursuant to § 9 Austrian Corporate Income Tax Act, in regard to a company in which it has a minority shareholding. Loans and advances and liabilities arising from a positive or negative tax contribution are reported respectively under "Other assets" or "Other liabilities".

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

Other comprehensive income

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

Fiduciary business

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

Contingent liabilities and other off-balance sheet obligations

This item mainly includes contingent liabilities arising from sureties, guarantee credits and letters of credit as well as loan commitments at their nominal value. Sureties represent circumstances under which the reporting company acts as a guarantor to the creditor of a third party and, in this function, is responsible for the 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.

Disclosures regarding the cash flow statement

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

Disclosures on segment reporting

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

Disclosures regarding the nature and scope of risks

In addition to the information pertaining to risks arising from financial instruments disclosures in the notes, the risk report in particular provides detailed explanations on the topics of market risks, credit risks, operational risks, equity participation risks, structural liquidity risks and other risks.

Capital management

Disclosures on capital management, own funds and risk-weighted assets are presented in the notes under section 47 "Capital management and own funds pursuant to the Austrian Banking Act".

Notes to the Income Statement

(1) Income statement by measurement category

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

Amounts in thousand Euros	2011	2010
Net gains (losses) on financial assets and liabilities held for trading	**43,528**	**42,893**
Financial assets and liabilities at fair value through profit and loss	**394**	**969**
Net interest income	605	835
Net gains (losses) on financial assets and liabilities at fair value through profit and loss	- 211	134
Available-for-sale financial assets	**- 217**	**- 2**
Net realised gains (losses) on available-for-sale financial assets	0	- 2
Impairment losses on financial assets not measured at fair value	- 217	0
Loans and advances	**6,696**	**6,219**
Net interest income	6,681	6,159
Impairment losses on financial assets not measured at fair value	15	60
Financial liabilities at amortised cost	**- 3,122**	**- 1,913**
Interest expenses	- 3,122	- 1,913
Derivatives (hedging)	**- 161**	**- 240**
Net interest income	- 161	- 240
Net revaluations from exchange differences	**935**	**584**
Other operating income/expenses	**- 30,683**	**- 23,174**
Profit before tax from continuing operations	**17,371**	**25,336**

(2) Net interest income

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

Amounts in thousand Euros	2011	2010
Interest income	**7,200**	**6,827**
from deposits with central banks	46	46
from loans and advances to credit institutions	3,983	4,217
from loans and advances to customers	2,566	1,729
from securities	605	835
Interest-like income	**87**	**166**
Total interest and interest-like income	**7,287**	**6,994**
Interest expenses	**- 3,267**	**- 2,128**
for liabilities to credit institutions	- 1,790	- 903
for liabilities to customers	- 796	- 515
for subordinated capital	- 519	- 469
for derivative financial instruments (non-trading, net)	- 162	- 240
Interest-like expenses	**- 17**	**- 26**
Total interest and interest-like expenses	**- 3,284**	**- 2,154**
Net interest income	**4,003**	**4,841**

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

In per cent	2011	2010
Interest margin (total assets)	0.19	0.20
Interest margin (risk assets for credit risk pursuant to § 22 of the Austrian Banking Act)	2.15	2.73

(3) Provisioning for impairment losses

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

Amounts in thousand Euros	2011	2010
Individual loan loss provisions	**15**	**60**
Allocation to provisions for impairment losses	- 13	- 1
Release of provisions for impairment losses	28	61
Total	**15**	**60**

Detailed information on provisions is presented in note 16 “Impairment losses on loans and advances”.

(4) Net fee and commission income

Amounts in thousand Euros	2011	2010
Payment transfers	- 91	- 33
Loan administration and guarantee business	29	21
Securities business	5,271	10,039
Income from M&A advisory services	11,914	8,496
Other banking services	341	58
Total	**17,464**	**18,581**

Fee and commission income totalled TEUR 31,129 for the reporting year (2010: TEUR 28,937), while fee and commission expenses amounted to TEUR 13,666 (2010: TEUR 10,356).

The decline in net fee and commission income in the securities business is attributable to market-related lower income from capital market transactions, higher fee and commission expenses and declining fee and commission income from the Private Banking business.

(5) Trading profit

Amounts in thousand Euros	2011	2010
Interest-based transactions	- 4,059	- 2,210
Currency-based transactions	116	9,265
Equity/index- based transactions	48,407	36,172
Total	**44,464**	**43,227**

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

(6) Valuation result from derivative financial instruments

Amounts in thousand Euros	2011	2010
Valuation result from derivative hedging instruments (IAS 39, fair value hedges)	**0**	**0**
Changes in the present value of derivative financial instruments	48	67
Changes in the present value of the underlying transaction	-48	-67
Valuation result from other financial instruments in the banking book	**0**	**250**
Total	**0**	**250**

In 2010 valuation result from other financial instruments in the banking book included, above all, valuation results from derivatives held by the commodity trading subsidiaries to hedge the risk of price risks fluctuations in commodity trading.

(7) Net income from financial investments

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

Amounts in thousand Euros	2011	2010
Net income from equity participations	**- 217**	**- 2**
Net valuations of equity participations	- 217	0
Net proceeds from the sale of equity participations	0	- 2
Net income from securities at fair value through profit and loss	**- 211**	**134**
Net valuations of securities at fair value through profit and loss	- 75	136
Net proceeds from the sale of securities at fair value through profit and loss	- 136	- 2
Total	**- 428**	**132**

Net valuations of equity participations relates to the write-down of shares in associated companies of Raiffeisen Investment Aktiengesellschaft not included in consolidation.

(8) General administrative expenses

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

Amounts in thousand Euros	2011	2010
Staff expenses	**- 41,798**	**- 42,594**
Wages and salaries	- 33,064	- 33,332
Social security costs and staff-related taxes	- 5,740	- 5,873
Voluntary social expenses	- 957	- 1,052
Expenses on severance payments and retirement benefits	- 2,038	- 2,336
Other administrative expenses	**- 16,568**	**- 15,217**
Office space expenses	- 2,312	- 2,223
IT costs	- 2,190	- 1,880
Communication expenses	- 3,405	- 3,170
Legal, advisory and consulting expenses	- 1,839	- 1,606
Advertising, PR and promotional expenses	- 1,673	- 1,427
Office supplies	- 343	- 356
Car expenses	- 506	- 545
Security expenses	- 32	- 32
Travelling expenses	- 1,171	- 1,151
Training expenses for staff	- 250	- 213
Sundry administrative expenses	- 2,847	- 2,614
Depreciation on tangible and intangible fixed assets	**- 2,086**	**- 2,180**
Tangible fixed assets	- 1,886	- 2,031
Intangible fixed assets	- 199	- 149
Total	**- 60,452**	**- 59,991**

Legal, advisory and consulting expenses include audit fees for Raiffeisen Centrobank and its Group companies. Of this total, the fee for the audit of the consolidated financial statements totalled TEUR 259 (2010: TEUR 259) and the fee for other consulting services amounted to TEUR 24 (2010: TEUR 0).

(9) Other operating result

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

Amounts in thousand Euros	2011	2010
Net result	12,847	16,233
Sales revenues from non-banking activities	367,297	538,330
Expenses from non-banking activities	- 354,450	- 522,097
Net proceeds from the disposal of tangible and intangible fixed assets	- 28	5
Other taxes	- 914	372
thereof special bank levy	- 862	0
Net result from the allocation and release of other provisions	1,218	8
Other operating income	1,072	2,573
Other operating expenses	- 1,889	- 954
Total	**12,306**	**18,237**

The decrease in net result relates to the trading profit of the commodity trading subsidiaries in olefins. In 2010 "Other taxes" included income related to the reversal of the remaining provision for VAT obligations in the course of a tax audit.

(10) Income taxes

Income taxes are comprised of the following:

Amounts in thousand Euros	2011	2010
Current income taxes	- 3,593	3,100
Austria	- 2,147	3,954
Other countries	- 1,446	- 854
Deferred taxes	101	- 806
Total	**- 3,492**	**2,294**

The positive tax amount Austria 2010 is attributable to income arising in the course of the finalisation of a tax audit in Raiffeisen Centrobank.

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

Amounts in thousand Euros	2011	2010
Profit before tax	**17,371**	**25,336**
Theoretical income tax expense in the financial year based on the domestic income tax rate of 25 per cent	- 4,343	- 6,334
Effect of divergent foreign tax rates	212	904
Tax deductions due to tax-exempt income from equity participations and other income	250	518
Tax increases due to non-deductible expenses	- 503	- 112
Other	892	7,318
Effective tax burden	**- 3,492**	**2,294**
Tax rate in per cent	**20.1%**	**- 9.1%**

The item "Other" also includes tax savings from the Group taxation scheme in Austria in the amount of TEUR 1,282 (2010: TEUR 2,275). In 2010 the item also included income from the finalisation of a tax audit in Raiffeisen Centrobank.

(11) Earnings per share

Amounts in thousand Euros	2011	2010
Group net profit	13,887	27,630
Average number of ordinary shares outstanding	655,000	655,000
Earnings per share in EUR	**21.20**	**42.18**

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

Notes to the Balance Sheet

(12) Balance sheet by measurement category

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

Assets by measurement category Amounts in thousand Euros	**2011**	**2010**
Trading assets	**1,743,834**	**1,601,380**
Positive fair values of derivative financial instruments	141,226	193,429
Structured products	300,898	397,602
Shares and other variable-yield securities	119,796	213,309
Bonds, notes and other fixed-interest securities	1,168,222	797,040
Call/time placements for trading purposes	13,691	0
Financial assets measured at fair value through profit and loss	**18,296**	**26,704**
Shares and other variable-yield securities	3,448	0
Bonds, notes and other fixed-interest securities	14,847	26,704
Available-for-sale financial assets (financial investments)	**6,336**	**6,052**
Loans and advances	**418,882**	**483,286**
Loans and advances to credit institutions	270,524	289,262
Loans and advances to customers	58,029	85,476
Other non-derivative financial assets	90,596	108,899
Impairment losses on loans and advances	- 267	- 352
Derivatives (hedging)	**0**	**3**
Positive fair values of derivatives in fair value hedge (IAS 39)	0	3
Other assets	**12,073**	**12,660**
Intangible and tangible fixed assets	12,073	12,660
Total assets	**2,199,421**	**2,130,085**

Equity and liabilities by measurement category Amounts in thousand Euros	2011	2010
Trading liabilities	**1,820,797**	**1,742,127**
Negative fair values of derivative financial instruments	596,650	565,323
Short-selling of trading assets	480,779	391,859
Issued certificates (guarantee bonds)	743,369	784,945
Financial liabilities measured at amortised cost	**236,072**	**230,013**
Liabilities to credit institutions	26,724	63,800
Liabilities to customers	139,251	105,525
Subordinated capital	20,481	20,413
Other non-derivative financial liabilities	49,616	40,276
Derivatives (hedging)	**383**	**338**
Negative fair values of derivatives in fair value hedge (IAS 39)	383	338
Provisions	**24,477**	**30,057**
Equity	**117,691**	**127,550**
Total equity and liabilities	**2,199,421**	**2,130,085**

(13) Cash reserve

Amounts in thousand Euros	2011	2010
Cash in hand	303	354
Deposits with central banks	3,845	3,485
Total	**4,148**	**3,839**

(14) Loans and advances to credit institutions

Amounts in thousand Euros	2011	2010
Giro and clearing business	126,130	54,133
Money market business	140,247	231,291
Total	**266,376**	**285,424**

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

Amounts in thousand Euros	2011	2010
Austria	197,912	238,223
Other countries	68,464	47,201
Total	**266,376**	**285,424**

(15) Loans and advances to customers

Loans and advances to customers are comprised of the following asset classes (pursuant to Basel II definition):

Amounts in thousand Euros	2011	2010
Corporate customers – large	48,098	72,059
Retail customers – private individuals	9,931	13,417
Total	**58,029**	**85,476**

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

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

Amounts in thousand Euros	2011	2010
Austria	15,269	15,960
Other countries	42,760	69,516
Total	**58,029**	**85,476**

(16) Impairment losses on loans and advances

Provisions for impairment losses are formed in accordance with uniform Group standards and cover all recognisable credit risks. A table with the development of the impairment losses on loans and advances can be found in the risk report on page 107. Impairment losses on loans and advances are allocated to the following asset classes according to the Basel II definition:

Amounts in thousand Euros	2011	2010
Corporate customers – large	141	156
Retail customers – private individuals	126	196
Total	**267**	**352**

(17) Trading assets

Trading assets comprise the following securities and derivative financial instruments:

Amounts in thousand Euros	2011	2010
Bonds, notes and other fixed-interest securities	**1,168,222**	**797,040**
Bonds and notes issued by credit institutions	1,164,780	796,612
Bonds and notes of non-bank issuers	3,442	428
Shares and other variable-yield securities	**119,796**	**213,309**
Shares and comparable securities	92,086	165,607
Mutual funds	27,710	47,702
Structured products	**300,898**	**397,602**
Positive fair values from derivative financial instruments	**140,572**	**193,119**
Interest-based transactions	5,156	1,067
Currency-based transactions	930	1,555
Equity/index-based transactions	134,485	190,497
Call/time placements for trading purposes	**13,691**	**0**
Total	**1,743,180**	**1,601,070**

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

(18) Derivative financial instruments

Amounts in thousand Euros	2011	2010
Positive fair values of derivatives in fair value hedges (IAS 39)	**0**	**3**
Interest-based transactions	0	3
Positive fair values of other derivative financial instruments in the banking book	**654**	**310**
Currency-based transactions	654	310
Total	**654**	**313**

This item shows the positive fair values of derivative financial instruments not held for trading purposes as well as the hedging instruments for a fair value hedge as defined in IAS 39.

(19) Securities and financial investments

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

Amounts in thousand Euros	2011	2010
Bonds, notes and other fixed-interest securities	**14,847**	**26,704**
Bonds and notes of public bodies eligible for refinancing	6,194	6,021
Other bonds and notes of public bodies	8,653	0
Bonds and notes of non-public issuers	0	20,683
Shares	**3,448**	**0**
Equity participations	**6,336**	**6,052**
Shares in affiliated companies	1,182	898
Other interests	5,154	5,154
Total	**24,632**	**32,756**

The item "Other bonds and notes of public bodies" relates to a fixed-interest bond issued by the Republic of Poland. Bonds which had been included in 2010 under "Bonds and notes of non-public issuers" were redeemed in the reporting year. "Shares in affiliated companies" increased as a result of the acquisition of a Malaysia-based company which is active in latex and rubber trading.

The item "Shares" relates to unlisted shares in a EU based holding company, which holds a majority interest in a mining project in South Africa.

Disclosures relating to associated companies pursuant to IAS 28: In its annual financial statements for the year ended 31 December 2011 Syrena Immobilien Holding AG reports a balance sheet total of TEUR 31,872 (31/12/2010: TEUR 31,738), equity of TEUR 29,335 (31/12/2010: TEUR 29,232) and net profit for the year of TEUR 93 (2010: TEUR 102).

(20) Intangible fixed assets

Amounts in thousand Euros	2011	2010
Software	339	155
Total	**339**	**155**

(21) Tangible fixed assets

Amounts in thousand Euros	2011	2010
Land and buildings used by the Group for own purposes	7,153	7,420
Office furniture and equipment as well as other tangible fixed assets	4,581	5,085
Total	**11,734**	**12,505**

(22) Development of fixed assets

The following table shows the development of intangible fixed assets and tangible fixed assets during 2011:

Cost of acquisition or conversion Amounts in thousand Euros	**Balance as at 1/1/2011**	**Change in consolidation range**	**Exchange differences**	**Additions**	**Disposals**	**Transfers**	**Balance as at 31/12/2011**
Intangible fixed assets	**3,533**	**0**	**4**	**351**	**- 29**	**31**	**3,890**
Goodwill	43	0	0	0	0	0	43
Software and miscellaneous	3,491	0	4	351	- 29	31	3,848
Tangible fixed assets	**33,120**	**0**	**4**	**1,280**	**- 991**	**- 31**	**33,382**
Land and buildings used by the Group for own purposes	9,183	0	0	0	- 46	0	9,137
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	23,937	0	4	1,280	- 945	- 31	24,245
Total	**36,653**	**0**	**8**	**1,631**	**- 1,020**	**0**	**37,272**

Write-ups, amortisation, depreciation and impairment Amounts in thousand Euros	**Cumulative**	**Revaluations**	**Depr./amort.**	**Carrying amount as at 31/12/2011**
Intangible fixed assets	**- 3,552**	**0**	**- 199**	**339**
Goodwill	- 43	0	0	0
Software and miscellaneous	- 3,509	0	- 199	339
Tangible fixed assets	**- 21,648**	**0**	**- 1,886**	**11,734**
Land and buildings used by the Group for own purposes	- 1,984	0	- 234	7,153
thereof value of developed land	0	0	0	2.006
Other tangible fixed assets	- 19,664	0	- 1,652	4,581
Total	**- 25,200**	**0**	**- 2,086**	**12,073**

The following table shows the development of intangible fixed assets and tangible fixed assets during 2010:

Cost of acquisition or production Amounts in thousand Euros	**Balance as at 1/1/2010**	**Change in consolidation range**	**Exchange differences**	**Additions**	**Disposals**	**Transfers**	**Balance as at 31/12/2010**
Intangible fixed assets	**3,483**	**0**	**10**	**95**	**- 55**	**0**	**3,533**
Goodwill	43	0	0	0	0	0	43
Software and miscellaneous	3,440	0	10	95	- 55	0	3,490
Tangible fixed assets	**33,124**	**0**	**46**	**950**	**- 1,000**	**0**	**33,120**
Land and buildings used by the Group for own purposes	9,179	0	0	4	0	0	9,183
thereof value of developed land	2,006	0	0	0	0	0	2,006
Other tangible fixed assets	23,945	0	46	946	- 1,000	0	23,937
Total	**36,607**	**0**	**56**	**1,045**	**- 1,055**	**0**	**36,653**

Write-ups, amortisation, depreciation and impairment Amounts in thousand Euros	**Cumulative**	**Revaluations**	**Depr./amort.**	**Carrying amount as at 31/12/2010**
Intangible fixed assets	**- 3,378**	**0**	**- 149**	**155**
Goodwill	- 43	0	0	0
Software and miscellaneous	-3,335	0	- 149	155
Tangible fixed assets	**- 20,615**	**0**	**- 2,031**	**12,505**
Land and buildings used by the Group for own purposes	- 1,763	0	- 241	7,420
thereof value of developed land	0	0	0	2,006
Other tangible fixed assets	- 18,851	0	- 1,790	5,085
Total	**- 23,993**	**0**	**- 2,180**	**12,660**

(23) Other assets

Amounts in thousand Euros	2011	2010
Tax assets	**2,552**	**2,276**
Current tax assets	432	288
Deferred tax assets	2,120	1,988
Loans and advances arising from non-banking activities	36,811	68,244
Prepayments and other deferrals	4,592	1,033
Inventories	41,191	29,492
Any other business	5,451	7,854
Total	**90,596**	**108,899**

The decrease in “Loans and advances arising from non-banking activities” and the increase in “Inventories” relates to the companies of the Centrotrade Group which are active in rubber and olefin trading.

Deferred taxes break down as follows:

Amounts in thousand Euros	2011	2010
Deferred tax assets	2,120	1,988
Provisions for deferred taxes	98	52
Total (net)	**2,022**	**1,936**

Net deferred taxes result from the following items:

Amounts in thousand Euros	2011	2010
Tangible and intangible fixed assets	1,165	1,199
Equity participations	75	183
Other assets	115	85
Provisions	743	688
Tax loss carryforwards	78	103
Other balance sheet items	19	87
Deferred tax assets	**2,195**	**2,345**
Other assets	42	55
Loans and advances to customers	96	84
Trading assets	17	253
Other balance sheet items	17	17
Deferred tax liabilities	**172**	**409**
Net deferred taxes	**2,022**	**1,936**

(24) Liabilities to credit institutions

Amounts in thousand Euros	2011	2010
Giro and clearing business	19,969	61,496
Money market business	6,755	2,304
Total	**26,724**	**63,800**

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

Amounts in thousand Euros	2011	2010
Austria	13,046	8,586
Other countries	13,678	55,214
Total	**26,724**	**63,800**

(25) Liabilities to customers

Amounts in thousand Euros	2011	2010
Sight deposits	87,548	83,025
Time deposits	51,703	22,500
Total	**139,251**	**105,525**

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

Amounts in thousand Euros	2011	2010
Corporate customers – large	71,981	51,334
Retail customers – private individuals	67,271	54,191
Total	**139,251**	**105,525**

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

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

Amounts in thousand Euros	2011	2010
Austria	51,020	55,948
Other countries	88,231	49,577
Total	**139,251**	**105,525**

(26) Provisions

Amounts in thousand Euros	Balance as at 1/1/2011	Change in consolida-tion range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/12/2011
Severance payments	5,987	0	770	- 16	- 696	0	6,045
Retirement benefits	2,106	0	284	0	0	0	2,390
Taxes	667	0	608	- 51	- 334	- 13	877
Current	614	0	516	- 1	- 334	- 18	779
Deferred	53	0	92	- 51	0	4	98
Pending legal issues	3,247	0	0	0	0	0	3,247
Overdue vacation	2,093	0	59	- 13	0	- 1	2,139
Other	15,957	0	8,114	- 1,468	- 12,701	- 123	9,779
Total	**30,057**	**0**	**9,835**	**- 1,548**	**- 13,731**	**- 137**	**24,477**

Amounts in thousand Euros	Balance as at 1/1/2010	Change in consolida-tion range	Additions	Reversals	Use	Transfers, exchange differences	Balance as at 31/12/2010
Severance payments	5,153	0	879	- 45	0	0	5,987
Retirement benefits	1,589	0	516	0	0	1	2,106
Taxes	661	0	536	- 155	- 400	25	667
Current	655	0	484	- 149	- 400	24	614
Deferred	6	0	52	- 6	0	1	53
Pending legal issues	3,247	0	0	0	0	0	3,247
Overdue vacation	2,020	0	110	- 37	0	0	2,093
Other	14,903	0	14,048	-2,081	-11,054	141	15,957
Total	**27,573**	**0**	**16,089**	**- 2,318**	**- 11,454**	**167**	**30,057**

Other provisions are comprised primarily of provisions for employee bonuses in the amount of TEUR 8,048 (2010: TEUR 9,982).

(27) Trading liabilities

Amounts in thousand Euros	2011	2010
Negative fair values of derivative financial instruments	**596,480**	**565,323**
from trading in certificates with option character	446,499	462,083
from OTC options	101,048	59,002
from trading in warrants	2,454	14,321
from trading in OeTOB products	23,675	16,078
from trading in DAX options	14,809	9,889
from trading in other options	7,996	3,951
Issued certificates (guarantee bonds)	**743,369**	**784,945**
Short-selling of trading assets	**480,779**	**391,859**
Total	**1,820,628**	**1,742,127**

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

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

(28) Derivative financial instruments

Amounts in thousand Euros	2011	2010
Negative fair value of derivatives in fair value hedges (IAS 39)	**383**	**338**
Interest-based transactions	383	338
Negative fair values of other derivative financial instruments	**170**	**0**
Currency-based transactions	170	0
Total	**553**	**338**

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

(29) Other liabilities

Amounts in thousand Euros	2011	2010
Liabilities arising from non-banking activities	40,392	29,392
Accruals and deferred items	451	383
Any other business	8,773	10,500
Total	**49,616**	**40,275**

The increase in “Liabilities arising from non-banking activities” relates to the companies of the Centrotrade Group which are active in rubber and olefin trading.

(30) Subordinated capital

Amounts in thousand Euros	2011	2010
Subordinated capital	20,481	20,413
Total	**20,481**	**20,413**

Subordinated capital refers to a subordinated bond issued in January 2008 to add to the equity of Raiffeisen Centrobank required to meet capital adequacy requirements. The amount of TEUR 20,000 nominal value, which is recognised under this item, also includes interest accrued up to the balance sheet total of TEUR 20,481. The bond has an indefinite time to maturity, granting a right to termination by the issuer no earlier than 31 January 2013. The interest rate amounts to EURIBOR + 100 bp.

Expenses for subordinated capital totalled TEUR 519 in 2011 (2010: TEUR 469).

(31) Equity

Amounts in thousand Euros	2011	2010
Consolidated equity	103,044	99,920
Subscribed capital	47,599	47,599
Capital reserves	6,651	6,651
Retained earnings	48,794	45,670
Group net profit	13,887	27,630
Non-controlling interests	760	0
Total	**117,692**	**127,550**

The subscribed capital of Raiffeisen Centrobank AG continues to be divided into 655,000 zero par value shares. In accordance with the Articles of Association, the total nominal value equals EUR 47,598,850. Statement of changes in equity is available on page 66.
“Non-controlling interests” in particular relates to shares of third parties in OOO Raiffeisen Investment, Moscow (RU).

The Executive Board will propose to the Annual General Meeting that a dividend of EUR 31.00 per ordinary share be distributed from the balance sheet profit in the individual financial statements of Raiffeisen Centrobank AG as at 31 December 2011, amounting to TEUR 18,146, and the profit carried forward in the amount of TEUR 13,077. This represents a total dividend payment of TEUR 20,305. The remaining amount of 10,918 will be carried forward to the new balance sheet.

(32) Breakdown of the remaining terms to maturity

31/12/2011 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	4,148	0	0	0	0
Loans and advances to credit institutions	126,161	102,068	36,991	1,157	0
Loans and advances to customers	31,726	9,236	2,561	12,957	1,282
Trading assets	119,796	258,977	331,862	887,557	144,988
Securities and financial investments	9,784	0	14,847	0	0
Other assets	18,110	57,970	27,216	27	0
Total assets	**309,725**	**428,250**	**413,476**	**901,698**	**146,270**
Liabilities to credit institutions	25,892	583	250	0	0
Liabilities to customers	87,548	28,734	22,969	0	0
Trading liabilities	480,779	148,092	90,103	852,330	249,324
Subordinated capital	0	481	0	0	20,000
Other liabilities	24,320	47,638	94	2,593	0
Subtotal	**618,539**	**225,527**	**113,416**	**854,923**	**269,324**
Equity	117,692	0	0	0	0
Total equity and liabilities	**736,230**	**225,527**	**113,416**	**854,923**	**269,324**

31/12/2010 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	3,839	0	0	0	0
Loans and advances to credit institutions	50,812	174,799	59,031	782	0
Loans and advances to customers	47,388	16,118	11,127	6,227	4,264
Trading assets	213,310	151,478	147,378	881,982	206,923
Securities and financial investments	6,052	0	26,704	0	0
Other assets	18,160	90,250	13,434	29	0
Total assets	**339,561**	**432,645**	**257,674**	**889,020**	**211,187**
Liabilities to credit institutions	62,797	1,003	0	0	0
Liabilities to customers	83,025	13,699	8,801	0	0
Trading liabilities	391,859	96,738	213,994	690,367	349,169
Subordinated capital	0	413	0	0	20,000
Other liabilities	31,707	36,572	160	2,232	0
Subtotal	**569,388**	**148,425**	**222,955**	**692,599**	**369,169**
Equity	127,550	0	0	0	0
Total equity and liabilities	**696,938**	**148,425**	**222,955**	**692,599**	**369,169**

(33) Related parties

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

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

Information on the business ties of the Raiffeisen Centrobank Group with the key management (Executive Board) is provided in section 50. In the 2011 financial year transactions with related parties were as follows:

Amounts in thousand Euros	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	166,406	4,746	91	0
Loans and advances to customers	0	0	514	0
Trading assets	1,348,658	16,746	1,770	0
Securities and financial investments	0	1,182	5,135	19
Other assets (incl. derivatives)	1,680	246	17	0
Liabilities to credit institutions	371	9,478	3,501	0
Liabilities to customers	0	34,894	37	0
Provisions	176	0	0	0
Trading liabilities	22,429	332	37,355	2,178
Other liabilities (incl. derivatives)	4,474	141	34	0
Subordinated capital	0	20,481	0	0
Guarantees received	14,000	0	0	0

As at 31 December 2010 transactions with related parties were as follows:

Amounts in thousand Euros	Parent company	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to credit institutions	222,595	6,912	572	0
Loans and advances to customers	0	10,371	514	0
Trading assets	914,835	523	826	0
Securities and equity participations	0	898	5,135	20,718
Other assets (incl. derivatives)	1,493	17	13	0
Liabilities to credit institutions	941	163	0	0
Liabilities to customers	0	2,826	27	0
Provisions	387	0	0	0
Trading liabilities	37,596	1,940	25,840	1,526
Other liabilities (incl. derivatives)	4,375	13	25	2
Subordinated capital	0	20,413	0	0
Guarantees received	28,500	0	0	0

Previous year data were adjusted, respectively.

(34) Foreign currency volumes

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

Amounts in thousand Euros	2011	2010
Assets	310,440	351,903
Liabilities	166,775	164,574

(35) Foreign assets/liabilities

Assets and liabilities with counterparties outside Austria are as follows:

Amounts in thousand Euros	2011	2010
Assets	448,455	663,798
Liabilities	314,546	267,021

(36) Subordinated assets

The company had no subordinated assets, neither in 2011 nor in 2010.

(37) Assets pledged as collateral

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

Amounts in thousand Euros	2011	2010
Other liabilities	154,092	156,387
Total	**154,092**	**156,387**

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

Amounts in thousand Euros	2011	2010
Loans and advances to credit institutions	99,602	40,881
Trading assets	114,803	151,353
Other assets	13,745	26,156
Total	**228,150**	**218,390**

(38) Operating lease

Future minimum lease payments under non-cancellable operating leases are as follows:

Amounts in thousand Euros	2011	2010
Up to 1 year	1,009	989
1 to 5 years	2,626	2,635
Total	**3,635**	**3,624**

Risk Report

(39) Risks arising from financial instruments

Risk management principles

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

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

The management activities of the Executive Board are supported by the risk management concept, which provides a coordinated process for the handling of market risk, credit risk, operational risk, equity participation risk and other risks. The basic principles and methods underlying risk management are defined by the bylaws for the Supervisory Board and the Executive Board as well as the bank's organisational guidelines and manuals. A comprehensive planning and controlling process enables the Executive Board to identify risks at an early stage, evaluate them and take appropriate countermeasures. Within the framework of its decision-taking authority the Executive Board determines the bank's risk management policies, authorising the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments.

An independent risk management department, incorporated within the controlling department, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The Risk Committee, which meets regularly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board are the heads of the Risk Management, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

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

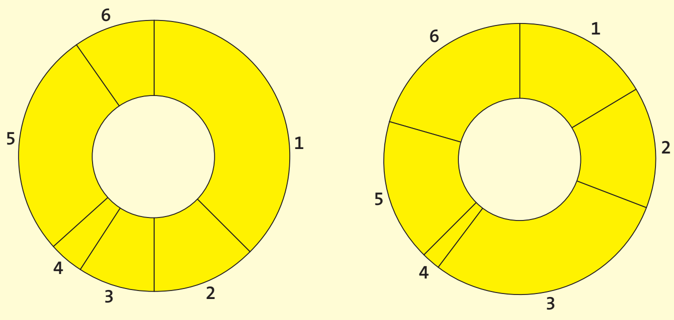
Risk capacity and risk management

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

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

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account, In both perspectives, all material risks are determined using a VaR model, Market risk constitutes the most significant risk from both perspectives. This accounts for 38 per cent of total risk as at 31 December 2011 (2010: 44 per cent).

Going-concern perspective 2011 // Liquidations perspective 2011



Going-concern perspective	31/12/2011	31/12/2010
1. Market risk	37.5%	44.1%
2. Credit risk	12.7%	10.2%
3. Operational risk	9.0%	7.4%
4. Business risk	4.4%	5.2%
5. Equity participation risk	26.9%	25.1%
6. Other risks	9.5%	8.0%

Liquidations perspective	31/12/2011	31/12/2010
1. Market risk	16.6%	20.9%
2. Credit risk	14.3%	13.8%
3. Operational risk	29.7%	26.7%
4. Business risk	2.0%	2.5%
5. Equity participation risk	17.1%	17.5%
6. Other risks	20.4%	18.7%

Market risk

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

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

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

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

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

Amounts in thousand Euros	**31/12/2011**	**30/09/2011**	**30/06/2011**	**31/03/2011**	**31/12/2010**
Interest rate risk	182	199	376	570	421
Foreign exchange risk	97	112	42	64	49
Price risk	1,980	1,638	1,457	1,523	995
Total	**2,259**	**1,949**	**1,875**	**2,157**	**1,465**

The rise in price risk is attributable to an increase in volatilities, caused mainly by the European national debt crisis.

Comparative figures as at 31 December 2010:

Amounts in thousand Euros	**31/12/2010**	**30/09/2010**	**30/06/2010**	**31/03/2010**	**31/12/2009**
Interest rate risk	421	226	164	203	126
Foreign exchange risk	49	43	26	56	32
Price risk	995	900	1,083	1,670	2,091
Total	**1,465**	**1,169**	**1,273**	**1,929**	**2,249**

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

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

Amounts in thousand Euros	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Going concern (95% confidence interval)	4,884	5,096	4,721	5,529	7,121
Liquidations (99.9% confidence interval)	7,408	7,221	6,420	9,537	10,914

Comparative figures as at 31 December 2010:

Amounts in thousand Euros	31/12/2010	30/09/2010	30/06/2010	31/03/2010	31/12/2009
Going concern (95% confidence interval)	7,121	4,387	4,628	7,326	10,556
Liquidations (99.9% confidence interval)	10,914	5,793	5,714	9,564	25,430

Stress tests

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

The stress tests used by Raiffeisen Centrobank are based on historic data as well as criteria defined by management. Historic stress tests are based on significant past events on the relevant markets. The assumption is that the same or similar events will occur in the future, and are therefore pertinent to the risk situation of the company (e.g. Lehman default scenario).

Management-defined stress tests are designed to evaluate the effects of hypothetical events on the portfolio. The relevant scenarios are developed jointly by an expert team and the management. In this way, shifts in key risk factors – such as stock prices, CDS spreads and interest rate curves – can be calculated. These stress tests enable the company to identify the occurrence of risks at an early point in time. Current results show a satisfactory picture.

Backtesting

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

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

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2011, the required securities trading book capital amounted to EUR 28.30 million (31/12/2010: EUR 29.60 million).

Interest rate risk

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

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2011 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	2,839	0	1	0
USD	3,098	0	0	0
Other	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2010 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	1,426	0	0	1
USD	-163	0	0	0
Other	0	0	0	0

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

Credit risk

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

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

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

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

As at 31 December 2011, Raiffeisen Centrobank in its individual financial statements had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to TEUR 1,541,958 (31/12/2010: TEUR 1,219,596) before deductions made for value adjustments.

Asset volume Amounts in thousand Euros	**31/12/2011**		**31/12/2010**	
Loans and advances to credit institutions	910,552		730,993	
Loans and advances to customers	111,334		143,495	
Bonds	515,422		339,920	
	1,537,308		**1,214,408**	
Product-weighted off-balance sheet transactions	4,650		5,188	
	1,541,958	**100.0%**	**1,219,596**	**100.0%**
Irrecoverable	267	0.0%	355	0.0%
Default potential	0	0.0%	0	0.0%
Requiring attention	0	0.0%	0	0.0%

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

Amounts in thousand Euros	Balance as at 1/1/2011	Allocation[1]	Release	Use	Transfer, exchange differences	Balance as at 31/12/2011
Individual loan loss provisions	**352**	**13**	**-70**	**-28**	**0**	**267**
Loans and advances to customers	352	13	-70	-28	0	267
thereof Austria	352	13	-70	-28	0	267
Total	**352**	**13**	**-70**	**-28**	**0**	**267**

Amounts in thousand Euros	Balance as at 1/1/2010	Allocation[1]	Release	Use	Transfer, exchange differences	Balance as at 31/12/2010
Individual loan loss provisions	**453**	**1**	**-62**	**-40**	**0**	**352**
Loans and advances to customers	453	1	-62	-40	0	352
thereof Austria	453	1	-62	-40	0	352
Total	**453**	**1**	**-62**	**-40**	**0**	**352**

[1] Allocation includes direct write-downs and income received on written down claims.

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

31/12/2011 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	266,376	0	266,376	0	266,376
Corporate customers – large	48,098	141	47,957	141	48,108
Retail customers – private individuals	9,931	126	9,805	126	9,805
Total	**324,405**	**267**	**324,138**	**267**	**324,289**

31/12/2010 Amounts in thousand Euros	Carrying amount	Individual loan loss provisions	Net carrying amount	Impaired assets	Fair value
Credit institutions	285,424	0	285,424	0	285,424
Corporate customers – large	72,059	156	71,903	156	72,127
Retail customers – private individuals	13,417	196	13,221	196	13,221
Total	**370,900**	**352**	**370,548**	**352**	**370,772**

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

Overdue financial instruments

The definition of default and the assessment of the expected recovery value are heavily influenced by the number of days payments are late. As at 31 December 2011, and as at 31 December 2010, Raiffeisen Centrobank had no overdue loans and advances that had not been reduced through individual loan loss provisions. Loans and advances not previously adjusted totalled TEUR 324,138 as at 31 December 2011 (31/12/2010: TEUR 370,548).

Impaired financial instruments

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

31/12/2011 Amounts in thousand Euros	**Individually impaired assets**	**Individual loan loss provisions**	**Individually impaired assets after deduction of individual loan loss provisions**	**Collaterals for individually impaired assets**	**Interest on individually impaired assets**
Corporate customers – large	141	141	0	0	6
Retail customers – private individuals	126	126	0	0	0
Total	**267**	**267**	**0**	**0**	**6**

31/12/2010 Amounts in thousand Euros	**Individually impaired assets**	**Individual loan loss provisions**	**Individually impaired assets after deduction of individual loan loss provisions**	**Collaterals for individually impaired assets**	**Interest on individually impaired assets**
Corporate customers – large	156	156	0	0	0
Retail customers – private individuals	196	196	0	0	1
Total	**352**	**352**	**0**	**0**	**1**

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

31/12/2011	**Maximum credit exposure**		**Fair value of collaterals**
Amounts in thousand Euros	**Net exposure**	**Commitments/ guarantees issued**	**Reselling/ repledging allowed**
Credit institutions	266,376	471	471
Corporate customers – large	47,957	13,839	30,901
Retail customers – private individuals	9,805	1,061	6,754
Total	**324,138**	**15,370**	**38,126**

31/12/2010	Maximum credit exposure		Fair value of collaterals
Amounts in thousand Euros	Net exposure	Commitments/ guarantees issued	Reselling/ repledging allowed
Credit institutions	285,424	8,684	215
Corporate customers – large	71,903	350	40,345
Retail customers – private individuals	13,221	293	7,124
Total	**370,548**	**9,327**	**47,684**

Operational risks

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analysed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardised approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of value-at-risk consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analysing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters. The calculation of value-at-risk consistent risk values enables immediate and fully-intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This value-at-risk consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to EUR 1.17 million as at 31 December 2011 (31/12/2010: EUR 1.19 million).

Equity participation risks

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2011 the carrying amount of the equity participations of Raiffeisen Centrobank totalled EUR 15.5 million. The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 2.43 per cent (previous year: 2.25 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardised and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk. The limits are monitored at various levels: by the subsidiaries themselves, by the controlling subsidiaries department of Raiffeisen Centrobank and by the economic controls imposed by the company's credit department within the context of the supervision of capital loans to subsidiaries. The information provided by all companies in which Raiffeisen Centrobank has an equity stake are merged into one single report each month and conveyed to the Executive Board of Raiffeisen Centrobank and also on a quarterly basis to the Supervisory Board.

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

Liquidity risk

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

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

31/12/2011 Amounts in thousand Euros	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	**1,460,219**	**1,484,590**	**688,631**	**52,278**	**637,411**	**106,271**
Liabilities to credit institutions	26,724	26,727	26,476	252	0	0
Liabilities to customers	139,251	139,667	116,471	23,196	0	0
Other liabilities	1,273,763	1,295,571	545,159	28,830	637,411	84,171
Subordinated capital	20,481	22,625	525	0	0	22,100
Derivative liabilities	**597,033**	**597,033**	**130,247**	**58,065**	**238,324**	**170,398**
Derivatives in the trading book	596,480	596,480	130,077	58,065	237,941	170,398
Hedging derivatives	383	383	0	0	383	0
Other derivatives	170	170	170	0	0	0
Credit risks	**4,775**	**4,775**	**0**	**4,775**	**0**	**0**
Irrevocable credit commitments/ standby facilities	4,775	4,775	0	4,775	0	0

31/12/2010 Amounts in thousand Euros	Carrying amount	Contractual cash flows	< 3 months	3-12 months	1-5 years	> 5 years
Non-derivative liabilities	**1,406,818**	**1,419,898**	**599,019**	**109,389**	**580,589**	**130,901**
Liabilities to credit institutions	63,800	63,802	63,802	0	0	0
Liabilities to customers	105,525	105,571	96,731	8,840	0	0
Other liabilities	1,217,080	1,228,275	438,036	100,549	580,589	109,101
Subordinated capital	20,413	22,250	450	0	0	21,800
Derivative liabilities	**565,661**	**565,661**	**91,086**	**103,301**	**121,505**	**249,769**
Derivatives in the trading book	565,323	565,323	91,086	103,301	121,505	249,431
Hedging derivatives	338	338	0	0	0	338
Credit risks	**460**	**460**	**0**	**460**	**0**	**0**
Irrevocable credit commitments/ standby facilities	460	460	0	460	0	0

Other risks

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

(40) Derivative financial instruments

The total volume of unsettled derivative financial instruments, including structured products, as at 31 December 2011 is composed of the following:

	Nominal amount by maturity				Fair values	
Amounts in thousand Euros	< 1 year	1-5 years	> 5 years	Total	positive	negative
Total	**1,454,091**	**1,148,047**	**815,610**	**3,417,751**	**141,226**	**- 597,031**
Interest rate contracts	**30,548**	**40,634**	**0**	**71,182**	**5,157**	**- 476**
OTC products						
Interest rate swaps	3,048	40,134	0	43,182	4,826	- 383
Options on interest-rate instruments	0	500	0	500	0	0
Products traded on stock exchange						
Interest rate futures	27,500	0	0	27,500	331	- 93
Foreign exchange and gold contracts	**137,850**	**6,783**	**23,547**	**168,180**	**1,569**	**- 28,097**
OTC products						
Forward exchange contracts	103,943	0	0	103,943	639	- 170
Other currency contracts	8,305	6,783	23,547	38,635	930	- 25,154
Products traded on stock exchange						
Currency futures	25,602	0	0	25,602	0	- 2,773
Equity/index contracts	**1,207,160**	**1,017,011**	**753,828**	**2,978,001**	**124,311**	**- 500,549**
OTC products						
Equity-/index-based options – purchased	81,802	344,239	257,827	683,869	75,608	0
Equity-/index-based options – sold	82,641	318,531	374,036	775,208	0	- 84,720
Other equity/index contracts	181,165	280,878	121,965	584,008	4,887	- 367,660
Products traded on stock exchange						
Equity/index futures	596,579	458	0	597,038	26,881	- 31,604
Equity/index options	264,973	72,905	0	337,878	16,935	- 16,565
Commodities transactions	**64,103**	**62,706**	**24,645**	**151,454**	**10,189**	**- 40,893**
Precious metals transactions	**14,430**	**20,913**	**13,590**	**48,934**	**0**	**- 27,017**

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

The total volume of the unsettled derivative financial instruments, including structured products, as at 31 December 2010 comprises the following:

	Nominal amount by maturity				Fair values	
Amounts in thousand Euros	< 1 year	1-5 years	> 5 years	Total	positive	negative
Total	**1,651,812**	**706,476**	**634,472**	**2,992,760**	**193,432**	**- 565,662**
Interest rate contracts	**36,048**	**62,690**	**18,548**	**117,286**	**1,070**	**- 338**
OTC products						
Interest rate swaps	36,048	32,190	9,048	77,286	1,045	- 338
Options on interest-rate instruments	0	500	0	500	3	0
Products traded on stock exchange						
Interest rate futures	0	30,000	9,500	39,500	22	0
Foreign exchange and gold contracts	**132,101**	**3,950**	**25,017**	**161,067**	**1,865**	**- 23,982**
OTC products						
Forward exchange contracts	96,885	0	0	96,885	310	0
Other currency contracts	5,290	3,950	25,017	34,256	899	- 23,982
Products traded on stock exchange						
Currency futures	29,926	0	0	29,926	656	0
Equity/index contracts	**1,422,614**	**609,529**	**559,962**	**2,592,105**	**169,719**	**- 478,731**
OTC products						
Equity-/index-based options – purchased	115,752	331,990	212,801	660,543	145,877	0
Equity-/index-based options – sold	30,039	137,403	271,249	438,691	0	- 57,648
Other equity/index contracts	376,439	99,479	75,912	551,830	3,256	- 408,356
Products traded on stock exchange						
Equity/index futures	492,104	0	0	492,104	11,239	- 1,319
Equity/index options	408,280	40,657	0	448,937	9,347	- 11,408
Commodities transactions	**39,935**	**30,307**	**15,276**	**85,518**	**19,134**	**- 46,820**
Precious metals transactions	**21,114**	**0**	**15,669**	**36,783**	**1,644**	**- 15,791**

(41) Fair value of financial instruments not reported at fair value
Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing and completely independent business partners. As far as market prices are available (mainly securities and derivatives quoted on stock exchange or active markets), this quotation represents the fair value.

All other financial instruments are valued using internally accepted models, especially discounted cash flow analysis and option pricing models. Fair values different from the carrying amount are calculated for fixed-interest loans and advances to credit institutions and customers and liabilities to credit institutions and customers, if the remaining maturity is more than one year. Variable-interest loans and advances and liabilities are taken into account if they have an interest rollover period of more than one year. The effect of discounting by using a computational interest rate that reflects the market rates is only material in those cases.

			2011			2010
Amounts in thousand Euros	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Cash reserve	4,148	4,148	0	3,839	3,839	0
Loans and advances to credit institutions	266,376	266,376	0	285,424	285,424	0
Loans and advances to customers	57,922	57,763	159	85,348	85,125	223
Equity participations	6,336	6,336	0	6,052	6,052	0
Intangible and tangible fixed assets	12,073	12,073	0	12,660	12,660	0
Other assets	90,596	90,596	0	108,899	108,899	0
Liabilities						
Liabilities to credit institutions	26,724	26,724	0	63,800	63,800	0
Liabilities to customers	139,251	139,251	0	105,525	105,525	0
Subordinated capital	20,481	20,481	0	20,413	20,413	0
Other liabilities	49,616	49,616	0	40,276	40,276	0

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

Amounts in thousand Euros			2011			2010
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading assets	**365,823**	**1,378,011**	**0**	**691,809**	**909,571**	**0**
Positive fair values of derivative financial instruments[1]	75,962	65,263		27,951	165,478	0
Structured products	20,630	280,269		160,366	237,235	
Shares and other variable-yield securities	117,548	2,249		163,572	49,738	0
Bond, notes and other fixed-interest securities	137,992	1,030,230		339,920	457,120	0
Call/time placements for trading purposes	13,691	0	0	0	0	0
Financial assets at fair value through profit and loss	**14,847**	**0**	**3,448**	**26,704**	**0**	**0**
Shares and other variable-yield securities	0	0	3,448	0	0	0
Bonds, notes and other fixed-interest securities	14,847	0	0	26,704	0	0
Derivatives (hedging)	**0**	**0**	**0**	**0**	**3**	**0**
Positive fair values of derivatives in fair value hedges (IAS 39)	0	0	0	0	3	0

[1] Including other derivatives

Amounts in thousand Euros			2011			2010
	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)	Quoted market prices (Level I)	Measurement techniques based on market data (Level II)	Measurement techniques not based on market data (Level III)
Trading liabilities	**585,730**	**1,116,985**	**118,082**	**1,478,872**	**263,255**	**0**
Negative fair value of other derivative financial instruments[1]	105,093	428,600	62,957	492,654	72,669	0
Short selling of trading assets	480,637	142	0	391,042	818	0
Issued certificates (guarantee bonds)	0	688,244	55,125	595,177	189,769	0
Derivatives (hedging	**383**	**0**	**0**	**338**	**0**	**0**
Negative fair values of derivatives in fair value hedges (IAS 39)	383	0	0	338	0	0

[1] Including other derivatives

Movement in Level III fair value of financial instruments reported at fair value

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

Amounts in thousand Euros	As at 1/1/2011	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2011
Financial assets at fair value through profit and loss	0	0	0	3,448	0	0	0	0	0	3,448

Amounts in thousand Euros	As at 1/1/2011	Changes in consolidation range	Exchange differences	Purchases	Sales redemptions	Income statement	Other comprehensive income	Transfer to Level III	Transfer from Level III	As at 31/12/2011
Trading liabilities	0	0	0	2,236	0	6,357	0	109,489	0	118,082

Raiffeisen Centrobank has improved the allocation of financial instruments to the individual fair value categories and to common market practices. Consequently, and as a result of the inactivity of certain market segments, financial instruments which had been included in level II (measurement techniques based on market data) in the previous year, were now allocated to level III (measurement techniques not based on market data).

Other Disclosures

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

Amounts in thousand Euros	2011	2010
Contingent liabilities	**595**	**8,867**
Other guarantees	595	397
Letters of credit	0	8,469
Credit risks	**4,775**	**460**
Irrevocable credit lines/standby facilities	4,775	460
Up to 1 year	4,775	460

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

Amounts in thousand Euros	2011	2010
Revocable credit lines/standby facilities	**10.000**	**0**
Up to 1 year	10.000	0

(44) Fiduciary business

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

Amounts in thousand Euros	2011	2010
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	2011 Listed	2011 Unlisted	2010 Listed	2010 Unlisted
Bonds, notes and other fixed-interest securities	515,422	0	339,920	0
Shares and other variable-yield securities	201,897	219,835	350,717	282,269

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

Amounts in thousand Euros	2011	2010
Securities	1,602,608	1,403,322
Other financial instruments	140,572	197,748
Total	**1,743,180**	**1,601,070**

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

Capital is a key dimension of bank management. The Austrian Banking Act prescribes regulatory values for Raiffeisen Centrobank based on relevant EU requirements. The internal control function of Raiffeisen Centrobank uses targets which comprise all risk categories (including trading book, foreign currency risk and operational risk).

Control is focused on capital and on the Tier 1 ratio. Additionally, a risk capacity based on the value-at-risk ratio is calculated both for a going-concern scenario, using aggregate risk cover defined on the basis of the risk strategy, and for a liquidation scenario. For further information please see the risk report.

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

Amounts in thousand Euros	2011	2010
Paid-in capital	47,599	47,599
Earned capital	30,721	30,721
Intangible fixed assets	-311	-121
Core capital (Tier 1 capital)	**78,009**	**78,199**
Deductions from Tier 1 capital (advance delivery)	0	0
Eligible Tier 1 capital (after deductions)	**78,009**	**78,199**
Long-term subordinated capital	20,000	20,000
Eligible supplementary capital (Tier 2 capital)	20,000	20,000
Deductions from supplementary capital	0	0
Eligible supplementary capital (after deductions)	20,000	20,000
Total own funds	**98,009**	**98,199**
Total own funds requirement	**51,187**	**55,191**
Excess own funds	**46,822**	**43,008**
Excess cover ratio in %	191.5%	177.9%
Core capital ratio (Tier 1) credit risk	46.8%	37.9%
Total Tier 1 ratio (incl. market and operational risk)	12.2%	11.3%
Own funds ratio in per cent	15.3%	14.2%

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

The total own funds requirement is as follows:

Amounts in thousand Euros	2011	2010
Risk-weighted assessment base pursuant to § 22 of the Austrian Banking Act	**166,700**	**206,175**
of which 8% minimum own funds for the credit risk pursuant to §§ 22a to 22h of the Austrian Banking Act	13,336	16,494
Own funds requirement for position risk in debt instruments, asset values and commodities	27,406	28,872
Own funds requirement for position risk in foreign currencies	845	732
Own funds requirement for operational risk	9,600	9,093
Total own funds requirement	**51,187**	**55,191**

(48) Average number of staff

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

Full-time equivalents	2011	2010
Salaried employees	330	320
Wage employees	10	8
Total	**340**	**328**

Full-time equivalents	2011	2010
Austria	265	260
Abroad	75	68
Total	**340**	**328**

(49) Expenses on severance payments and retirement benefits

Amounts in thousand Euros	2011	2010
Members of the Executive Board and senior staff	393	616
Other employees	1,645	1,720
Total	**2,038**	**2,336**

(50) Relations to key management

Remuneration of the Executive Board

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

Amounts in thousand Euros	2011	2010
Current remuneration	2,457	2,435

The table includes fixed and performance-based salary components, including bonuses and payments in kind. It does not include remuneration for membership on the Executive Board or Supervisory Board of subsidiaries. There are no contractual obligations regarding remuneration to previous members of the Executive Board.

The members of the Supervisory Board received attendance fees totalling TEUR 110 for the period 2011 (previous year: TEUR 110).

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

Amounts in thousand Euros	2011	2010
Sight deposits	770	633

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

Amounts in thousand Euros	2011	2010
Sight deposits	60	47

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

(51) Corporate bodies

Executive Board

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

Supervisory Board

Walter Rothensteiner
Chairman
Chief Executive Officer of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Patrick Butler
First Deputy Chairman
Member of the Board of Raiffeisen Bank International AG, Vienna
Herbert Stepic
Second Deputy Chairman
Chief Executive Officer of Raiffeisen Bank International AG, Vienna

Members

Karl Sevelda
Deputy Chief Executive Officer of Raiffeisen Bank International AG, Vienna
Johann Strobl
Member of the Board of Raiffeisen Bank International AG and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Werner Kaltenbrunner
Executive Director, of Raiffeisen Bank International AG, Vienna

State Commissioners

Alfred Hacker
Tamara Els
Head of Department

Vienna, 10 April 2012
The Executive Board

Eva Marchart
Chief Executive Officer

Alfred Michael Spiss
Deputy Chief Executive Officer

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, Vienna, for the year from 1 January 2011 to 31 December 2011. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2011, 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 2011 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 2011 and of its financial performance and its cash flows for the year from 1 January to 31 December 2011 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, 10 April 2012
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
Austrian Chartered Accountant

Wolfgang Höller
Austrian Chartered Accountant

Consolidation Range

List of fully-consolidated companies

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[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, Vienna (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., Singapore (SG)	500,000	SGD	100.0%		SU
Raiffeisen Investment Aktiengesellschaft, Vienna (AT)	730,000	EUR	100.0%		FI
Raiffeisen Investment (Malta) Limited, Sliema (MT)	5,000	EUR	99.8%		FI
OOO Raiffeisen Investment, Moscow (RU)	47,904,192	RUB	50.1%		FI
Raiffeisen Investment Polska Sp.z.o.o., Warsaw (PL)	360,000	PLN	100.0%		FI
Raiffeisen Investment Romania SRL, Bucharest (RO)	159,130	RON	100.0%		FI
Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul (TR)	70,000	TRY	99.0%		FI
Raiffeisen Centrobank AG, Vienna (AT)	47,599,000	EUR	100.0%		KI

Other investments

Other companies not included in consolidation

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[1]	Type[2]
Centro Asset Management Limited, St. Helier (JE)	10,000	GBP	100.0%		FI
MENARAI Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
MIRA Beteiligungsholding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Energy & Metals Beteiligungsverwaltungs GesmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Raiffeisen Investment (Bulgaria) EOOD, Sofia (BG)	60,050	BGN	100.0%		FI
Raiffeisen Investment s.r.o., Prague (CZ)	200,000	CZK	100.0%		FI
TOV Raiffeisen Investment Ukraine, Kiev (UA)	3,733,213	UAH	100.0%		FI
RAISHOP Holding GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
RI Inwestycje Sp.z.o.o., Warsaw (PL)	500,000	PLN	100.0%		FI
SOPHIA PLAZA Holding GmbH (AT), Vienna	35,000	EUR	100.0%		SU
SORANIS Raiffeisen Portfolio Management GmbH, Vienna (AT)	35,000	EUR	100.0%		SU
Centrotrade Commodities Malaysia Sdn. Bhd., Kuala Lumpur (MY)	1,400,000	MYR	100.0%		SU

Other interests

Company, registered headquarters (country)	Subscribed capital in local currency		Share	of which indirectly[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
Österreichische Raiffeisen Einlagensicherung reg. Gen. m.b.H., Vienna (AT)	3,100	EUR	3.2%		SU
Scanviwood Co. Ltd., Ho Chi Minh City (VN)	2,500,000	USD	6.0%		SU
Society for Worldwide Interbank Financial Telecommunication s.c., La Hulpe (BE)	13,923,125	EUR	0.0%		SU
Syrena Immobilien Holding AG, Spittal an der Drau (AT)	22,600,370	EUR	21.0%		SU

[1] Shares held by companies that are not included in the consolidated financial statements (pro-rata share)

[2] Company type

KI = Credit institution

FI = Financial institution

SU = Other companies

Management Report of Raiffeisen Centrobank AG for the 2011 financial year

The addition of rounded numbers using automated systems, as was done for this report, may result in minor differences in amounts. The changes indicated in per cent refer to the actual amounts and not the rounded amounts shown in this report. All designations that are used to refer to persons in this report apply equally to both genders unless reference is being made to a specific individual.

Economic Environment

While conditions at the beginning of the year gave good cause for optimism, they deteriorated steadily and 2011 became an annus horribilis for some segments of the financial market, including the Austrian equity market. This development was no surprise, with the global economy being plagued by numerous problems in 2011: Rising commodity prices, climbing inflation, the natural and nuclear disaster in Japan, the political unrest in North Africa, the debates on a debt cap in the USA and its downgrade by the rating agencies, and above all the sovereign debt crisis in Europe. All of this caused great uncertainty on the markets and noticeably dampened consumer and business sentiment. It was only thanks to the continued strong growth of the emerging markets that the world economy was able to expand by just shy of 3 per cent, after an improvement of over 4 per cent in 2010. The financial markets were influenced heavily by politics in 2011, and were therefore very volatile. The equity and commodities markets had their worst showing in three years. Bank stocks came under heavy pressure, especially in Europe, because of worries about the exposure of European and other banks to the crisis countries in the Eurozone and therefore about their capital positions, access to liquidity and financing quality. In the fourth quarter, the extreme unease in the banking sector, the corrections on the financial markets and the escalation of the debt crisis even gave rise to associations with the autumn of 2008, with the impending bankruptcy of Greece replacing the trauma of the failure of Lehman.

Development of the economy

Several debt summits have been held since May 2010 to address these problems. However, a definitive solution is not yet in sight, and it is very difficult to say how the global economy will develop. The emerging economies will certainly remain the driving force, while economic growth in the USA will likely stabilise at a low level and then begin improving slowly. The economy of the European Union will stagnate at best in year-on-year terms, and will even slip into mild recession for a time. The problem countries in the Eurozone are facing deep recession because of the need for massive budget restructuring. Austria will also be affected by this because of its high export orientation, but is expected to develop more strongly than the other EU countries and to achieve some growth. To what extent the European and world economies are slowed by the current conditions will depend above all on how quickly an effective solution is found for the sovereign debt crisis in the Eurozone, which remains the greatest challenge for the real economy and financial system in Europe and the rest of the world. Because of the especially close economic ties between the EU and the CEE countries, this region also saw its economy slow and will likely continue feeling the effects of the problems in the Eurozone in the coming year. This is a result of the one-sided export orientation towards the EU and the tensions in the European banking sector. However, more robust domestic demand will make the impact less severe in some countries, such as Poland and the CIS, than in Central Europe and Austria. The steps that were taken towards a stability union at the beginning of December were correct and important for the future. But it will take time to implement them, and it remains to be seen what effect they will really have. For this reason, it will be necessary to turn to the European Stability Mechanism, the IMF and the European Central bank until the situation stabilises. And as far as the financial markets are concerned, only a unified and economically prosperous European Union can enable banks, insurance companies and securities exchanges to remain globally competitive and to effectively represent their own interests in the global regulatory systems. The earlier a decision is made to increase the integration of the currency union and the faster the governments see success in the implementation of their austerity and growth measures, the faster investor confidence will return. This will also determine how fast the situation on the capital markets and for banks will normalise and how fast the weakness of the economy can be overcome. Until then, the political and economic conditions will remain volatile and challenging.

Financial markets

Under these difficult overall conditions, the equity markets that are relevant for our institution performed very poorly during the reporting period, and all major international exchanges in the USA, Europe and Japan and especially in Austria and CEE suffered substantial losses. Over the course of the year, the tentative upswing that began in 2010 was brought to a halt in March, first by the inflation risks and then by the tsunami in Japan, and the markets saw in part substantial price corrections. The markets enjoyed a short recovery again, but this was cut off by the escalation of the Greek crisis and the subsequent negative market reactions. The brighter conditions in the fourth quarter were only enough to bring the US equity market into positive territory; outside of the USA, the overall performance for the equity markets was negative, and the development of the stock prices was indicative of a bear market. In the USA, the Dow Jones saw a loss of 5 per cent in year-on-year terms as of the reporting date, while Japan reported a correction of over 17 per cent. The trend in Europe was also clearly negative, with the Eurostoxx 50 losing 18 per cent and the DAX 15 per cent.

The slide in Austria was particularly severe, with the exchange closing the year at an extremely disappointing minus of 35 per cent. The CEE countries did not fare much better, with the CECE down by 29 per cent and Russia down by a less extreme but disappointing 20 per cent. In year-on-year terms, the worries of the international financial markets about the events in Europe had little effect on the euro exchange rate. The common currency only lost a marginal 3 per cent against the US dollar, and closed the year above EUR/USD 1.30. However, this development did have an influence on the interest rate policies of all relevant central banks, which continued to supply the markets with cheap money. The key interest rate in the USA is still at a historic low near zero. In Europe, the key rate was cut to an all-time low of 1 per cent in the last quarter of the year, and the market was also provided with three-year tender facilities at this low interest rate. The yields on ten-year benchmark bonds reacted significantly to the market distortions, lost more than 100 basis points and reached near-record lows at 1.9 per cent for the US dollar and the euro.

Commodity markets

The price increase that began on the rubber market in 2010 continued through to the middle of February. From this point until the end of the year, the overall economic uncertainty caused prices to fall noticeably. The price for natural rubber (TSR20) on the Singapore Exchange, an important indicator of the development of the price of the physical product, was just under USD 5,000 per tonne at the start of the year, rose to USD 5,750 per tonne by the middle of February, and then closed the year at USD 3,300 per tonne. The olefins traded by Centrotrade Chemicals correlate with the oil price, which rose strongly during the year and then fell again after peaking in April, but still remained well over the price level in 2010.

Development of Business and Earnings in 2011

With an operating income of EUR 62.879 million and operating expenses of EUR 39.854 million, an operating result of EUR 23.025 million was generated in the 2011 financial year. Under consideration of net valuations and net proceeds in the amount of EUR -0.195 million, the result on ordinary activities, based on the financial statements pursuant to the Austrian Banking Act and the Austrian Commercial Code, came to EUR 22.830 million The previous year result on ordinary activities which came off at EUR 24.186 million was undercut by EUR 1.356 million or 5.6 per cent.

Compared to the previous year, the operating income 2011 of EUR 62.879 million remained by 2.2 per cent or EUR 1.416 million marginally below the previous year level. The result of the securities business (result on financial trading activities including income from securities and financial investments) and net interest income came off better, whereas net fee and commission income remained considerably below the previous year result, mainly due to a decline in fee and commission income from equity capital market transactions, a rise in fee and commission expenses and declining fee and commission income from the Private Banking department.

Sales in the institutional brokerage segment remained at a low level because of the poor development of the trading volume, but demand for structured products, especially bonus certificates, improved. The profit contribution from trading in 2011 fell in annual comparison because the result for 2010 included substantial one-off effects from the sale of securities whose fair values had fallen in previous periods due to rating changes. Income from securities and financial investments included dividend income from subsidiaries in the amount of EUR 4.957 million (previous year: EUR 2.636 million).

Operating expenses declined by 1.1 per cent or EUR 0.441 million compared to the previous year level. This is primarily attributable to a decline in staff expenses by EUR 0.656 million or 2.3 per cent. Depreciation and other operating expenses came off below the previous year level. Other administrative expenses amounted to EUR 9.770 million and grew by EUR 0.382 million or 4.1 pe cent compared to 2010. This is due above all to higher IT, advertising, communication, legal, advisory and consultancy expenses. The cost-income ratio, which amounted to 62.7 per cent in 2010, marginally rose to 63.4 per cent due to a rather substantial decline in operating income.

Expenses under „Net valuations and net proceeds" of roughly EUR 0.195 million is mainly due to a net loss of a fixed-interest security held as other current assets.

The result on ordinary activities 2011 amounted to EUR 22.830 million compared to EUR 24.186 million in the previous year. Due to tax expenses in the amount of EUR -4.684 million, made up of RZB Group taxation (EUR -1.819 million), non-deductible input VAT (EUR -1.479 million) and the Austrian banking tax which was introduced in 2011 (EUR -0.862 million), the net income for the year fell to EUR 18.146 million (2010: EUR 26.859 million). A positive tax result in the amount of EUR 2.673 million was reported for 2011, largely because of a tax credit that resulted from the tax audit for the years 2001 to 2006 and the subsequent adjustment of the accounts for the years 2007 to 2009. In 2011 there was no need to increase the reserve pursuant to the Austrian Banking Act.

In line with the Bank's strategic alignment the result 2011 is primarily attributable to the Securities Trading & Sales department. The results of the Subsidiaries department which generated dividend income in the amount of EUR 4.957 million (2010: EUR 2.636 million) as well as of the FX and Credit departments are particularly remarkable.

Comparative figures

Amounts in million Euros	2011	Change	2010
Operating income	**62.879**	**-2.2%**	**64.295**
Staff expenses	-27.933	-2.3%	-28.589
Other administrative expenses	-9.770	+4.1%	-9.388
Depreciation	-1.871	-2.2%	-1.914
Other operating expenses	-0.280	-31.0%	-0.404
Operating expenses	**-39.854**	**-1.1%**	**-40.295**
Operating result	**23.025**	**-4.1%**	**24.000**
Depreciation, net proceeds	-0.195	-	0.186
Result on ordinary activities	**22.830**	**-5.6%**	**24.186**
Taxes	-4.684	-	2.673
Net income for the year	**18.146**	**-32.4%**	**26.859**
Reserves	0	0.0%	0
Net profit for the year	**18.146**	**-32.4%**	**26.859**

Balance sheet development

The balance sheet total increased by roughly 3 per cent from EUR 2,089.0 million to EUR 2,143.8 million compared to December 2010. Calculatory risk-weighted assets on the contrary decreased by roughly 7 per cent from about EUR 690 million to about EUR 640 million, which was attributable to both a decline in credit and market risk.

On the asset side the most significant change compared to 2010 was in the item “Loans and advances to credit institutions“ (roughly 42 per cent of the balance sheet total on 31 December 2011 and roughly 35 per cent on 31 December 2010). The item which rose by roughly EUR 180 million to EUR 911 million contains unlisted bonds (roughly EUR 664 million), interbank deposits (roughly EUR 140 million) as well as collateral for securities transactions and securities lendings (roughly EUR 88 million). The change compared to December 2010 is attributable to an increase in unlisted bonds by roughly EUR 207 million. Interbank deposits which declined by roughly EUR 91 million compared to the previous year mainly comprise deposits at Raiffeisen Bank International. Collateral increased by roughly EUR 64 million.

Other increases included “Bonds, notes and other fixed-interest securities“ (roughly 24 per cent of the balance sheet total on 31 December 2011 and roughly 16 per cent on 31 December 2010). The increase of roughly EUR 340 million is mainly due to a higher portfolio of listed bonds.

The item “Shares and other variable-yield securities” (roughly 20 per cent of the balance sheet total on 31 December 2011 and roughly 30 per cent on 31 December 2010) and the item “Other assets“ (roughly 7 per cent of the balance sheet total on 31 December 2011 and roughly 10 per cent on 31 December 2010) decreased by roughly EUR 211 million and EUR 56 million, respectively. The item “Loans and advances to customers“ (roughly 5 per cent of the balance sheet total on 31 December 2011 and roughly 7 per cent on 31 December 2010) declined by roughly EUR 32 million to EUR 111 million, largely as the result of the repayment of loans to corporate customers and the lower working capital financing for the Centrotrade commodity trading subsidiaries.

The balance sheet item “Shares and other variable-yield securities“, which fell from roughly EUR 633 million to EUR 422 million no longer included structured products which were held for hedging purposes due to the expiry of certificates issued by Raiffeisen Centrobank. In addition, the fair value declined compared to the previous year. The stock of shares held by Raiffeisen Centrobank toghether with purchased options and zero bonds serve as hedge positions for issued certificates and warrants, or are part of the Bank’s market maker activities.

The decrease in “Other assets“ from roughly EUR 203 million to roughly EUR 147 million is primarily attributable to a decrease in unlisted options (OTC options).

On the equity and liabilities side “Other liabilities“ (roughly 49 per cent of the balance sheet total on 31 December 2001 and roughly 44 per cent on 31 December 2010) rose by roughly EUR 127 million. The item “Liabilities to customers“ (roughly 7 per cent of the balance sheet total on 31 December 2011 and roughly per cent on 31 December 2010) recorded a rise by about EUR 30 million to roughly EUR 156 million. The rise is largely the result of higher deposits from corporate and private customers. These rises were partly offset by a decline in item “Securitised liabilities“ (roughly 36 per cent of the balance sheet total on 31 December 2011 and roughly 39 per cent on 31 December 2010) by roughly EUR 50 million and in item “Liabilities to credit institutions“ (roughly 1 per cent of the balance sheet total on 31 December 2011 and roughly 3 per cent on 31 December 2010) by roughly EUR 44 million.

The growth in “Other liabilities“ from roughly EUR 926 million to roughly EUR 1,053 million is mainly due to an increased volume of shortsellings of shares and unlisted options (OTC options). Shortsellings were effected in connection with the market making activities of Raiffeisen Centrobank in relation to pension plans and represent offsetting items to equity and equity index futures as well as to cash positions on the asset side of the balance sheet.

The decrease in “Liabilities to credit institutions“ from roughly EUR 55 million to roughly EUR 12 million is primarily the result of a decline in liabilities to foreign banks. “Securitised liabilities” fell from roughly EUR 823 million to roughly EUR 772 million due to the expiry of several certificates issued by Raiffeisen Centrobank and a decrease in fair values.

The decline in “Net profit for the year“ (roughly 1 per cent of the balance sheet total on 31 December 2011 and roughly 2 per cent on 31 December 2010) from roughly EUR 38 million to roughly EUR 31 million represents the balance of the dividend payment for the 2010 financial year coming up to EUR 25 million and the net income for the 2011 financial year in the amount of EUR 18 million.

The core capital (Tier 1) amounted to EUR 78.009 million on 31 December 2011 (31/12/2010: EUR 78.199 million). Including eligible supplementary capital (Tier 2) eligible own funds pursuant to Articel 23 para 14 Austrian Banking Act came up to EUR 98.009 million (31/12/2010: EUR 98.199 million).

Review of Business Segments

Segments of Raiffeisen Centrobank AG

Securities Trading & Sales and Treasury

Despite the challenging market conditions described above, the continued lack of volume growth and even considerable decreases in sales on the Vienna market compared with the previous year, the securities segment achieved a respectable result in 2011 again. Business developed relatively consistently over the twelve months of the year except for a spike in June.

In terms of revenue sources, business in the CEE region and business with institutional brokerage remained weak. In contrast, business with structured products proved to be very robust, especially thanks to increased demand for special bonus certificates. As far as the risk parameters are concerned, market risk again resulted in no negative effects for the segment overall in the reporting period. No significant costs were incurred in connection with operational or credit risk, either.

Raiffeisen Centrobank's share of equities traded on the Vienna Stock Exchange grew in 2011. Accounting for 7.7 per cent (2010: 7.4 per cent) of all stocks that changed hands during the year, the Bank achieved a top position among Austria's banks and its greatest share since 2007. In this connection, it is worth noting that total turnover on the Vienna Stock Exchange was roughly 20 per cent lower than in the previous year and nearly 70 per cent lower than the peak in 2007, in line with other markets in the region. The ATX closed 2011 at a lower level than in December 2005, reflecting the general trend on the global equity market: The last 100 days of the reporting period saw the lowest stock trading volume since 2006 on the ten most important exchanges in the world. Business with Austrian derivatives developed even worse insome cases. Despite these difficulties, Raiffeisen Centrobank not only held its market position but increased it in 2011. With a share of over 25 per cent (2010: 20 per cent) of the total market, the Bank has assumed a leading position among Austrian banks. Together with our trading in warrants and structured products, we maintained our market leadership in the segment for equities derivatives in Austria. Raiffeisen Centrobank was again at the head of the pack in trading Eastern European derivatives on the EUREX Vienna with a market share of roughly 25 per cent.

After winning a record 63 per cent of all awarded mandates during the auction in April, Raiffeisen Centrobank is again the largest market maker and specialist on the Vienna Stock Exchange. On the Polish stock exchange, market making was assumed for eight instruments, and the role of "super animator" for seven of these. In addition to being admitted on the exchange in Vienna, all structured and derivative products issued by Raiffeisen Centrobank are also admitted for trading on the leading European derivatives exchange in Stuttgart, the main marketplace. In order to maintain its high level of customer service despite the challenging conditions on the equity markets and the low levels of customer business, the Bank again stepped up its roadshows and presentation activities for secondary market trading on the basis of sector reports and presentations about individual companies. We are pleased to report that the traditional investor conference in Zürs, which was held for the tenth time in 2011, again broke the records for the number of participants (in contrast to competitors) and scope of content. Another highlight was the successful expansion of order routing for stocks and stock derivatives for 30 international institutional customers and for regional Raiffeisen banks and other group units. Because US investors have been the largest shareholders in the companies covered by our research for many years, an equity broker was set up in New York under Raiffeisen Bank International in 2011.

Raiffeisen Centrobank's leading position in the Austrian certificate business was impressively demonstrated by its being named the "Certificate House of the Year" at the Certificates Award Austria for the fifth time in a row. First place was also taken in seven individual categories.

Equity Capital Markets (ECM)

Despite the fact that 2011 was an exceedingly difficult year for the financial markets and the fact that the Austrian equity market fared especially poorly in international comparison with a loss of nearly 35 per cent, Raiffeisen Centrobank had a successful year in its Equity Capital Markets segment. A total of thirteen stock transactions were concluded, all of them in the first seven months of the year. The high volatility on the stock markets made it increasingly difficult to impossible for companies to obtain financing over the stock exchange in the second half of the year.

Through its involvement in all key transactions on the Vienna exchange, Raiffeisen Centrobank defended its leading position and clear market leadership in Austria. One highlight here was the IPO of Austria Metall AG (AMAG), for which Raiffeisen Centrobank held the highest domestic syndicate position. This transaction was the first IPO on the Viennese market since STRABAG SE went public in 2007 and reawakened the Austrian IPO market. New mandates were also won and successfully executed for listed companies:

» Joint bookrunner and joint lead manager for the replacement of a stock package of Polytec Holding AG,
» Joint bookrunner and joint lead manager for the capital increase of Kapsch TrafficCom AG,
» Co-lead manager of the re-IPO of Lenzing AG,
» Co-lead manager of the capital increase of OMV AG.

Raiffeisen Centrobank was also involved in the capital increases of KTM Power Sports AG and Allgemeine Baugesellschaft-A. Porr AG as an arranger and consultant and in the public buyback offer for shares of Pankl Racing Systems AG as a settlement agent. The Bank was again successful in the equity linked subsegment in 2011. Two PLN-denominated convertible bond tranches were placed for Warimpex Finanz- und Beteiligungs AG in April and May, with Raiffeisen Centrobank acting as the co-lead manager for the transaction.

Raiffeisen Centrobank was also involved in successful transactions outside of its core market of Austria in 2011. After the capital increase for Deutsche Bank AG in 2010, Raiffeisen Centrobank again demonstrated its transaction competence in 2011 as co-manager in an international syndicate for the capital increase of another leading financial institution, Commerzbank AG. A consulting mandate was also fulfilled in Germany in connection with a squeeze-out of the minority shareholders of PC-Ware Information Technologies AG.

Raiffeisen Centrobank was also very active in CEE during the past financial year. The international roadshow that covered seven European cities was organised as part of the listing of the Romanian Fondul. In Russia, the Bank was co-lead manager for the IPO of OJSC Phosagro on the London and MICEX stock exchanges – a particular success because Raiffeisen Centrobank was the sole Austrian bank in the syndicate. Raiffeisen Centrobank's strategy of seeking dialogue with companies and investors especially in difficult times has laid a solid and healthy foundation for continued collaboration. Because of this, Raiffeisen Centrobank is optimistic about the coming months and about the full pipeline of promising capital market transactions in 2012.

Company Research

In the difficult stock exchange environment, Raiffeisen Centrobank stood out especially for the consistency of its research coverage. A total of 346 company updates were released in 2011, just short of the record 356 released in 2010. Companies listed on CEE exchanges accounted for 255 company updates, nearly 75 per cent, with more Polish than Austrian companies being covered for the first time in the latter part of the year. These figures bear out the cross-border sector approach and the increasing focus on Eastern Europe. The number of stocks being covered also increased, from 104 in 2010 to 126 in 2011. In real estate, the Bank began covering the Polish companies Globe Trade Centre, Echo Investment and Polnord.

Poland's Lotos and Russia's Tatneft were added to the coverage in the oil and gas sector, while consumer stocks now also include the Russian companies CTC Media, Magnit, M.Video, O'Key and X5 and the Polish companies CEDC, Eurocash and LPP. The universe of Polish companies was also expanded with Bank BGZ, the utility ENEA and the coal companies JSW and Bogdanka. Coverage was begun for the Austrian companies AMAG, Lenzing and Polytec, the Serbian banks Komrcijalna Banka and AIK Banka, and the Russian companies Mechel and Phosagro. Extensive sector reports were released for oil and gas, telecommunications, banks, utilities and Polish real estate and marketed at a large number of customer meetings. In addition to the sector reports, roadshow reports were prepared for Russian steel companies and Austrian and Polish real estate stocks and presented in meetings with Austrian and international investors. Investor events in connection with these sector and roadshow reports were held in 15 European cities: Amsterdam, Budapest, Copenhagen, Graz, Helsinki, London, Paris, Prague, Poznan, Stockholm, Tallinn, Vienna, Warsaw, Zagreb and Zurich.

Private Banking

In line with Raiffeisen Centrobank's realignment of its business strategy, private banking is no longer a core business of Raiffeisen Centrobank. The scope and extent of continuing the private banking business within Raiffeisen Centrobank are currently being evaluated. As at the end of 2011 975 customer deposits were under management (31/12/2010: 1,023).

Subsidiaries

Raiffeisen Investment AG Group

Raiffeisen Investment AG (RIAG) is a wholly owned subsidiary of Raiffeisen Centrobank and is one of the leading investment advisors for mergers and acquisitions in Austria, Central and Eastern Europe and Turkey. Its clients include international companies and organisations as well as governments, all of which are advised in connection with mergers, acquisitions and privatization projects from the perspective of the buyer and the seller. Raiffeisen Investment AG has extensive sector expertise thanks to its well trained industry specialists, and outstanding knowledge of the markets in eleven countries thanks to its local teams. A highlight among the international projects during the reporting period was the takeover of the leading Serbian retail group Delta Maxi by the Belgian Delhaize Group, which Raiffeisen Investment AG advised in collaboration with its cooperation partner Lazard. At an estimated purchase price of EUR 932.5 million, this was the largest private transaction in Serbia to date. RIAG also worked together with Lazard to advise Contour Global, an investment fund domiciled in New York and specialising in the energy industry, regarding the takeover of 73 per cent of the shares in the Bulgarian lignite-fired power plant Enel Maritza East III. This transaction was one of the largest M&A transactions ever in the Bulgarian energy sector, at a purchase price of EUR 545 million (EUR 230 million equity value). Business in Turkey developed especially well, and Raiffeisen Investment AG was able to extend its lead as the top M&A advisor. Especially noteworthy in this connection is Raiffeisen Investment AG's involvement in the takeover of the Turkish pharmaceutical company Dr. F. Frik Ilac A.S. with a transaction volume of EUR 90.1 million, and in the complete process for the sale of the leading Turkish pharmaceutical company BirgiMefar Group.

Business development was very satisfactory up to the middle of the year, but the sentiment on the M&A market shifted drastically starting in the summer. For this reason, business declined in annual comparison in 2011 with only fourteen transactions, a deal volume of roughly EUR 3 billion and a net fee volume of EUR 11.5 million. The results of Raiffeisen Investment AG and its subsidiaries were negative overall because of the adverse market conditions in the 2011 financial year. The number of deals is expected to increase substantially in the three core markets of Turkey, Russia and Poland in 2012, especially in the sectors of consumer goods, energy and industry

Centrotrade Group

The subsidiaries of the Centrotrade group are active in rubber trade and trading with olefins. The rubber trading subsidiaries are held by Centrotrade Holding AG. The rubber group was able to exceed its result for 2010 by a wide margin thanks to an outstanding first half of the year, while the result from trading with olefins was positive, but well below the record result for 2010. This can be attributed to the conflict in Libya and the associated loss of the main supplier, as well as to the fact that raw materials could not be purchased from Iran due to the company policy in connection with the international sanctions imposed against this country.

A Malaysian company that is active in the trading of latex and rubber was acquired in the fourth quarter of 2011 and is being integrated into the rubber group. This will increase the group's market presence and allow it to access new sales markets.

Financial and Non-Financial Performance Indicators

Financial Performance Indicators

	2011	2010
Return-on-Equity before tax (in per cent)	25.0	27.0
Return-on-Equity after tax (in per cent)	19.9	30.0
Cost-income ratio (in per cent)	63.4	62.7

The lower profit before tax in annual comparison combined with higher average equity caused the return on equity before tax to fall from 27.0 per cent to 25.0 per cent. A positive tax result was reported for 2011, largely because of a tax credit that resulted from the tax audit. Accordingly, the return on equity after tax fell from 30.0 per cent to 19.9 per cent compared to the previous year.

While, in annual comparison, operating income fell substantially compared to operating expenses, the cost-income ratio rose marginally from 62.7 per cent in 2010 to 63.4 per cent in 2011.

Non-Financial Performance Indicators

	2011	2010
Employees at year-end	207	219
Average number of employees	210	210
Stock exchange memberships	10	14
Number of newly issued warrants and certificates	2,371	2,670

Compared to December 2010 the number of employees declined by 12 persons to 207 as at 31 December 2011. Unchanged to the previous year, an average of 210 employees worked for Raiffeisen Centrobank during the reporting period.

As stock exchange membership on the stock and derivative exchanges in Milan and Zurich were terminated, the Bank's stock exchange memberships dropped to 10. After an above-average rise in the number of warrants and certificates issued by the Bank in 2010, the 2011 figure decreased by roughly 11 per cent to 2,371.

Risk Management

Risk management principles

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

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

The management activities of the Executive Board are supported by the risk management concept, which provides a coordinated process for the handling of market risk, credit risk, operational risk, equity participation risk and other risks. The basic principles and methods underlying risk management are defined by the bylaws for the Supervisory Board and the Executive Board as well as the bank's organisational guidelines and manuals. A comprehensive planning and controlling process enables the Executive Board to identify risks at an early stage, evaluate them and take appropriate countermeasures. Within the framework of its decision-taking authority the Executive Board determines the bank's risk management policies, authorizing the principles of risk management, the specification of limits for all relevant risks as well as the precise processes to monitor risks. The risk policy is an integral part of the risk management scheme of the bank as a whole, which systematically links the profit management and risk management of all business segments.

An independent risk management department, incorporated within the controlling department, supports the Executive Board in effectively fulfilling its duties. The department reports regularly to the Executive Board and evaluates the current risk situation by taking account of the risk capacity and risk limits. It supports the Executive Board in allocating a risk management budget and in managing risks. As a cross-divisional and enterprise-wide body, the department is responsible for the ongoing further development and implementation of methods to measure risks, to refine risk management instruments as well as to maintain and update the regulatory framework. The Risk Committee, which meets regularly, addresses all issues and regulations in the area of risk management, develops recommendations for the Executive Board as a whole, or prepares resolutions. Members of the Risk Committee, along with the Executive Board are the heads of the Risk Management, Securities Trading & Sales and Treasury departments. The evaluation of interest rate changes and the balance sheet risks as well as liquidity risks takes place within the framework of the Asset Liability Committee.

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

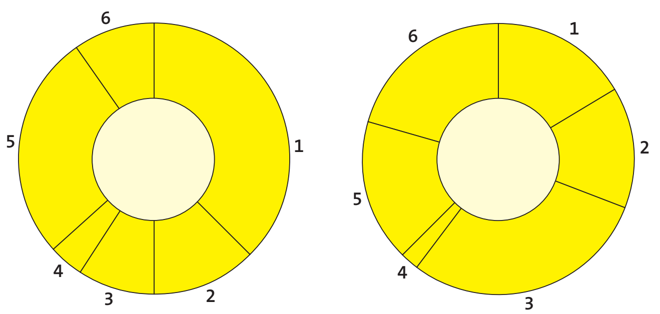
Risk capacity and risk management

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

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

Securing capital adequacy is one of the primary goals of risk management at Raiffeisen Centrobank. The adequacy of capital is assessed every quarter on the basis of risk calculated according to internal modes. Capital requirements both from a regulatory perspective (going-concern perspective) and from an economic point of view (liquidation perspective) are taken into account, In both perspectives, all material risks are determined using a VaR model. Market risk constitutes the most significant risk from both perspectives. This accounts for 38 per cent of total risk as at 31 December 2011 (2010: 44 per cent).

Going-concern perspective 2011 // Liquidations perspective 2011



Going-concern perspective	**31/12/2011**	**31/12/2010**
1. Market risk	37.5%	44.1%
2. Credit risk	12.7%	10.2%
3. Operational risk	9.0%	7.4%
4. Business risk	4.4%	5.2%
5. Equity participation risk	26.9%	25.1%
6. Other risks	9.5%	8.0%

Liquidations perspective	**31/12/2011**	**31/12/2010**
1. Market risk	16.6%	20.9%
2. Credit risk	14.3%	13.8%
3. Operational risk	29.7%	26.7%
4. Business risk	2.0%	2.5%
5. Equity participation risk	17.1%	17.5%
6. Other risks	20.4%	18.7%

Market risk

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

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

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

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

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

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

Amounts in thousand Euros	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Interest rate risk	182	199	376	570	421
Foreign exchange risk	97	112	42	64	49
Price risk	1,980	1,638	1,457	1,523	995
Total	**2,259**	**1,949**	**1,875**	**2,157**	**1,465**

The rise in price risk is attributable to an increase in volatilities, caused primarily by the European sovereign debt crisis.

Comparative figures as at 31 December 2010:

Amounts in thousand Euros	31/12/2010	30/09/2010	30/06/2010	31/03/2010	31/12/2009
Interest rate risk	421	226	164	203	126
Foreign exchange risk	49	43	26	56	32
Price risk	995	900	1,083	1,670	2,091
Total	**1,465**	**1,169**	**1,273**	**1,929**	**2,249**

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

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

Amounts in thousand Euros	31/12/2011	30/09/2011	30/06/2011	31/03/2011	31/12/2010
Going concern (95 per cent confidence interval)	4,884	5,096	4,721	5,529	7,121
Liquidations (99.9 per cent confidence interval)	7,408	7,221	6,420	9,537	10,914

Comparative figures as at 31 December 2010:

Amounts in thousand Euros	31/12/2010	30/09/2010	30/06/2010	31/03/2010	31/12/2009
Going concern (95 per cent confidence interval)	7,121	4,387	4,628	7,326	10,556
Liquidations (99.9 per cent confidence interval)	10,914	5,793	5,714	9,564	25,430

Stress tests

In addition to value-at-risk, Raiffeisen Centrobank uses stress tests – primarily to evaluate market risk and credit risk, but also for operational and liquidity risk. The performance and analysis of stress tests represent a valuable addition to the value-at-risk model because of their focus on extreme events. The value-at-risk model cannot depict the full coverage of risk because it is based solely on historic data and only determines risks at a specific confidence interval (99 per cent). In contrast to the value-at-risk model, stress tests simulate the performance of the portfolio under abnormal market situations and atypical price movements.

These stress tests are used to identify possible weaknesses in the portfolio that have a significant potential to produce losses, and thereby allow for the planning of appropriate measures. Stress tests involve artificial changes to various risk factors in the Raiffeisen Centrobank portfolio in order to simulate the effects of unusual market situations.

The stress tests used by Raiffeisen Centrobank are based on historic data as well as criteria defined by management. Historic stress tests are based on significant past events on the relevant markets. The assumption is that the same or similar events will occur in the future, and are therefore pertinent to the risk situation of the company (e.g. Lehman default scenario).

Management-defined stress tests are designed to evaluate the effects of hypothetical events on the portfolio. The relevant scenarios are developed jointly by an expert team and the management. In this way, shifts in key risk factors – such as stock prices, CDS spreads and interest rate curves – can be calculated.

These stress tests enable the company to identify the occurrence of risks at an early point in time. Current results show a satisfactory picture.

Backtesting

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

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

The required trading book capital is calculated in accordance with § 22 o of the Austrian Banking Act. As at 31 December 2011, the required securities trading book capital amounted to EUR 28.30 million (31/12/2010: EUR 29.60 million).

Interest rate risk

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

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2011 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	2,839	0	1	0
USD	3,098	0	0	0
Other currencies	0	0	0	0

The interest maturity gap of Raiffeisen Centrobank as at 31 December 2010 was as follows:

Amounts in thousand Euros	> 6 m – 1 y	> 1 – 2 y	> 2 – 5 y	> 5 y
EUR	1,426	0	0	1
USD	-163	0	0	0
Other currencies	0	0	0	0

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

Credit risk

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

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

The limitation and measurement of risks is primarily carried out by setting nominal limits as well as by the value-at-risk figures for credit risk made available by RZB Credit Institution Group. The internal system for controlling credit risk encompasses all forms of monitoring that are directly or indirectly integrated into the work processes that require monitoring.

Against the backdrop of the capital adequacy framework for banks (Basel II) the ongoing management, controlling and monitoring of credit risk at the RZB Credit Institution Group are assured. The Group-wide rating and default database registers and evaluates customers and documents default processes. To measure risk internally, Raiffeisen Centrobank uses a modified version of the Basel II IRB approach, which enables the determination of a value-at-risk consistent risk value and, unlike the original IRB formula, includes the expected loss. The credit risk of Raiffeisen Centrobank is monitored and analysed on a loan-by-loan (employing a comprehensive and well-founded analysis of potential debtor's creditworthiness and collateral) and portfolio-wide basis. The methods of calculation employed yield a comprehensive depiction of the company's credit-incurred risks and reveal their relative (when compared to market-related risks) lack of importance.

As at 31 December 2011, Raiffeisen Centrobank in its individual financial statements had interest-bearing assets subject to credit risk as well as off-balance sheet volume amounting to TEUR 1,542,225 (31/12/2010: TEUR 1,220,025) before deductions made for value adjustments.

As at 31 December 2011 the Credit VaR came up to EUR 5.655 million, and at 31 December 2010 to EUR 6.203 million. The calculation is based on a significance level of 95 per cent and a retention period of three months.

Asset volume Amounts in thousand Euros	31/12/2011		31/12/2010	
Loans and advances to credit institutions	910,552		730,993	
Loans and advances to customers	111,601		143,424	
Bonds	515,422		339,920	
	1,537,575		**1,214,837**	
Product-weighted off-balance sheet transactions	4.650		5,188	
	1,542,225	**100.0%**	**1,220,025**	**100.0%**
Value adjustments	267	0.0%	355	0.0%

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

Operational risk

In line with Basel II, operational risk is defined as the risk of unexpected losses resulting from inadequate or failed internal processes, people and systems or from external events including legal risk. As is the case with other types of risk, the principle of ensuring a strict division of responsibilities between risk management and risk controlling is also applied to operational risk. Operational risk is analysed and managed on the basis of the Group's own regular self-risk assessments, the results of evaluating risk scenarios and the Group's historic loss data. The standardised approach, which is based on segment operating income, is used to determine the necessary capital coverage for operational risk as defined in Basel II. Provisions are made in order to meet pending legal risks in accordance with appraisals carried out of the potential economic losses resulting from court decisions. The calculation of value-at-risk consistent risk values is going to be carried out using the operating amounts determined by using the standard approach stipulated by Basel II for standard business lines. The method of quantification employed is derived from a large-scale empirical study on the advanced measurement approaches used in analysing databases chronicling operating losses as they relate to Basel II's standard approach. The data presented in the study forms the basis for the employment of empirical values and a reversed engineering approach in the deriving of the parameters. The calculation of value-at-risk consistent risk values enables immediate and fully intermeshing taking into account of the operational risks and of an assessment of its role within the bank's overall exposure to risk and the limits placed upon it. This value-at-risk consistent risk value (95 per cent confidence interval, 3-month retention period) amounted to EUR 1.17 million as at 31 December 2011 (31/12/2010: EUR 1.19 million).

Equity participation risks

Part of the banking book also encompasses risks derived from equity participations (all of which involve unlisted companies). As at 31 December 2011 the carrying amount of the equity participations of Raiffeisen Centrobank totalled EUR 15.5 million.

The resulting share of these equity participations in the capital requirements of Raiffeisen Centrobank is thus 2.43 per cent (previous year: 2.25 per cent). The focal point of the bank's efforts to mitigate and control equity participation risks is the limits set for the trading subsidiaries of Raiffeisen Centrobank. Financial and trading limits are approved by the internal credit committee or, when specified limits are to be exceeded, by the Supervisory Board of Raiffeisen Centrobank. On this basis a standardised and comprehensive spectrum of reports are put together, sometimes on a daily basis but on a monthly basis at a minimum, including risk reports for performance risk, financial risk and position risk.

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

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

Other risks

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

Internal Control System as Relevant for the Accounting Process

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

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

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

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

Monthly balance sheets are created and passed on to the Executive Board and the senior management by means of a standardised financial reporting system. At least once per quarter the Supervisory Board is informed in the course of the Supervisory Board meetings of the current course of business including the bank's operative planning and medium-term strategy. The Executive Board evaluates and monitors material risks in connection with the accounting process. In this, the focus is placed on the risks that are typically found to be material. The annual evaluation of the internal control measures applied by each of the responsible units is based on a risk oriented approach. The risk of faulty financial reporting is assessed on the basis of a number of different criteria. For example, complex accounting principles can increase the risk of errors.

Different principles for the measurement of assets and complex or changing business conditions can also cause substantial errors in the financial reporting. Estimates must regularly be made during the preparation of the financial statements. In all of these cases, there is an inherent risk that the actual developments may deviate from these estimates. This especially applies to the parameters in valuation models that are used to determine the fair values of financial instruments for which there is no current price quotation as well as to social capital, the outcome of legal disputes, the collectability of loans and advances, and the impairment of equity participations and inventories. In some cases, external experts are involved or publicly available information sources used to minimise the risk of incorrect estimates.

In addition to the Executive Board, the general control framework also includes middle management (the department heads). All control measures are applied to the daily business processes to ensure that potential errors or deviations in the financial reporting are prevented or discovered and corrected. The control measures that are applied at regular intervals range from the review of the periodic results by the management to the specific reconciliation and coordination of accounts and the analysis and further optimisation of accounting processes. The Internal Audit department is also involved in the monitoring process. Its activities are based on the Austrian Financial Market Authority's minimum standards for internal auditing and international best practices. The Internal Audit department reports directly to the Executive Board.

The Controlling 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 clear successes we achieved in the 2011 financial year would not have been possible without the competence and dedication of our staff. Raiffeisen Centrobank had 207 employees on 31 December 2011 (31 December 2010: 219).

Raiffeisen Centrobank Group is proud of the outstanding expertise, commitment and tight integration of its staff. As this is a cornerstone of our success, substantial investments were again made in various training measures during the 2011 financial year. The motivation that the staff and management have displayed in continually expanding their professional knowledge and skills in line with current developments and enhancing their expertise in their areas of focus is remarkable.

A particular focus was placed on achieving a balanced ratio of male to female employees in 2011, something that is particularly challenging in the field of investment banking. At present, women make up 41 per cent of the staff at Raiffeisen Centrobank. The share of women with proxy powers or posts on the Executive Board is also relatively high at 36 per cent.

An important human resources project during the reporting period was the implementation of the new compensation principles according to §39 b BWG. The work focused on the creation of compensation principles for Raiffeisen Centrobank and the implementation of these principles, including the introduction of a structured, risk-adjusted performance management process and corresponding tools.

Outlook for 2012

The year 2012 will undoubtedly be difficult for the world economy. The speed of global economic recovery is being seriously hampered by the ongoing debt crisis. To what extent the European and world economies are slowed by the current conditions will depend above all on how quickly an effective solution is found for the sovereign debt crisis in the Eurozone, the greatest challenge for the real economy and financial system in Europe and the rest of the world.

Economic growth in the USA during the year will likely stabilise at a low level and then begin improving slowly. All in all, real economic growth is projected at 1.5 per cent for the USA in 2012. The economy of the European Union will stagnate at best in year-on-year terms, and will even slip into mild recession at times. We expect a contraction of 1 per cent for the Eurozone. Individual problem countries in the currency union are facing the prospect of even deeper recession because of the need for massive budget restructuring measures.

Because of its strong export orientation, Austria will also be affected by the expected recession but should develop more strongly than the other euro countries and see a contraction of only 0.5 per cent. All in all, exports are not likely to drive growth in the foreseeable future. The situation on the labour market is more favourable. The jobless rate has risen from the lows in the summer of 2011, but Austria still had one of the best annual unemployment rates in the EU last year at 4.1 per cent. We expect this rate to climb slightly to 4.5 per cent in 2012 due to the economic downturn. Inflation was very strong in 2011 at 3.5 per cent, but should fall in the coming months. We expect substantially more moderate consumer price inflation of 2.1 per cent in 2012. Because of the especially close economic ties between the EU and the CEE countries, negative effects were unavoidable in 2011 and are likely in the current year. However, more robust domestic demand will make the effects less severe in some countries, such as Poland and the CIS, than in Central Europe. We expect that economic growth will come to plus 2.0 per cent in CEE in 2012. Because of closer trade ties with the Eurozone, the negative effects will be more substantial for Central Europe (plus 0.5 per cent) and Southeastern Europe (plus 0.4 per cent). The more severe recession in Italy and Greece is especially relevant in SEE. GDP growth is projected at 3.1 per cent for the Commonwealth of Independent States because of the lower level of trade ties and the high energy prices.

Under these difficult overall conditions, the important equity markets performed very poorly during the reporting period – except for the USA, where some markets even closed with minor gains – and all major international exchanges in the USA, Europe and Japan and especially in Austria and CEE suffered substantial losses. Moving forward from these low levels, a stabilisation of the Eurozone sovereign debt crisis, a slowdown in negative earnings revisions and favourable valuations could lead to moderately rising prices in 2012. A likely return to positive growth in the second half of the year would bring further impetus to the markets.

Even though the market conditions are likely to remain highly challenging because of the difficult macroeconomic conditions, as discussed above, the good position that our Group occupies within RBI Group and in our core markets of Austria and Central and Eastern Europe should allow us to achieve sustainable success in our central business areas of securities trading, capital market transactions and mergers and acquisitions in 2012.

Events after the Balance Sheet Date

The operating business of Raiffeisen Investment AG is scheduled to be integrated into Raiffeisen Centrobank AG retroactively as at December 31, 2011.

Research and Development

Because of its business focus on investment banking, Raiffeisen Centrobank does not engage in research and development.

Distribution of the profit 2011

The 2011 financial year closed with a net income for the year of EUR 18,146,209.33. Including the profit carried forward of EUR 13,077,317.73 the net profit for the year amounted to EUR 31,223,527.06.

The Executive Board of Raiffeisen Centrobank recommends to the Supervisory Board that a dividend of EUR 31.00 per share be distritubted from the net profit as at December 31, 2011. This corresponds to a total dividend amounting to EUR 20,305,000 for 655,000 shares. The Executive Board further recommends to carry forward the remaining profit of EUR 10,918,527.06.

Vienna, 10 April 2012
The Executive Board

Eva Marchart
Chief Executive Officer

Alfred Michael Spiss
Deputy Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Statement of All Legal Representatives pursuant to § 82 Stock Exchange Act

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

Vienna, 10 April 2012
The Executive Board

Eva Marchart
Chief Executive Officer

Alfred Michael Spiss
Deputy Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Individual Financial Statements of Raiffeisen Centrobank AG as at 31 December 2011 according to the Austrian Banking Act

Balance sheet as at 31 December 2011

Assets	31/12/2011 EUR	31/12/2011 EUR	31/12/2010 TEUR	31/12/2010 TEUR
1. Cash in hand and deposits with central banks		4,125,216.23		3,813
2. Loans and advances to credit institutions				
a) payable on demand	93,033,517.79		39,923	
b) other loans and advances	817,518,309.27	910,551,827.06	691,070	730,993
3. Loans and advances to customers		111,334,368.27		143,569
4. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	14,847,239.07		6,021	
b) issued by other borrowers	500,574,632.52	515,421,871.59	333,899	339,920
5. Shares and other variable-yield securities		421,732,572.01		632,986
6. Equity participations		5,153,969.61		5,154
7. Shares in affiliated companies		10,367,552.64		10,368
8. Intangible fixed assets		311,052.00		121
9. Tangible fixed assets		16,763,871.64		17,739
thereof land and buildings used by the credit institution for own purposes: TEUR 12,804,949.92 previous year: TEUR 13,098				
10. Other assets		146,945,670.98		203,137
11. Prepayments and other deferrals		1,080,425.05		1,187
Total assets		**2,143,788,397.08**		**2,088,987**
Off-balance sheet item				
1. Foreign assets		407,211,105.85		616,579

Equity and liabilities	31/12/2011 EUR	31/12/2011 EUR	31/12/2010 TEUR	31/12/2010 TEUR
1. Liabilities to credit institutions				
a) repayable on demand	10,210,575.40		53,546	
b) with agreed maturity dates or periods of notice	1,369,558.55	11,580,133.95	1,948	55,494
2. Liabilities to customers				
a) repayable on demand	104,009,690.09		103,470	
b) with agreed maturity dates or periods of notice	51,702,998.70	155,712,688.79	22,499	125,969
3. Securitised liabilities (other securitised liabilities)		772,332,851.60		822,770
4. Other liabilities		1,053,621,243.54		926,188
5. Accruals and deferred items		165,737.42		243
6. Provisions				
a) for severance payments	5,592,267.62		5,221	
b) for retirement benefits	2,011,134.16		1,760	
c) other provisions	12,747,495.40	20,350,897.18	14,643	21,624
7. Subordinated liabilities		20,481,250.00		20,412
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 Austrian Banking Act		13,538,860.00		13,539
12. Net profit for the year		31,223,527.06		37,967
Total equity and liabilities		**2,143,788,397.08**		**2,088,987**

Off-balance sheet items				
1. Contingent liabilities arising from guarantees and assets pledged as collateral security		3,380,296.88		10,298
2. Credit risks		26,325,375.01		9,565
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		98,009,015.54		98,199
5. Own funds requirement pursuant to Article 22 para 1 Austriain Banking Act thereof: own funds requirement pursuant to Article 22 para 1 nos. 1, and 4 Austrian Banking Act: EUR 22,936,000.00; previous year: TEUR 25,587		51,187,000.00		55,191
6. Foreign equity and liabilities		228,571,652.16		202,299

Income statement for the 2011 financial year

	2011 EUR	2011 EUR	2010 TEUR	2010 TEUR
1. Interest and interest-like income		21,063,688.23		17,077
thereof fixed-interest securities	6,182,379.91		10,034	
2. Interest and interest-like expenses		-17,095,825.75		-13,576
I. Net interest income		**3,967,862.48**		**3,501**
3. Income from securities and financial investments				
a) Income from shares, share rights and other variable-yield securities	12,892,852.87		6,904	
b) Income from shares in affiliated companies	4,956,818.18	17,849,671.05	2,636	9,540
4. Fee and commission income		19,024,646.24		19,580
5. Fee and commission expenses		-13,264,151.77		-9,265
6. Net profit on financial trading activities		33,681,455.75		39,185
7. Other operating income		1,619,056.00		1,754
a) Net profit on commercial trading activities	82,610.14		205	
b) Sundry operating income	1,536,445.86		1,550	
II. Operating income		**62,878,539.75**		**64,295**
8. General administrative expenses		-37,702,510.46		-37,977
a) staff expenses				
aa) wages and salaries	21,871,723.27		21,882	
bb) expenses for statutory social contributions and compulsory contributions related to wages and salaries	4,164,403.49		4,321	
cc) other social expenses	383,793.55		386	
dd) expenses for pensions and assistance	401,000.32		456	
ee) provisions for retirement benefits	251,303.43		467	
ff) expenses for severance payments and contributions to severance funds	860,557.31		1,077	
	27,932,781.37		**28,589**	
b) other administrative expenses	9,769,729.09		9,388	
9. Value adjustments on asset items 8 and 9		-1,871,234.95		-1,914
10. Other operating expenses		-279,850.71		-404
III. Operating expenses		**-39,853,596.12**		**-40,295**
IV. Operating result		**23,024,943.63**		**24,000**

	2011 EUR	2011 EUR	2010 TEUR	2010 TEUR
IV. Operating result (= amount carried forward)		**23,024,943.63**		**24,000**
11. Loans loss provisions and expenditures arising from the valuation of loans and advances and disposal of securities held as other current assets		-227,934.10		-12
12. Income arising from the valuation of loans and advances and disposal of securities held as other current assets		33,237.98		198
13. Expenditures arising from the valuation of interests and shares in affiliated companies held as financial investments		-1.00		0
V. Result on ordinary activities		**22.830.246,51**		**24.186**
14. Income taxes (thereof passed on from parent company: EUR -1,819,487.13 (previous year: TEUR 3,057)		-2,343,626.72		3,941
15. Other taxes unless included in item 14		-2,340,410.46		-1,268
VI. Net income for the year		**18,146,209.33**		**26,859**
16. Profit carried forward		13,077,317.73		11,108
VII. Net profit for the year		**31,223,527.06**		**37,967**

Development of fixed assets in the 2011 financial year

Amounts in Euros	Cost of acquisition Balance as at 1/1/2011	Cost of acquisition Additions	Cost of acquisition Transfer	Cost of acquisition Disposal
I. Intangible fixed assets				
Software licenses	**3,098,312.89**	**342,312.52**	**31,470.78**	**0.00**
II. Tangible fixed assets				
1. Land and buildings used by the credit institution for own purposes thereof value of property: EUR 3,066,200.92; previous year: TEUR 3,066	14,789,785.11	0.00	0.00	0.00
2. Office furniture and equipment	21,652,516.99	766,750.85	41,680.80	685,910.36
3. Prepayments	73,151.58	0.00	-73,151.58	0.00
	36,515,453.68	**766,750.85**	**-31,470.78**	**685,910.36**
III. Financial investments				
1. Shares in affiliated companies thereof in credit institutions: EUR 0.00	13,216,512.84	0.00	0.00	0.00
2. Equity participations thereof credit institutions: EUR 0.00	5,168,286.12	0.00	0.00	13,880.51
	18,384,798.96	**0.00**	0.00	**13,880.51**
Total	**57,998,565.53**	**1,109,063.37**	0.00	**699,790.87**

Cost of acquisition Balance as at 31/12/2011	Accumulated depreciation	Carrying amount 31/12/2011	Carrying amount 31/12/2010	Depreciation in the 2011 financial year
3,472,096.19	**3,161,044.19**	**311,052.00**	**121,055.00**	**183,786.30**
14,789,785.11	1,984,835.19	12,804,949.92	13,098,040.92	293,091.00
21,775,038.28	17,816,116.56	3,958,921.72	4,567,749.72	1,394,357.65
0.00		0.00	73,151.58	0.00
36,564,823.39	**19,800,951.75**	**16,763,871.64**	**17,738,942.22**	**1,687,448.65**
13,216,512.84	2,848,960.20	10,367,552.64	10,367,552.64	0.00
5,154,405.61	436.00	5,153,969.61	5,153,970.61	0.00
18,370,918.45	**2,849,396.20**	**15,521,522.25**	**15,521,523.25**	**0.00**
58,407,838.03	**25,811,392.14**	**32,596,445.89**	**33,381,520.47**	**1,871,234.95**

Financial Statements as at 31 December 2011

Notes

A. Accounting Policies

General principles

The financial statements of Raiffeisen Centrobank for the 2011 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 Article 43 Austrian Banking Act. The structure of the income statement in regards to ensuring an adequate representation of the commodity trading 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 2010 financial statements.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are reported at the middle rates of exchanges fixed by the European Central Bank on the balance sheet date. Amounts denominated in currencies for which the European Central Bank published no rates are converted at the middle rates of exchange published by Raiffeisen Bank International AG on the balance sheet date.

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

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

Certificates acquired based on 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. This method is based on an interest rate curve which comprises money market, futures and swap rates without spreads. In order to determine the value of unlisted bank bonds depreciation or parameter adjustments are considered to reflect market liquidity risks within these evaluation methods.

Options on securities of publicly-listed companies and options on security indices (i.e. sold and bought calls and puts, primarily OeTOB and EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date.

Various models are used for the valuation of OTC options, depending on the type of option. For plain-vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options, whereas barrier options use Heynen-Kat and spread options rely on the Kirk model.

Loans and advances to credit institutions and customers

Loans and advances to credit institutions and customers are shown at their nominal value. Individual loan loss provisions are made in the case of an identifiable recognisable risk of default on the part of borrowers.

Equity participations and shares in affiliated companies

Equity participations and shares 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, permanent impairment has taken place.

Intangible and tangible fixed assets

The valuation of intangible fixed assets as well as tangible fixed assets (i.e. land and buildings, office furniture and equipment as well as other tangible fixed assets) is carried out at the cost of acquisition less their scheduled, linear depreciation.

Depreciation rates applied are 33.3% and 14.3% p.a. for intangible fixed assets, 2.5% and 10.0% p.a. for immovable fixed assets, and 10% - 33% for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. 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 present value method, or according to common option value methods for the option component.

Provisions for severance payments

The provisions for severance payments are designed to 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 4.50% (previous year: 4.25%), 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 73.39% of the statistical termination benefit obligations on the balance sheet date.

Provisions for retirement benefits

Provisions for retirement benefits are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 4.50% (previous year: 4.25%), an unchanged 2% 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 deposits with central banks

The balance sheet item A 1, which encompasses cash in hand and deposits with the Austrian National Bank, is reported as TEUR 4,125 (31/12/2010: TEUR 3,813). Prevailing regulations pertaining to liquidity and minimum reserves were observed.

II. Loans and advances

II.1. Classification of loans and advances other than those payable on demand according to their term to maturity

31/12/2011 Amounts in thousand Euros	**0 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Loans and advances to credit institutions	282,612	299,325	183,417	52,164	817,518
Loans and advances to customers	8,997	2,561	13,045	4,253	28,856
Bonds, notes and other fixed-interest securities	0	65,251	439,400	10,771	515,422
	291,609	**367,137**	**635,862**	**67,188**	**1,361,796**

Comparative figures as at 31/12/2010

31/12/2010 Amounts in thousand Euros	**0 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Loans and advances to credit institutions	318,197	22,071	304,994	45,808	691,070
Loans and advances to customers	16,118	11,444	6,230	4,038	37,830
Bonds, notes and other fixed-interest securities	0	50,225	279,820	9,875	339,920
	334,315	**83,740**	**591,044**	**59,721**	**1,068,820**

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

31/12/2011 Amounts in thousand Euros	**Loans and advances to affiliated companies (direct/indirect > 50 %)**	**Loans and advances to equity participations (in which Raiffeisen Centrobank has a direct shareholding)**
Loans and advances to credit institutions	780,651	0
Loans and advances to customers	50,523	514
Bonds, notes and other fixed-interest securities	423,915	0
Shares and other variable-yield securities	240,670	0
Other assets	65,869	17
	1.561,628	**531**

Comparative figures as at 31/12/2010

31/12/2010 Amounts in thousand Euros	Loans and advances to affiliated companies (direct/indirect > 50 %)	Loans and advances to equity participations (in which Raiffeisen Centrobank has a direct shareholding)
Loans and advances to credit institutions	554,057	0
Loans and advances to customers	68,726	514
Bonds, notes and other fixed-interest securities	201,462	0
Shares and other variable-yield securities	284,024	0
Other assets	102,429	11
	1,210,698	**525**

III. Securities

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

31/12/2011 Amounts in thousand Euros	OTC products	Products traded on stock exchange	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A4	0	515,422	515,422	515,422
Shares and other variable-yield securities, A5	219,835	201,897	421,732	421,732
Equity participations, A6	5,154	0	5,154	x
Shares in affiliated companies, A7	10,368	0	10,368	x

Comparative figures as at 31/12/2010

31/12/2010 Amounts in thousand Euros	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A4	0	339,920	339,920	339,920
Shares and other variable-yield securities, A5	282,269	350,717	632,986	632,986
Equity participations, A6	5,154	0	5,154	x
Shares in affiliated companies, A7	10,368	0	10,368	x

The fair value of securities held as other current assets exceeded the purchase price by TEUR 69 as at December 31, 2011 (31/12/2010: TEUR 1,014).

As at December 31, 2011 balance sheet item A 4 includes fixed-interest securities amounting to TEUR 515,422 (31/12/2010 balance sheet item A 4: TEUR 339,920) of which TEUR 65,251 (31/12/2010: TEUR 50,225) will fall due in the forthcoming year.

Balance sheet items A 6 and A 7 were valued according to the moderate lower of cost or market principle.

IV. Equity participations and shares in affiliated companies

The following list contains information on companies in which the bank directly held a minimum 20% shareholding on the balance sheet date.

Figures as at 31/12/2011

Amounts in thousand Euros

Name Domicile	Shareholding held by Raiffeisen Centrobank in %	Subscribed capital	Annual results 2011
1 Centrotrade Holding AG Vienna	100	3,436 *)	-86 *)
2 Centrotrade Investment AG Zug	100	6,239	-3
3 Raiffeisen Investment AG Vienna	100	2,625	-2,601
4 Centro Asset Management Ltd Jersey	100	1,967 *)	627 *)
5 Syrena Immobilien Holding AG Spittal/Drau	21	29,335 *)	93 *)

*) unaudited figures

Comparative figures as at 31/12/2010

Amounts in thousand Euros

Name Domicile	Shareholding held by Raiffeisen Centrobank in %	Subscribed capital	Annual results 2010
1 Centrotrade Holding AG Vienna	100	3,523 *)	3 *)
2 Centrotrade Investment AG Zug	100	8,623 *)	2,946 *)
3 Raiffeisen Investment AG Vienna	100	7,627	-547
4 Centro Asset Management Ltd Jersey	100	1,371 *)	303 *)
5 Centrotrade Malaysia Sdn Bhd Petaling Jaya	30	42 **)	0 **)
6 Syrena Immobilien Holding AG Spittal/Drau	21	29,232 *)	102 *)

*) unaudited figures

**) Annual results for 2004. The company is being liquidated. The liquidation proceedings were completed in January 2011.

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 146,946 (31/12/2010: TEUR 203,137) primarily refers to purchase contracts from trading in derivative financial instruments reported at fair value as at 31/12/2011 in the amount of TEUR 139,534 (31/12/2010: TEUR 197,818) as well as loans and advances on tax authorities of TEUR 324 (31,12,2010: TEUR 236).

VII. Liabilities

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

31/12/2011 Amounts in thousand Euros	0 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Liabilities to credit institutions	1,111	250	0	9	1,370
Liabilities to customers	28,742	22,961	0	0	51,703
Securitised liabilities	30,733	46,491	616,183	78,926	772,333
	60,586	**69,702**	**616,183**	**78,935**	**825,406**

Comparative figures as at 31/12/2010

31/12/2010 Amounts in thousand Euros	0 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Liabilities to credit institutions	1,948	0	0	0	1,948
Liabilities to customers	14,298	8,202	0	0	22,500
Securitised liabilities	35,552	105,727	570,802	110,689	822,770
	51,798	**113,929**	**570,802**	**110,689**	**847,218**

VII.2. Liabilities to affiliated companies and equity participations

31/12/2011 Amounts in thousand Euros	Liabilities to affiliated companies (direct/indirect >50%)	Liabilities to equity participations
Liabilities to credit institutions	636	0
Liabilities to customers	47,012	19
Other liabilities	24,308	0
	71,956	**19**

Comparative figures as at 31/12/2010

31/12/2010 Amounts in thousand Euros	Liabilities to affiliated (direct/indirect >50 %)	Liabilities to equity participations
Liabilities to credit institutions	1,357	0
Liabilities to customers	23,199	9
Other liabilities	39,593	1
	64,149	**10**

VII.3. Securitised liabilities

The balance sheet item P 3 contains own issues totalling TEUR 77,224 (31/12/2010: TEUR 141,278), which will fall due in the course of 2012.

VII.4. Other liabilities

The balance sheet item P 4 “Other liabilities“ amounting to TEUR 1,053,621 (31/12/2010: TEUR 926,188) primarily refers to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments of TEUR 1,048,295 (31/12/2010: TEUR 919,401).

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 31/12/2011 amounting to TEUR 20,481. The bond has an indefinite term, and may not be called by the issuer before 31 January 2013. The interest rate equals EURIBOR + 100 bp.

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:

	%	Shares
RZB IB Beteiligungs GmbH, Vienna	100.00	654,999
Lexxus Services Holding GmbH, Vienna	0.00	1
	100.00	**655,000**

IX. Provisions

Other provisions

The balance sheet item P6 d) "Other provisions" amounting to TEUR 12,748 (31/12/2010: TEUR 14,643) includes the following:

Amounts in thousand Euros	31/12/2011	31/12/2010
Salaries and bonuses	6,470	7,305
Litigation risks	3,247	3,248
Overdue vacation	1,951	1,942
Legal, auditing and consulting expenses	292	559
Provisions for recourse claims	0	284
Provisions for the Securities Trading & Sales Department	175	473
Management fees	183	144
RBI/RZB Group services	176	387
Others	254	301
Total	**12,748**	**14,643**

X. Obligations arising from the use of tangible fixed assets not recognised in the balance sheet

The rental and leasing expenses during the period under review amounted to TEUR 577 (2010: TEUR 582), thereof TEUR 207 (2010: TEUR 220) to affiliated companies. For the 2012 financial year, rental costs are expected to total TEUR 655 and TEUR 3,273 for the 2012-2016 financial years, of which the rental costs to affiliated companies will total TEUR 211 and TEUR 1,054, 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	31/12/2011	31/12/2010
Assets	282,020	335,243
Liabilities	135,172	139,040

Unsettled futures and options contracts according to the VERA scheme[1]

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

Amounts in thousand Euros	31/12/2011	31/12/2010
Purchase contracts		
Interest rate futures	25,500	1,000
Currency and interest rate swaps in a single currency	21,591	38,643
Options on interest-rate instruments	500	500
Forward exchange contracts/gold contracts	84,943	88,058
Index future contracts	553,875	440,369
Options on asset values and equity index options	834,667	909,795
Precious metals and commodity future contracts	22,476	28,611
Commodity options	56,240	32,486
Sales contracts		
Interest rate futures	2,000	38,500
Currency and interest rate swaps in a single currency	21,591	38,643
Forward exchange contracts/gold contracts	92,122	86,367
Index future contracts	43,162	51,735
Options on asset values and equity index options	1,546,297	1,219,406
Commodity futures	571	0
Commodity options	121,101	62,922

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

Securities trading book

A securities trading book is maintained pursuant to Article 22 o of the Austrian Banking Act. On the balance sheet date the trading volume at fair values (derivatives on shares, commodities, precious metals and gold with delta values) amounts to:

Amounts in thousand Euros	31/12/2011	31/12/2010
Shares/ mutual funds	-363,764	-191,705
Listed options	19,152	1,369
Futures	587,489	418,498
Warrants/ certificates	-229,781	-372,446
OTC options	242,146	222,932
Purchased bonds	1.487,889	1,240,086
Issued guarantee bonds	-769,483	-824,190
Total	**973,648**	**494,544**

Data on transactions with derivative financial instruments

Stock market trading in derivative financial instruments focuses on shares and equity/index futures and options. The financial instruments issued by Raiffeisen Centrobank can be classified as warrants, certificates mainly on shares and share indices (Turbo, Discount, Bonus and Open-End Certificates), and guarantee bonds with a payment structure related to equity or equity indices.

Listed derivatives are reported in the balance sheet at the listed market price. Unlisted derivatives are reported in the balance sheet with synthetic market prices. In both cases, adjustments in value are 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 Heynen-Kat and spread options rely on the Kirk model.

The volume of derivative financial instruments in the banking book relates to an OTC product to hedge interest rate risks and to FX forwards to hedge currency risks. FX forward transactions are primarily concluded to hedge currency risks of the commodity trading subsidiaries. The transactions are valued at fair value applying observable market parameter. Currency derivatives as at 31 December 2011 come up to a fair value of TEUR 154 (31/12/2010: TEUR 355).

The underlying transaction in an interest rate derivative are loans and advances to customers and liabilities to credit institutions. The derivative is recognised in the balance sheet as valuation unit with the hedged item at acquisition costs. The interest rate hedge has been concluded until the underlying transaction matures in 2016. The effectiveness of the hedge relations is determined according to the "critical term match". No provision for losses was made, neither on 31 December 2011 nor on 31 December 2010, due to the effectiveness of the hedge relation. The fair value as at 31 December 2011 came up to TEUR -383 (31/12/2010: -338).

Volumes of derivative financial transactions according to the VERA scheme[1] are as follows:

31/12/2011 Amounts in thousand Euros	Nominal amount Banking book	 Trading book	Positive market value Banking book	 Trading book	Negative market value Banking book	 Trading book
1. Interest rate contracts	**15,738**	**55,444**	**-383**	**31,187**	**383**	**1,995**
1.1. OTC products	**15,738**	**27,944**	**-383**	**783**	**383**	**-783**
Interest rate swaps	15,238	27,944	-383	783	383	-783
Options on interest-rate instruments	500	0	0	0	0	0
1.2. Products traded on stock exchange	**0**	**27,500**	**0**	**30,404**	**0**	**2,778**
Interest rate futures	0	27,500	0	30,404	0	2,778
2. Foreign exchange contracts	**112,831**	**64,237**	**-154**	**26,532**	**154**	**25,154**
2.1. OTC products	**112,831**	**0**	**-154**	**0**	**154**	**0**
Forward exchange contracts	112,831	0	-154	0	154	0
2.2. Products traded on stock exchange	**0**	**64,237**	**0**	**26,532**	**0**	**25,154**
Currency futures	0	64,237	0	26,532	0	25,154
3. Equity contracts	**0**	**3,178,389**	**0**	**683,958**	**0**	**585,768**
3.1. OTC products	**0**	**1,459,077**	**0**	**75,608**	**0**	**92,845**
Equity-based options- purchased	0	683,869	0	75,608	0	0
Equity-based options- sold	0	775,208	0	0	0	92,845
3.2. Products traded on stock exchange	**0**	**1,719,312**	**0**	**608,349**	**0**	**492,923**
Share and other equity/ index options and future contracts	0	1,481,495	0	575,697	0	401,340
Commodities/ precious metals	0	200,388	0	32,652	0	65,536
Certificates (Reverse Convertibles)	0	37,429	0	0	0	26,048
Total OTC products	**0**	**1,459,077**	**0**	**75,608**	**0**	**92,845**
Total listed products	**0**	**1,719,312**	**0**	**608,349**	**0**	**492,923**
Total	**128,569**	**3,298,070**	**-537**	**741,676**	**537**	**612,918**

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

C. Notes to the Income Statement

I. Interest and similar income

Amounts in thousand Euros	2011	2010
for liabilities to credit institutions	3,942	4,297
for liabilities to customers	4,418	2,745
for securitised liabilities	12,704	10,035
	21,064	**17,077**

II. Interest and similar expenses

Amounts in thousand Euros	2011	2010
for liabilities to credit institutions	-1,965	-1,415
for liabilities to customers	-868	-489
for securitised liabilities	-14,263	-11,672
	-17,096	**-13,576**

III. Fee and commission income

Amounts in thousand Euros	2011	2010
from securities business	13,306	12,445
from ECM transactions	4,103	6,185
from credit business	154	31
from payment transactions	247	240
from other banking services	1,215	680
	19,025	**19,581**

IV. Fee and commission expenses

Amounts in thousand Euros	2011	2010
from securities business	-12,820	-8,997
from credit business	0	-9
from payment transactions	-155	-125
from other banking services	-289	-133
	-13,264	**-9,265**

V. Net profit on financial trading activities

Amounts in thousand Euros	2011	2010
from the valuation and sale of certificates and stocks	138,230	37,190
from the valuation and sale of OTC options and warrants	38,667	-62,300
from the valuation and sale of other options and futures	-143,594	54,545
from the valuation of spot and futures positions	379	9,750
	33,682	**39,185**

VI. Other operating income

The item includes income from the release of provisions in the amount of TEUR 902 as well as income from charging-ons and non-banking transactions. Income in the amount of TEUR 83 (2010: TEUR 205) from commodity trading stems from the fulfilment of off-set obligations.

VII. General administrative expenses

Amounts in thousand Euros	2011	2010
Office space expenses (maintenance, operation, administration, insurance)	-802	-864
Office supplies, printed matter, literature	-177	-190
IT costs	-2,019	-1,681
Communication costs	-887	-795
Information services	-2,132	-1,999
Car expenses and travelling expenses	-725	-637
Advertising and promotional expenses	-1,418	-1,227
Legal, advisory and consultancy services	-679	-802
Contributions to associations	-324	-282
Sundry	-607	-911
	9,770	**9,388**

VIII. Other operating expenses

"Other operating expenses" amounting to TEUR 280 (2010: TEUR 404) primarily relates to fees and charging-on expenses for non-banking transactions.

IX. Income taxes

Income taxes are comprised of the following:

Amounts in thousand Euros	2011	2010
Passed on from the parent company for the business year	1,819	3,057
Adjustment of Group taxation- previous years	0	-7,367
arising from the termination of a tax audit		-453
arising from amendment of the AbgÄG 2009 (Austrian Tax Amendment Act) which entered into force retroactively		-6,914
Corporate income tax-previous years		43
arising from the termination of a tax audit		43
Not recognised as foreign withholding tax	525	326
	2,344	**-3,941**

X. Deferred tax

The bank did not exercise its right to capitalise deferred tax. The capitalisable amount of about TEUR 649 was calculated on the basis of non tax-deductible expenses for the 2011 financial year and previous years.

XI. Subordinated capital

Expenses related to subordinated capital amounted to TEUR 519 (2010: TEUR 469) for the period under review.

XII. Expenses for auditing the financial statements

Expenses for auditing the financial statements split into expenses for auditing and for tax consultancy services are contained in the consolidated financial statements.

D. Other Disclosures

Contingent liabilities

The breakdown of contingent liabilities arising from guarantees and assets pledged as security totalling TEUR 3,380 (31/12/2010: TEUR 10,298) consists of the following:

Amounts in thousand Euros	31/12/2011	31/12/2010
Letters of credit	2,785	9,728
Guarantees	595	570
	3,380	**10,298**
thereof for affiliated companies	2,785	1,431

In accordance with Article 93 Austrian Banking Act, the bank is legally obliged to provide for a proportionale deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of the Fachverband der Raiffeisenbanken (professional association of the Raiffeisen Banking Group). This also entails an affiliation with Österreichischen Raiffeisen Einlagensicherung reg, GenmbH., Vienna (the deposit insurance arm of the Raiffeisen Banking Group, registered as a limited liability company). In the financial year the theoretical claim on this insurance is limited to a rate of 1.5% of the assessment basis in accordance with Article 22 para 2 Austrian Banking Act at the balance sheet date, plus the weighted items of the securities trading book, also in accordance with Article 22 Austrian Banking Act. These contingent liabilities are reported at a market value of Euro 0.07.

Commitments shown under the balance sheet

Commitments shown under the balance sheet amounting to TEUR 26,325 (31/12/2010: TEUR 9,565) refer exclusively to irrevocable credit lines and standby facilities.

Other contractual bank guarantee obligations

The following assets were pledged as security for obligations as of December 31, 2011:

Item A 2 Loans and advances to credit institutions
TEUR 99,602 (31/12/2010: TEUR 40,881)
Collateral deposited with banks and stock exchanges for the securities and options business

Item A 4 Fixed-interest securities
TEUR 110,107 (31/12/2010: TEUR 141,107)
Collateral deposited with banks and stock exchanges for the securities and options business

Posten A 5 Shares and other variable-yield securities
TEUR 18,442 (31/12/2010: TEUR 36,402)
Collateral deposited with banks and stock exchanges for the securities and options business

Letters of comfort

As at the balance sheet date a non-binding letter of comfort towards an associated company was in existence. No circumstances were known which would have involved a provision for contingent losses.

Trustee transactions

Trustee transactions not included in the balance sheet refer to one equity participation held in trust.

Own funds

The own funds of Raiffeisen Centrobank pursuant to Article 23 Austrian Banking Act (Tier 1) are comprised of the following:

Amounts in thousand Euros	31/12/2011	31/12/2010
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	9,500
	78,320	**78,320**

Number of staff

	31/12/2011	Annual average	31/12/2010	Annual average
Salaried employees (including Executive Board)	197	200	208	202
thereof part-time	19	15	15	14
Wage employees	10	10	11	9
thereof part-time	3	3	2	1
Total	**207**	**210**	**219**	**210**

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

At the balance sheet date no advances and loans had been granted to members of the Executive Board. No advances, loans or guarantees were granted to members of the Supervisory Board.

Expenses for severance payments and retirement benefits

Expenses for severance payments and retirement benefits (including contributions to pension funds and staff retirement benefit plans, as well as provisions for severance payments) amounted to TEUR 342 (2010: TEUR 679) for members of the Executive Board and to TEUR 1,171 (2010: TEUR 1,320) for other employees.

The payment made to staff retirement benefit plans totalled TEUR 166 (2010: TEUR 143).

Premium paid for reinsurance for retirement benefits amounted to TEUR 270 (2010: TEUR 270). In the reporting year the income resulting from the increase in the surrender value of the insurance came up to TEUR 322 (2010: TEUR 377).

Remuneration for members of the Executive Board and Supervisory Board

In the 2011 financial year remuneration for three Executive Board members totalled TEUR 2,457 (2010: TEUR 2,435). Unchanged to the previous year in 2011 attending fees in the amount of TEUR 110 were paid to members of the Supervisory Board.

Group relations

The company is an affiliated company of Raiffeisen-Landesbanken-Holding GmbH, Vienna, and is intergrated in its consolidated financial statements, as well as in the consolidated financial statements of Raiffeisen Bank International AG, Vienna which provides the consolidated financial statements for the least number of companies required.

Raiffeisen Centrobank itself is considered to be a parent company pursuant to Article 30 para 1 Austrian Banking Act. Provisions pertaining to the exempting consolidated financial statements pursuant to Article 245 para 5 Austrian Commercial Code are not applicable, due to the fact that securities issued by the company are traded on an organised stock exchange as stipulated in Article 2 (37) Austrian Banking Act. For this reason, the company draws up its own consolidated financial statements for its subgroup in accordance with International Financial Reporting Standards. These consolidated financial statements are available at the relevant parent company as well as at the Commercial Court of Vienna.

Since December 17, 2008, the company has been a member of the corporate group Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB) pursuant to Article 9 Austrian Corporation Tax Act. The application submitted by the company to become a group member of the corporate group RZB as of the business year 2008 pursuant to Article 9 Austrian Corporation Tax Act was notified to the financial authorities on December 19, 2008 and was approved by notice on April 22, 2009.

The taxable results of the members of the group are attributed to the parent company. Any tax adjustments between the parent company and the individual members of the corporate group are regulated in the form of a tax allocation agreement.

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

Executive Board

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

Supervisory Board

Walter Rothensteiner
Chairman
Chief Executive Officer of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Patrick Butler
First Deputy Chairman
Member of the Board of Raiffeisen Bank International AG, Vienna
Herbert Stepic
Second Deputy Chairman
Chief Executive Officer of Raiffeisen Bank International AG, Vienna

Members

Karl Sevelda
Deputy Chief Executive Officer of Raiffeisen Bank International AG, Vienna
Johann Strobl
Member of the Board of Raiffeisen Bank International AG and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna
Werner Kaltenbrunner
Executive Director of Raiffeisen Bank International AG, Vienna

State Commissioners

Alfred Hacker

Tamara Els
Head of Department

Vienna, 10 April 2012
The Executive Board

Eva Marchart
Chief Executive Officer

Alfred Michael Spiss
Deputy Chief Executive Officer

Gerhard Grund
Member of the Executive Board

Auditor’s Report

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

Raiffeisen Centrobank AG, Vienna,

for the fiscal year from 1 January 2011 to 31 December 2011. These financial statements comprise the balance sheet as of 31 December 2011, the income statement for the fiscal year ended 31 December 2011, and the notes.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance for the year from 1 January to 31 December 2011 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, 10 April 2012
KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
Austrian Chartered Accountant

Wolfgang Höller
Austrian Chartered Accountant

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