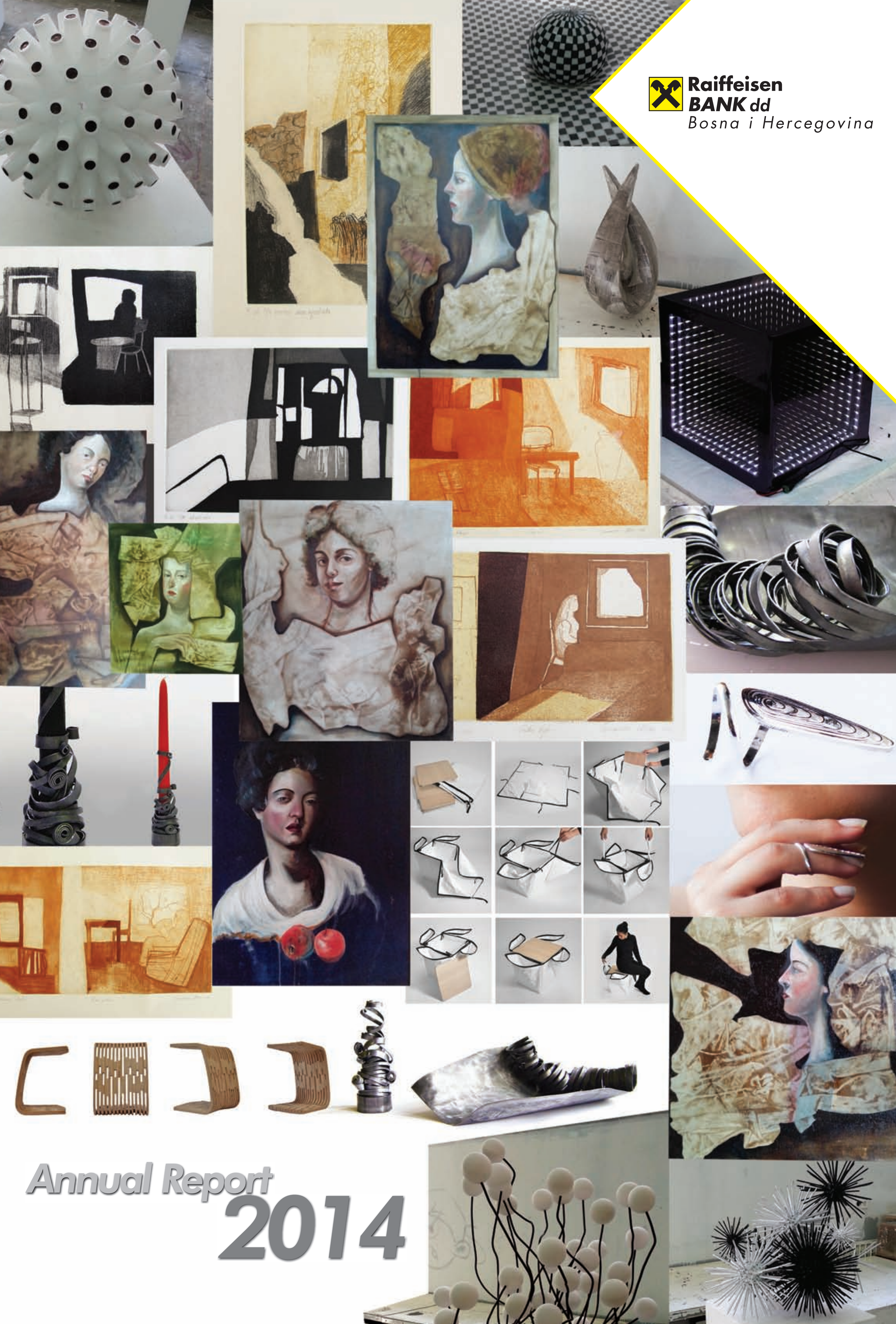
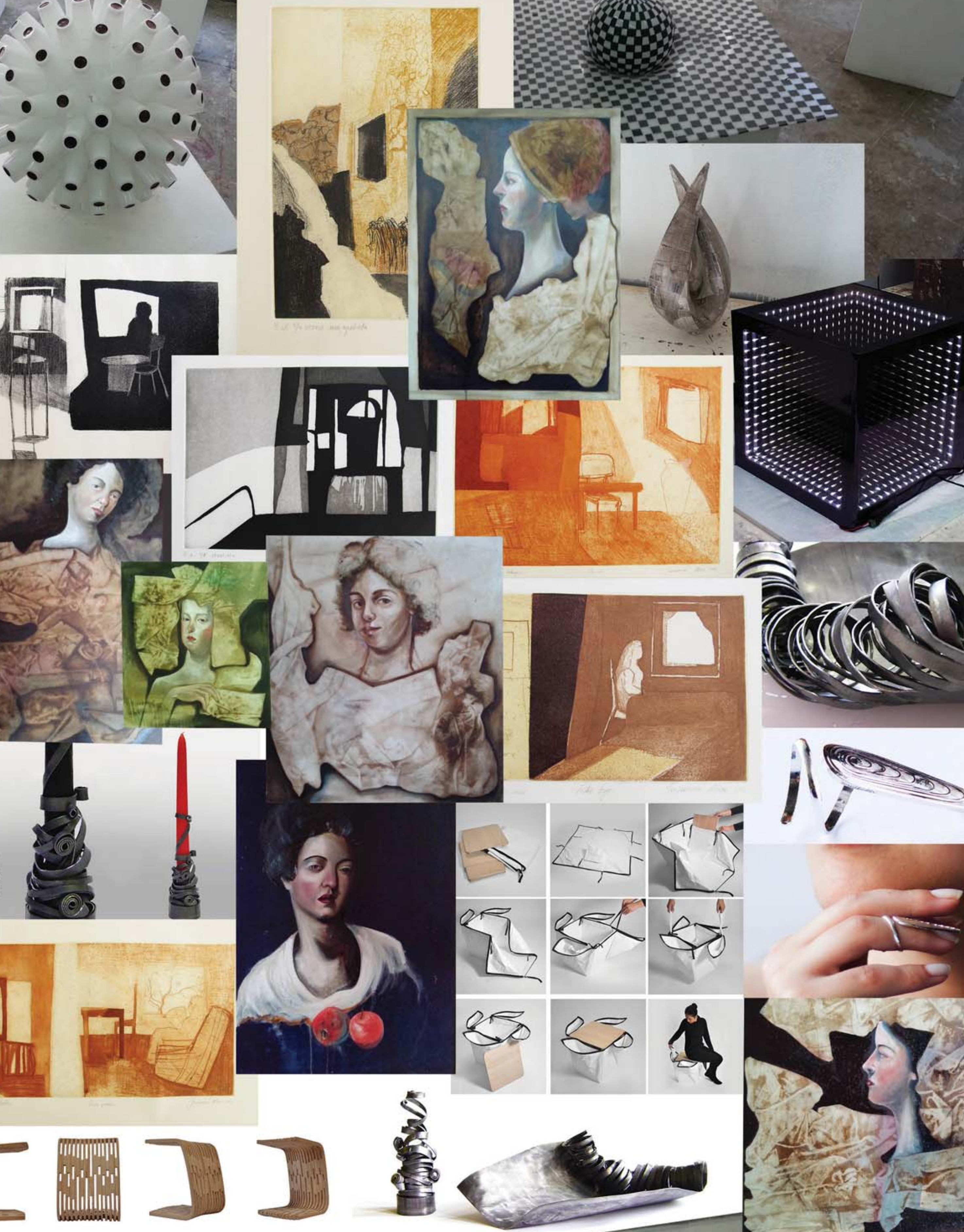
Raiffeisen
BANK dd
Bosna i Hercegovina



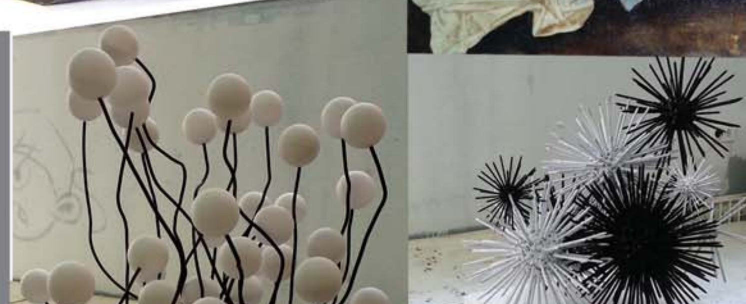
Annual Report 2014

Survey of key data

Raiffeisen *BANK* d.d. Bosna i Hercegovina Monetary values in EUR million	2014	2013	Change
Income Statement			
Net interest income after value adjustment and provisioning	49.7	47.1	5.5%
Net fee and commission income	32.5	30.3	7.3%
Trading income	7.9	7.4	6.8%
General administrative expenses	60.8	57.6	5.4%
Profit before tax	31.2	24.4	27.9%
Profit after tax	27.5	21.7	26.7%
Balance Sheet			
Loans and advances to banks	54.1	96.4	(43.9)%
Loans and advances to customers	1,042.5	1,069.0	(2.5)%
Deposits from banks	79.5	96.0	(17.2)%
Deposits from customers	1,473.1	1,508.0	(2.3)%
Equity (incl. profit)	271.1	260.8	3.9%
Total assets	1,883.5	1,932.2	(2.5)%
Regulatory information			
Risk-weighted assets	1,291.2	1,344.8	(4.0)%
Capital adequacy ratio	16.0%	18.0%	2.3 PP
Performance			
Return on equity before tax	11.7%	9.5%	0.9 PP
Return on equity after tax	10.4%	8.4%	1.1 PP
Cost/income ratio	57.9%	59.2%	(0.2) PP
Return on assets before tax	1.6%	1.3%	0.2 PP
Resources			
Number of employees	1,478	1,576	(3.5)%
Business outlets	94	92	2.2%



The Academy
of Fine Arts
Sarajevo



Raiffeisen
GALERIJA

A UNIQUE BLEND OF ART AND BANKING

A commitment to lasting customer relations and dedication to sharing its success with the community in which it operates are the imperatives of Raiffeisen Bank's business philosophy. Socially responsible activities are an integral part of the bank's sustainability strategy based on the principles of social solidarity, helping people to help themselves and sustainability. The founder Friedrich Wilhelm Raiffeisen established these principles and the Group has since continued to implement them for more than 125 years.

The sustainability strategy means that the economic, environmental and social aspects of business are equally important and that responsible business conduct is the foundation of lasting economic success. Guided by these principles, Raiffeisen continues to supports various projects of common public interest that are primarily dedicated to children, people in need of care and people with special needs, thus contributing to many cultural and educational projects.

One of these projects is the Raiffeisen *GALLERY* implemented jointly with the Sarajevo Academy of Fine Arts, which is the oldest educational institution of its kind in Bosnia and Herzegovina. The Sarajevo Academy of Fine Arts is not only an important institution that produces generations of new fine artists but also the main promoter and hatchery of new ideas.

In December 2009, driven by the idea to provide young emerging artists with an opportunity to exhibit their work to the general public, Raiffeisen *BANK* d.d. Bosna i Hercegovina signed the first Memorandum of Cooperation with the Academy. As part of this cooperation between the bank and the Academy, top students of the Academy exhibit their work at the Raiffeisen *GALLERY*. In addition, Raiffeisen Bank grants one-off cash allowances to top students selected by the Academy.

During the five years of this cooperation, the Raiffeisen *GALLERY* has hosted six joint and 30 individual exhibitions. Each exhibition is a sales exhibition that provides visitors with the opportunity to support these young artists by buying their work; some works of art already decorate the homes of their new owners.

Raiffeisen Bank and the Academy sign a new memorandum each year to continue their cooperation. The occasion is marked by a joint exhibition of students' work at the Raiffeisen *GALLERY* and is followed by individual exhibitions by selected students throughout the year.

The following students were given this opportunity in 2014: Iman Gavrankapetanović (Graphic Design Department); Lamija Radončić, Albina Tursunović (Graphic Department); Bakir Terzimehić (Teacher Training Department); and Enis Karić.

Raiffeisen Bank also promotes the exhibitors by informing the public about their exhibitions, by creating leaflets, through the Financial News, via its home page and on Facebook.

Art lovers are able to admire the arts exhibition at the bank's head office building on Zmaja od Bosne, every business day from 8 a.m. to 4 p.m.

The Academy
of Fine Arts
Sarajevo

Raiffeisen at a Glance

Report of the Supervisory Board

Ladies and Gentlemen,

At the beginning of 2014, Raiffeisen Bank International carried out a capital increase with gross proceeds of EUR 2.78 billion. RZB participated in the capital increase, in addition to numerous institutional and private investors, and remained the majority shareholder of RBI. The capital increase enabled RBI to fully repay the participation capital held by the Republic of Austria and private investors and significantly improve its common equity tier 1 ratio (on a Basel III fully-loaded basis). The rest of the year was mainly impacted by the geopolitical and financial situation in Ukraine and Russia, which led to higher loan loss provisions, as did defaults of individual large customers in Asia. Significant one-off charges were also booked during the year, the largest item thereof being goodwill impairments. Further one-off effects included the write-down of deferred tax assets and costs resulting from legislation changes in Hungary. These factors contributed to the EUR 493 million consolidated loss incurred in 2014, which was the first negative result in RBI's history. Apart from the costs caused by the Hungarian legislation, these one-offs had no impact on fully-loaded tier 1 common equity, and without them RBI would have reported a significantly positive net profit.

In February 2015, RBI resolved to take a number of steps to increase its capital buffer. The measures are intended to facilitate an improvement in the common equity tier 1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps include the sale or rescaling of units as well as reductions in total risk-weighted assets (RWA) in select markets, in particular in those which generate low returns, have high capital consumption or are of limited strategic fit. The implementation of these measures will result in an aggregate gross RWA reduction of approximately EUR 16 billion by the end of 2017 (total RWA as at 31 December 2014: EUR 68.7 billion). This reduction is expected to be partially offset by growth in other business areas.

As far as Raiffeisen *BANK* Bosna i Hercegovina is concerned, I am pleased to say that despite the challenging market environment in which it operated in 2014 the bank ended the year with a very good business result.

In a period when the local economy was expected to post strong growth Bosnia and Herzegovina faced the worst natural disaster in its modern history. Despite the devastating floods in May, economic expansion was achieved in 2014 thanks to the export of goods and the processing industry. The economic growth last year was also driven by investment in infrastructure projects and the electrical energy sector, which led to a positive contribution of total gross investment to the country's GDP of 4.0 per cent.

I would like to add that only a strong and stable banking sector can help Bosnia and Herzegovina resist the market turmoil. Raiffeisen Bank has maintained its role as a driver of the local economy through its continued efforts to improve the country's economic and financial development, as it has done in past years.

I would like to take this opportunity to thank all employees of Raiffeisen BANK Bosna i Hercegovina for their hard work and constant efforts to serve our customers and bring benefits to the entire Raiffeisen Group.

On behalf of the Supervisory Board,

Peter Lennkh,
Chairman of the Supervisory Board

Preface by the CEO

On behalf of the whole Management Board of Raiffeisen *BANK* d.d. Bosna i Hercegovina I am glad to present our business results for 2014. It is my pleasure to report that despite the challenging business environment we have achieved a very good result and once again proven our business model. We managed to do so by optimizing costs and our business processes and by adapting to new market conditions. We will continue our ongoing efforts to improve and enhance the quality or our services in 2015 by placing special focus on our strategy of orientation towards our customers and their needs.

The bank managed to maintain a high level of liquidity and profitability in 2014. This is evidenced by the net profit result of 53.8 million BAM, which represents an increase of 26.7 per cent compared to 2013. Equity, which reached 530 million BAM at the end of the year or 3.9 per cent growth compared to the previous year, further exemplifies the strength of the bank. Deposits reached 2.88 billion BAM and loans stood at 2.03 billion BAM at the end of the year. Assets totaled 3.68 billion BAM last year.

Raiffeisen Bank continually listens to the needs of its customer and towards the end of the year offered new and innovative products to them. In the private banking area, we introduced POS terminals for contactless payments and a contactless card for faster and safer payments. In the corporate banking area, we enriched our offer through a factoring service that provides companies with liquidity and stable business by assigning their receivables to the bank. As new trends call for continuous innovation and because an increasing number of our customers are using modern technology on a regular basis we focused on alternative sales channels and are continuously expanding our e-banking services.

Yet we did not neglect our traditional banking channels, such as our branches as the first and main point of contact. In order to make our services even more accessible we expanded our already extensive network by adding two new branches: one in the heart of Sarajevo and another in the Municipality of Ilidža.

Our business success was further validated by a number of awards we received as a result of the joint efforts of all of our employees. *Global Finance* honored us for the tenth time as the best bank in BiH and we received the same title from *EMEA Finance and Euromoney*.

We expect to see continued recovery of the national economy in 2015, which should result in an increase in overall GDP of 2.5 per cent compared to the previous year. This will be due mainly to growth on the local demand side, more precisely in private and public consumption, and growth in gross investment, driven by somewhat intensified reconstruction after the floods, as well as by investment in the electrical power sector. The export of goods and services should also constitute one of the key pillars for the expected real economic growth next year.

Our business success would not have been possible without our customers and partners. I would therefore like to take this opportunity to offer our sincere thanks to them. I would also like to point out that the merit for our good results goes to our employees as their professionalism and commitment was the key to achieving our goals.

Karlheinz Dobnigg,
CEO

Macroeconomic overview

As the recession ended in the second half of 2013, it was expected that a turning point in the economic cycle of the Eurozone would occur in 2014. Thus, projecting a culmination of the economic leaders' struggle against the recession, the market players supported an optimistic year opening in 2014 with a forecasted annual economic growth rate of 1.5% yoy. However, as the year proceeded the old problems of the debt crisis in the Eurozone re-emerged and were compounded by new geopolitical tensions such as the Ukraine crisis. Hence, immediately upon closure of the first quarter the initially projected economic growth rate had to be reduced by 30 bps; an additional rate fall of 40 bps was recorded in the last quarter of 2014.

The Eurozone eventually posted actual growth of 0.9 per cent for the year. Although below initial market projections, this was the first positive growth result since 2011. The leaders of economic development in the Eurozone were Germany, the main European economic growth generator, and other "core" Eurozone countries including Belgium, France and Austria. Yet most encouraging was the fact that many peripheral countries facing the debt crisis successfully managed to maintain a positive economic growth trend throughout 2014.

Thus, for the first time since 2011 Spain recorded a positive growth rate of 1.4 per cent. A growth rate of 0.9 per cent was the first positive growth result for Portugal since 2010. Moreover, Greece broke a six-year long negative economic trend by posting annual growth of 0.8 per cent. Italy and Cyprus, however, remained in the recession era recording further decline in their actual annual gross domestic product of 0.4 and 2.3 per cent respectively.

2014 was also a year when a very modest reduction in the unemployment rate was recorded and there was increasing deflationary pressure on the Eurozone economy. To be more precise, by the end of the year the Eurozone unemployment rate stood at 11.4 per cent that translates into an improvement on the 2013 figure of poor 40 bps. Furthermore, in December, the Eurozone recorded the first deflation since October 2009. These two key macroeconomic indicators (inflation and the unemployment rate) strongly affected the monetary policy of the European Central Bank (ECB) in 2014.

In order to stimulate the recovery of the Eurozone economy, the ECB continued to take all available measures to ensure implementation of an expansive monetary policy in 2014. Thus, in the first half of the year, when projections for the economic trends were still very optimistic, the ECB applied a "wait-and-see" strategy. It carefully observed macroeconomic development focusing, in particular, on inflation which was far below the projected value of just under 2.0 per cent. As optimism declined the ECB intensified its monetary activities. Thus, already by June 2014 it decided to reduce the base interest rate to 0.15 per cent and to introduce, for the first time ever, a negative interest rate of 0.1 per cent for bank deposits with the ECB. September 2014 brought another base interest rate reduction leading to a record low value of 0.05 per cent; a further decline in the interest rate for deposits of 10 bps was to follow.

Yet the very slow economic recovery, persistently low inflation and high unemployment rate forced the ECB to engage additional (unconventional) measures to relax the monetary policy. Thus, in order to terminate a spiraling expansion of recession and deflation in the Eurozone, in the last quarter of 2014 the ECB launched a program for purchasing asset backed securities and cover bonds that could also be applied to government bonds. In implementing such an expansive monetary policy the ECB created surplus liquidity in global markets and additionally strengthened the pressure on government bonds in the Eurozone countries. Hence the intensive growth of Euro bond prices continued in both the peripheral countries and the so called "core" countries.

Consequently, by the end of the year the yield on ten-year German bonds, which is the European benchmark, reached its historical minimum of 0.54 per cent. The minimum yield was also recorded for the ten-year bonds of Spain (0.61 per cent), and Italy (1.89 per cent). It should be pointed out that interest rates in the money markets once again fell to their lowest level. Thus, in 2014 the reference interest rate, which is the six-month Euribor, stood at a low of 0.18 per cent indicating a decline of 15 bps on the previous year.

Contrary to the Eurozone, the United States of America recorded a significant improvement in all segments of its economy in 2014; this primarily relates to the labor market indicators. Thus, the USA posted an unemployment rate of 5.6 per cent in December 2014 or the lowest unemployment rate for the last six and a half years. Moreover, its number of open job positions reached 2.95 million representing a record high for the last fifteen years or since 1999 when there were 3.17 million job openings. Even its inflationary trend differed from the one in the Eurozone. Actually, while the Eurozone struggled with increasing deflationary pressure the USA inflation rate climbed from 1.5 per cent in 2013 to 1.7 per cent in 2014. Eventually, the USA posted actual economic growth of 2.4 per cent in 2014, as anticipated in the market projections.

Such a fast economic recovery allowed for the American Central Bank (FED) to abandon its loose monetary policy. Hence, in October the FED terminated its program for purchasing government and mortgage bonds known as the "Quantitative Easing 3 –Q3" Program that was launched at the peak of the recession in 2008. Until then the FED had invested in bonds (approximately 85 million USD per month). In order to support the markets in adjusting to the new circumstances of non-dependence on monetary stimulations, early in 2014 it started to reduce this monthly investment. The FED retained record low key interest rates with the intention to increase them gradually during the first half of 2015.

Although divergent, the monetary policies implemented on either side of the Atlantic finally determined the trend for the foreign exchange rates for the year under review. Hence, from January to June the EUR/USD exchange rate ranged between 1.349 and 1.393 in line with the prediction that it would stay close to its historic average of 1.35. However, with the development of the American economy and decline in the European, in the second half of the year the value of the euro fell against both the dollar and most other important world currencies. By the end of year the EUR/USD exchange rate descended to 1.2099, which was the lowest rate since July 2012.

Bosnia and Herzegovina's exit from the recession in 2013 underpinned the projections for its further stable economic growth in the year under review. Thus, Q1 records in 2014 confirmed strong economic development as manifested in all key macroeconomic indicators (industry, export and retail sales). Consequently, the economic growth rate for this quarter reached 3.2 per cent; this was the record quarterly rate since the Statistics Bureau had begun publishing the quarterly GDP rates of BiH in 2009.

Regardless, instead of posting an even stronger economic growth throughout the summer season Bosnia and Herzegovina faced the worst natural disaster in its modern history. By mid May 2014 the highest level of rainfall recorded over the last 120 years caused catastrophic flooding in dozens of towns and municipalities. The flooding resulted in not only material but also human loss. According to the official records of the Council of Ministers of BiH, the May floods caused total damage of 3.98 billion BAM or the equivalent of around 15 per cent of overall GDP.

Soon after the appraisal of the total damage caused by the floods the relevant international financial institutions reduced their projected economic growth rates for 2014. Hence, the International Monetary Fund (IMF) downgraded its growth rate projection to 0.7 per cent (from 2.0 per cent), the World Bank to 0.4 per cent (initially also 2.0 per cent) and the European Bank for Reconstruction and Development to only 0.2 per cent (from the initially projected 1.8 per cent).

Surprisingly, Bosnia and Herzegovina showed high resistance to the consequences of the natural disaster and recovered faster than expected. Considering the extent of the natural disaster and the appraised volume of damage, economic activity should have experienced a downward trend for at least two quarters in 2014, but this was not the case. The BiH economy showed contractions in the second quarter of 2014 (-0.5 per cent p.a.), followed by a strong recovery in the subsequent quarter (0.6 per cent p.a.). This is to say that only four of the 19 categories that constitute GDP under the production principle posted a decrease in the third quarter 2014 (agriculture, mining, electricity production and construction).

Although the official data for 2014 has not been published yet we did considered the available macroeconomic indicators. Hence, it was quite certain that the BiH economy would register real growth of 0.5 per cent in 2014. This indicator was more than encouraging given the circumstances. What is more, our two neighboring countries, Croatia and Serbia, also suffered from the flooding that took place in May and as a result registered a negative growth rate during the aforesaid year.

As in previous years, economic expansion in 2014 rested on positive momentum in the export of goods from BiH and on the processing industry being in direct correlation. The BiH export rate reached a high value of 8.68 billion BAM in 2014, which is the record level since the CBBH established foreign trade records. This was 3.6 per cent higher than in 2013. Despite the two main export categories (base metals and mineral products) missing out on growth in 2014 the positive momentum of other categories was strong enough to drive the export rate to the positive side by the year's end.

The largest contributors to the growth in export were found amongst the following categories: machinery and equipment (9.3 per cent yoy), wood products (11.3 per cent yoy), chemical products (13.7 per cent yoy) and footwear and hats (19.6 per cent yoy). The export oriented processing industry accounted for up to 10 per cent of GDP posting a rise of 3.8 per cent. Yet because of the severe hydro-meteorological situation there was a sharp decline in electricity production of 9.6 per cent; as a consequence, total industrial production saw minimal growth of a mere 0.1 per cent in 2014.

Imports of goods rose by 6.8 per cent in 2014 arriving at 16.19 billion BAM. Yet rather than being the result of an actual rise in the strength of consumer spending amongst the general population and the resulting increase in private consumption this growth in imports stemmed from the low base value of goods on the one hand and the post flood reconstruction process on the other. Therefore, the largest contributor to the growth in imports refers to such categories as equipment and machinery, transportation equipment and base metals.

Yet despite this, the retail trade posted an average increase of 1.8 per cent in 2014 and the indirect taxation collection rate rose by 6.8 per cent, which clearly indicates an expansion in private consumption in the aforesaid year. Yet, as already mentioned, the high rate of unemployment (28.2 per cent) in 2014 and stagnation in the growth of net salaries evidently attest to the fact that this increase in private consumption was not the result of better living standards for the citizens of BiH. Another indicator of poor local demand and consumption is deflation, which was recognized in the BiH economy for the second consecutive year. This is to say that following a decline of 0.1 per cent in 2013 consumer prices fell by an additional 0.9 per cent in 2014.

The economic recovery in 2014 was additionally supported by investment in infrastructure such as the Vc Corridor and energy sector investment, which all led to a positive contribution to total gross investment being reflected in the country's GDP of 4.0 per cent p.a. Therefore, we can also expect a positive contribution towards growth in GDP to finally come from the construction sector (being on the negative side since 2009).

In the political context, this year was also marked by political disagreement and an overall standstill regarding European integration and NATO accession. The general sense of dissatisfaction with the political and economic situation in the country was expressed by the general population when it escalated into mass protests in February 2014, resulting in changes to several cantonal governments in the Federation of BiH. Subsequently, political leaders were mostly focused on mitigating the consequences of the flooding that occurred in May and preparing for the general elections that were held in October 2014.

Yet it should be noted that, for the most part of 2014, BiH politicians demonstrated a remarkable level of coordination when it came to fulfilling the requirements set by the International Monetary Fund (IMF) for the latest two-year standby arrangement, which was signed in September 2012. Therein, in early 2014, the two-year standby arrangement was extended by nine more months and rose by EUR 153 million. In July 2014, the Executive Board of IMF also approved a SBA increase of EUR 95.7 million in order to satisfy the country's urgent need to establish a sound balance of payments, which suffered as a result of the severe flooding in May of the same year. However, with the upcoming October elections political parties failed to fulfill the agreed socially sensitive reforms and hence the SBA was temporarily suspended until a new executive government was formed at all levels.

Occurrences in the real economy had a strong effect upon the BiH banking sector over the course of 2014. Yet despite this unfavorable climate the sector managed to preserve its financial stability and profitability. Regardless, total loans only rose by a mere 2.8 per cent, which is the lowest growth rate in the past five years. Slower growth in total loans resulted from the lower value of corporate loans, which posted the first negative growth rate since 2009. The decrease in corporate loans stemmed directly from the flooding in May, since many banks were forced to write off a considerable portion of loans for those companies affected by this natural disaster.

The impairment of corporate lending was most evident concerning non-performing corporate loans that reached a high of 20.7 per cent in 2014, down by as much as 210 base points compared to 2013. Retail loans, on the other hand, posted their highest growth rate in the past five years (5.7 per cent) and constituted the key leverage for the total loans increase for the second year in a row. The private customer segment proved to be far more interesting from the lending perspective, considering that non-performing loans in this segment have followed a steady downward trend since 2011 and arrived at 10.5 per cent by the end of 2014. Lastly, total loans in the banking sector reached BAM 16.87 billion (63.6 per cent of the estimated GDP for 2014) with 16.1 per cent being non-performing loans.

Despite a weaker lending rate and worsened loan portfolio, the BiH banking sector maintained its profitability. This is to say that the sector level profit amounted to 150.7 million BAM as of September 2014, whereas key profitability ratios such as ROA and ROE stood at 0.7 and 5.3 respectively. It should also be noted that despite impaired profitability and an unstable business climate the capitalization rate of the banking sector remained at a stable 17.0 per cent.

There were no merger & acquisition (M&A) deals in 2014, but the total number of banks fell to 26 as a result of the liquidation of a small bank in Republika Srpska. As there were no changes to ownership consolidation in the banking sector the concentration rate of the top three banking groups in the market remained at a level close to 50 per cent in relation to overall assets within the banking sector.

Key Economic Data

	2011	2012	2013	2014e	2015f	2016f
Nominal GDP (EUR billions)	13.2	13.2	13.4	13.6	14.2	14.9
Real GDP (% yoy)	1.0	(1.2)	2.5	0.5	2.5	3.0
GDP per capita (EUR)	3.430	3.426	3.547	3.574	3.735	3.936
GDP per capita (EUR in PPP)	7,000	7,100	7,200	7,200	7,300	7,400
Private consumption (real growth % yoy)	0.0	(0.8)	0.3	1.2	2.0	3.0
Gross investment (real growth % yoy)	15.8	3.5	(3.0)	4.0	6.0	5.0
Industrial output (% yoy)	5.6	(5.2)	6.7	0.1	6.5	6.0
Production prices (avg % yoy)	3.7	1.9	(1.8)	(0.2)	1.0	2.0
Consumer prices – inflation (avg % yoy)	3.7	2.1	(0.1)	(0.9)	1.5	2.5
Average gross salaries in industry (% yoy)	6.8	2.2	(0.5)	0.3	3.0	5.0
Unemployment rate (avg %)	27.6	28.0	27.5	28.2	26.5	24.0
Budget deficit (% GDP)	(1.3)	(2.0)	(2.2)	(3.8)	(2.5)	(2.0)
Public foreign debt (% GDP)	38.9	39.7	41.5	45.0	44.6	42.5
Trade deficit (% GDP)	(28.3)	(28.7)	(25.8)	(28.4)	(28.5)	(28.2)
Current account deficit (% GDP)	(9.7)	(9.3)	(6.0)	(9.6)	(8.5)	(7.4)
Net foreign investment (% GDP)	2.6	2.1	1.9	3.0	4.2	3.4
Foreign reserves (EUR billions)	3.3	3.3	3.6	3.9	4.1	4.3
Gross foreign debt (% GDP)	66.8	63.1	62.5	66.4	63.6	58.3
EUR/BAM (eop)	1.96	1.96	1.96	1.96	1.96	1.96
EUR/BAM (avg)	1.96	1.96	1.96	1.96	1.96	1.96
USD/BAM (eop)	1.51	1.48	1.42	1.62	1.78	1.63
USD/LCY (avg)	1.41	1.52	1.47	1.48	1.70	1.70

Source: Central Bank of BiH, Statistics Agency of BiH, Raiffeisen *RESEARCH*

Overview of Banking Trends

	2014	2013	2012	2011	2010	2009
Aggregate balance sheet data						
Total assets, EUR million	12,515.46	11,987.90	11,414.39	11,196.32	10,827.99	10,742.04
growth in % yoy	4.4%	5.0%	1.9%	3.4%	0.8%	(0.5)%
Total loans, EUR million	8,626.46	8,387.74	8,150.86	7,828.44	7,435.9	7,183.7
growth in % yoy	2.8%	2.9%	4.1%	5.3%	3.5%	(3.2)%
Total deposits, EUR million	7,904.2	7,285.9	6,813.7	6,643.2	6,406.5	6,182.6
growth in % yoy	8.5%	6.9%	2.6%	3.7%	3.6%	1.8%
Loan to deposit ratio	109.1%	115.2%	119.6%	117.8%	116.1%	116.2%
Structural information						
Number of banks	26	27	28	29	29	30
Market share in % of state owned banks	1.4	1.0	1.0	0.9	0.8	0.8
Market share in % of foreign-owned banks	80.9	90.4	92.0	92.0	92.8	94.6
Profitability and efficiency						
Return on assets (RoA)	0.7	(0.2)	0.6	0.7	(0.6)	0.1
Return on equity (RoE)	5.3	(1.4)	5.0	5.8	(5.5)	0.8
Non-performing loans (% of total loans)	16.1	15.1	13.5	11.8	11.4	5.9

Source: Central Bank of BiH and the banking agencies of the FBiH and RS.

Raiffeisen Bank International

A leading bank in CEE as well as Austria

Raiffeisen Bank International AG regards Central and Eastern Europe (including Austria) as its home market. For over 25 years, RBI has been operating in Central and Eastern Europe (CEE), where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers. As a universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. At the end of 2014, around 52,000 RBI staff served approximately 14.8 million customers in around 2,900 business outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers and major multinational clients operating in CEE. All in all, RBI employs about 55,000 staff and has total assets of approximately EUR 122 billion.

Long-term success story

Raiffeisen Zentralbank Österreich AG (RZB) was founded in 1927 as "Genossenschaftliche Zentralbank". RZB founded its first subsidiary bank in Central and Eastern Europe already back in 1987. Since then, further subsidiaries have been established. From 2000 onward, Raiffeisen's expansion into CEE countries has mainly been achieved by acquiring existing banks. These were subsequently combined into a holding company that operated under the name Raiffeisen International from 2003. In April 2005, Raiffeisen International was listed on the stock exchange in order to finance its future growth efficiently. Today's RBI was established in 2010 through the merger of Raiffeisen International with the principal business areas of RZB.

RBI has been listed on the Vienna stock exchange since 25 April 2005 (as Raiffeisen International up until 12 October 2010). RZB, which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG), remained the majority shareholder following the merger. As at year-end 2014, RZB held approximately 60.7 per cent of RBI's stock, with the remaining shares in free float.

Raiffeisen *BANK* d.d. Bosna i Hercegovina

Raiffeisen *BANK* d.d. Bosna i Hercegovina is a subsidiary of Raiffeisen Bank International AG (RBI), the leading universal bank in Central and Eastern Europe (CEE) and one of the top corporate and investment banks in Austria.

The bank has operated as a financial institution since November 1992 when it was founded as Market banka d.d. Sarajevo with a dominant share of privately owned capital in excess of 90 per cent.

Thanks to the quality of its business, it soon stood out as a very successful and profitable bank. Raiffeisen *BANK* Bosna i Hercegovina was a leading banking partner to numerous international financial organizations (World Bank, IFC, KfW, SOROŠ and EBRD) in the implementation of credit lines between 1996 and 2000.

Raiffeisen Zentralbank Österreich AG-Vienna acquired Market banka on July 21, 2000 and successfully integrated it into the Raiffeisen network where it now operates as Raiffeisen *BANK* d.d. Bosna i Hercegovina. RZB became the sole shareholder of Hrvatska Poštanska banka in May 2001 and renamed it Raiffeisen *BANK* HPB. Since January 1, 2003, when Raiffeisen *BANK* HPB was successfully integrated into Raiffeisen *BANK*, the bank has been operating under the single name 'Raiffeisen *BANK* d.d. Bosna i Hercegovina'. This allowed Raiffeisen *BANK* Bosna i Hercegovina to strengthen its position in the local market and significantly expand its business network.

In the years that followed, Raiffeisen *BANK* Bosna i Herzegovina took on a pioneering role in the country's banking industry and was one of the first banks to sign a deposit insurance agreement. After the transfer of payment services from the Payment Transactions Authority to commercial banks Raiffeisen *BANK* Bosna i Hercegovina successfully made the transition and was the most active bank during the introduction of the euro. The bank was one of the first to launch card business, the first to offer online banking services and a SME program and the first to negotiate and place foreign credit lines (DEG, KfW and IFC). In addition, it became the first bank to operate in both entities of Bosnia and Herzegovina. Having established a presence in Banja Luka, in March 2001, the bank continued to operate in the single market of Bosnia and Herzegovina.

Raiffeisen *BANK* Bosna i Hercegovina reaffirmed its leading position in the local banking market when in 2004 it became the first bank in the country to pass the total assets mark of two billion BAM. Today, as measured by its total assets, it remains the country's largest individual bank with assets amounting to 3.7 billion BAM as of December 31, 2014.

By that date, Raiffeisen *BANK* Bosna i Hercegovina operated 94 business outlets with 1,478 employees.

Numerous international and local awards attest to the successful business operations of Raiffeisen *BANK* Bosna i Hercegovina,including the Euromoney 'Best Bank in B&H' award, the Banker 'Bank of the Year' award, the EMEA Finance 'Best Bank in B&H' award and the local awards the 'Golden BAM' and 'Crystal Prism'.

Investments in new technology, experienced staff, active personnel development, focus on the individual customer approach and implementation of new sales channels and new state-of-the-art products and services are the key competitive advantages of Raiffeisen *BANK*Bosna i Hercegovina within the local market.

Shareholder structure of Raiffeisen *BANK* dd Bosna i Hercegovina:

Raiffeisen SEE Region Holding GmbH:	99.9951%
Other shareholders:	0.0049%

Besides Raiffeisen *BANK* Bosna i Hercegovina, the Raiffeisen Group in Bosnia and Herzegovina also comprises Raiffeisen *INVEST*, Raiffeisen *LEASING*, RL *ASSISTANCE*, Raiffeisen *CAPITAL* and the Raiffeisen Special Assets Company.

Vision

- Raiffeisen is the leading financial services Group in Bosnia and Herzegovina.
  Client satisfaction is at the highest level.

Mission

- We achieve highest client satisfaction, offer excellent service quality and the full range of banking, leasing, insurance and brokerage products. We set standards in partnering and are committed to long-term relationships with our clients.

- Our employees are the key contributors in achieving our vision and strategic goals. Their commitment, loyalty and motivation lead to a unique team-spirit and strong corporate culture. We strongly support the personal development of our employees.

- We achieve the highest level of sustainable profitability in B&H banking market in order to fulfil shareholders expectations.

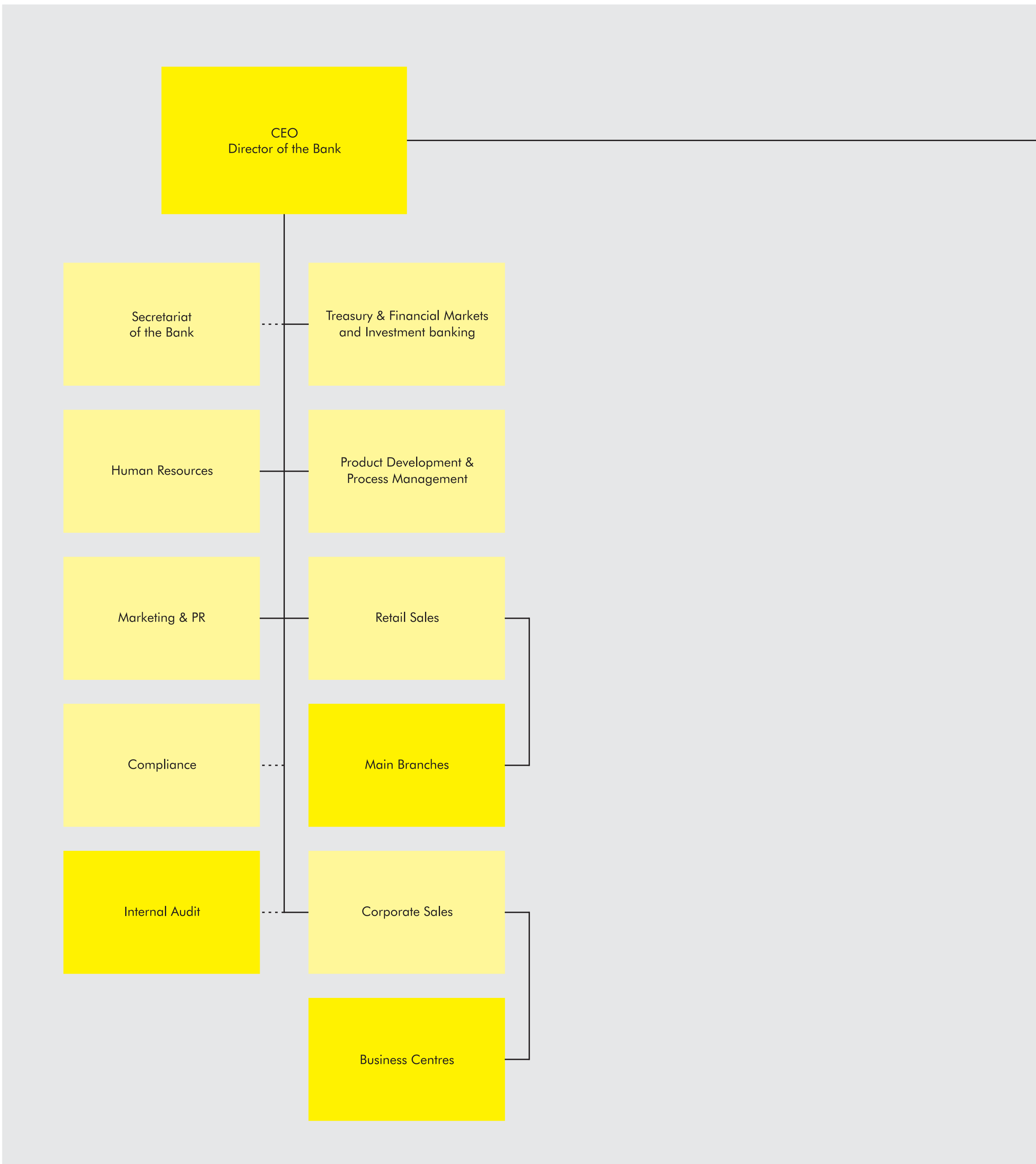
- We see ourselves as a responsible part of society in supporting local developments and initiatives with the goal of creating value.

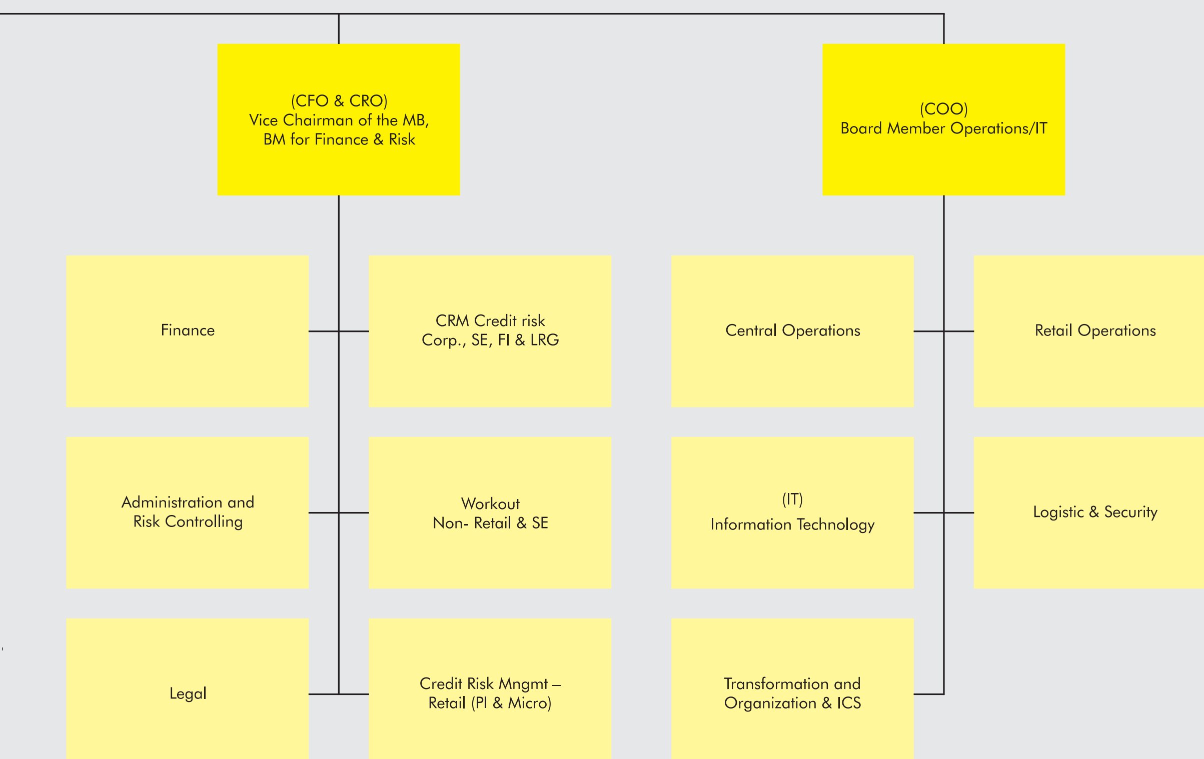
The gable cross is part of the trademark used by almost every company in the Raiffeisen Banking Group and RZB Group in CEE. It represents two stylized horse's heads, crossed and attached to the gable of a house. It is a symbol of protection rooted in old European folk tradition: a gable cross on the roof was believed to protect the house and its occupants from outside dangers and to ward off evil. It symbolizes the protection and security that the members of the Raiffeisen banks enjoy through their self-determined collaboration. Today, the gable cross is one of Austria's best-known trademarks and a well-recognized brand in CEE.

The Management Board

Sanela Pašić, Deputy CEO,
Damir Karamehmedović, Executive Director,
Karlheinz Dobnigg, CEO

Organisational Structure




(CFO & CRO)
Vice Chairman of the MB,
BM for Finance & Risk
(COO)
Board Member Operations/IT
Finance
CRM Credit risk
Corp., SE, FI & LRG
Central Operations
Retail Operations
Administration and
Risk Controlling
Workout
Non- Retail & SE
(IT)
Information Technology
Logistic & Security
Legal
Credit Risk Mngmt –
Retail (PI & Micro)
Transformation and
Organization & ICS

Balance Sheet

as at 31 December 2014 and 2013

	2014 (BAM 000)	2014 (EUR 000)	2013 (BAM 000)	2013 (EUR 000)
Assets				
Cash and cash equivalents	826,525	422,596	763,613	390,429
Legal reserve with the Central Bank of B&H	240,794	123,116	248,049	126,825
Loans and advances to banks	105,832	54,111	188,542	96,400
Loans and advances to customers	2,038,895	1,042,470	2,090,779	1,068,998
Assets held for sale	370	189	705	360
Financial assets available for sale	219	112	193	99
Financial assets at fair value through profit and loss	117,926	60,295	135,399	69,228
Financial assets held to maturity	169,672	86,752	156,889	80,216
Financial investments	1,916	980	2,681	1,371
Investments in associates	8,175	4,180	8,175	4,180
Deferred tax assets	855	437	816	417
Other assets and receivables	24,433	12,492	33,887	17,326
Tangible and intangible fixed assets	148,140	75,743	149,247	76,309
Total Assets	**3,683,752**	**1,883,472**	**3,778,975**	**1,932,159**
Liabilities				
Deposits from banks	155,542	79,527	187,844	96,043
Deposits from customers	2,881,072	1,473,069	2,949,350	1,507,979
Provisions	18,694	9,558	14,458	7,392
Other liabilities	28,596	14,621	30,998	15,849
Subordinated debt	69,684	35,629	86,261	44,105
Total Liabilities	**3,153,588**	**1,612,404**	**3,268,911**	**1,671,368**
Not Paid in				
Shareholder capital	247,167	126,374	237,388	121,375
Share premium	4,473	2,287	4,473	2,287
Revaluation reserves for investments	124	63	97	50
Regulatory reserves	102,443	52,378	102,443	52,378
Retained earnings	175,957	89,965	165,663	84,702
Total Equity	**530,164**	**271,069**	**510,064**	**260,792**
Total Equity and Liabilities	**3,683,752**	**1,883,472**	**3,778,975**	**1,932,159**
Commitments and Contingencies	**822,291**	**420,431**	**839,057**	**429,003**

Income Statement

for the years ended 31 December 2014 and 2013

	2014 (BAM 000)	2014 (EUR 000)	2013 (BAM 000)	2013 (EUR 000)
Interest and interest-like income	168,213	86,006	177,133	90,567
Interest expenses and interest-like expenses	(45,560)	(23,294)	(48,647)	(24,873)
Net interest income	**122,653**	**62,711**	**128,486**	**65,694**
Fee and commission income	73,115	37,383	69,043	35,301
Fee and commission expenses	(9,527)	(4,871)	(9,775)	(4,998)
Net fee and commission income	**63,588**	**32,512**	**59,268**	**30,303**
Net financial income	15,532	7,941	14,546	7,437
Other operating income	3,488	1,783	3,867	1,977
Operating income	**205,261**	**104,948**	**206,167**	**105,412**
Administrative expenses	(110,295)	(56,393)	(112,696)	(57,621)
Depreciation and amortization	(8,528)	(4,360)	(9,424)	(4,818)
Operating expenses	**(118,823)**	**(60,753)**	**(122,120)**	**(62,439)**
Earning before impairment losses, provisions and income tax	**86,438**	**44,195**	**84,047**	**42,973**
Provisioning for impairment losses	(32,574)	(16,655)	(41,806)	(21,375)
Recoveries	7,164	3,663	5,468	2,796
Profit before income tax	**61,028**	**31,203**	**47,709**	**24,393**
Income tax	(7,195)	(3,679)	(5,204)	(2,661)
Net profit for the year	**53,833**	**27,524**	**42,505**	**21,732**
Earnings per share (BAM)	56.02	28.64	44.76	22.89

Key financial ratios

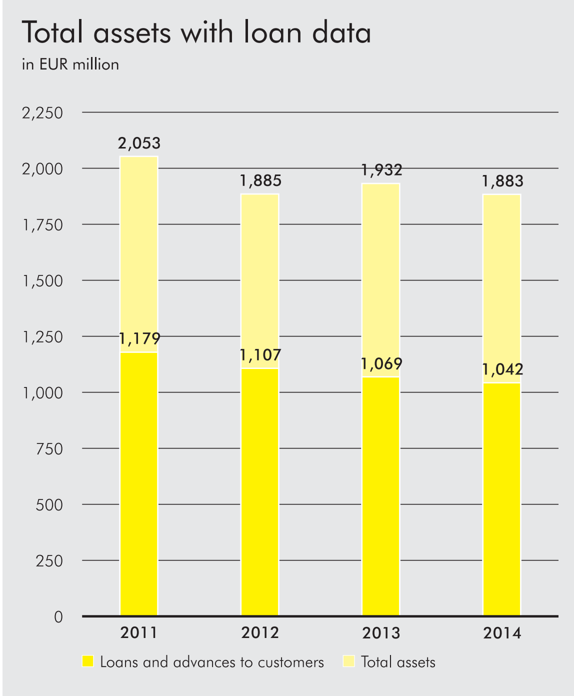
The presented data is stated or calculated on the basis of the bank's revised financial statements

	2014 (BAM 000)	2013 (BAM 000)	2012 (BAM 000)	2011 (BAM 000)
Year-end				
Total assets	3,683,752	3,778,975	3,685,849	4,015,689
Deposits from customers	2,881,072	2,949,350	2,750,363	2,944,442
Loans and advances to customers	2,038,895	2,090,779	2,165,228	2,306,730
Shareholder capital	251,640	241,861	241,861	241,861
Shareholder capital and reserves	530,164	510,064	497,458	501,101
Annual results				
Total revenues	212,425	211,635	206,493	217,321
Total operating expenses	151,397	163,926	163,567	168,147
Profit before tax	61,028	47,709	42,926	49,274
Profit after tax	53,833	42,505	36,528	43,853
Ratios				
Return on assets	1.6%	1.3%	1.1%	1.3%
Return on equity	10.4%	8.4%	7.3%	10.0%
Cost/income ratio	57.9%	59.2%	59.4%	59.9%

	2014 (EUR 000)	2013 (EUR 000)	2012 (EUR 000)	2011 (EUR 000)
Year-end				
Total assets	1,883,472	1,932,159	1,884,545	2,053,189
Deposits from customers	1,473,069	1,507,979	1,406,238	1,505,469
Loans and advances to customers	1,042,470	1,068,998	1,107,063	1,179,412
Shareholder capital	128,661	123,662	123,662	123,662
Shareholder capital and reserves	271,069	260,792	254,346	256,209
Annual results				
Total revenues	108,611	108,207	105,578	115,789
Total operating expenses	77,408	83,814	83,630	90,596
Profit before tax	31,203	24,393	21,948	25,193
Profit after tax	27,524	21,732	18,676	22,422
Ratios				
Return on assets	1.6%	1.3%	1.1%	1.3%
Return on equity	10.4%	8.4%	7.3%	10.0%
Cost/income ratio	57.9%	59.2%	59.4%	59.9%

Total assets with loan data

Due to the slowdown in economic and lending activities, assets fell by 8.27 per cent. Net loans to customers account for 55 per cent of total assets, a decrease of 2 per cent. Gross loans to customers make up 62 per cent, a decrease of 1 per cent. The share of gross loans to private individuals in the total portfolio is 60 percent, an increase of 3 per cent compared to the end of 2013.



	2014 (BAM 000)	2013 (BAM 000)	2012 (BAM 000)	2011 (BAM 000)
Total assets	**3,683,752**	**3,778,975**	**3,685,849**	**4,015,689**
Loans and advances to customers	2,038,895	2,090,779	2,165,228	2,306,730

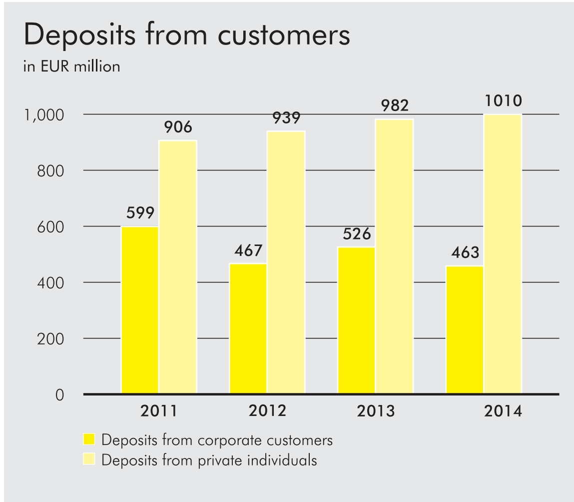
	2014 (EUR 000)	2013 (EUR 000)	2012 (EUR 000)	2011 (EUR 000)
Total assets	**1,883,472**	**1,932,159**	**1,884,545**	**2,053,189**
Loans and advances to customers	1,042,470	1,068,998	1,107,063	1,179,412

Lending

	2014 (BAM 000)	2014 (EUR 000)	2013 (BAM 000)	2013 (EUR 000)	Change %
Corporate loans	927,860	474,407	1,018,912	520,961	(8.9)%
Retail loans	1,367,349	699,114	1,353,923	692,250	1.0%
Gross loans	2,295,209	1,173,522	2,372,835	1,213,211	(3.3)%
Impairments	256,314	131,051	282,056	144,213	(9.1)%
Net loans	**2,038,895**	**1,042,470**	**2,090,779**	**1,068,998**	**(2.5)%**

Deposits from customers

Deposits from private individuals make up 69 per cent of total deposits and rose by 54,930 thousand BAM or 4 per cent both in BAM and other currencies, as a result of the long-lasting successful business based on meeting customers' needs. Deposits from private individuals break down into term deposits of 51 per cent and sight deposits of 49 per cent.

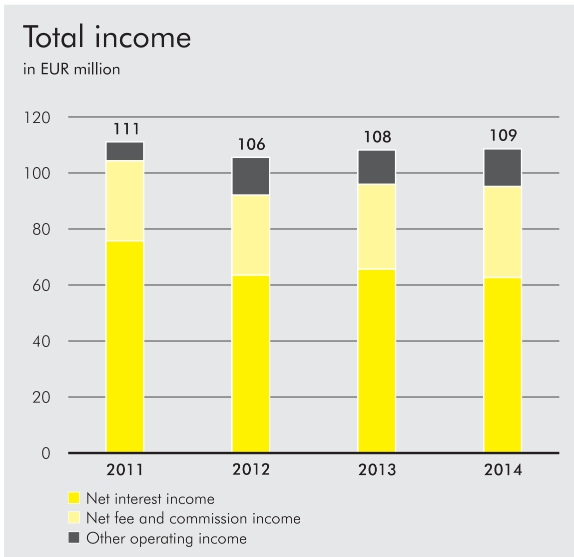


	2014 (BAM 000)	2013 (BAM 000)	2012 (BAM 000)	2011 (BAM 000)
Deposits from corporate customers	905,827	1,029,035	913,342	1,172,076
Deposits from private individuals	1,975,245	1,920,315	1,837,021	1,772,366

	2014 (EUR 000)	2013 (EUR 000)	2012 (EUR 000)	2011 (EUR 000)
Deposits from corporate customers	463,142	526,137	466,984	599,273
Deposits from private individuals	1,009,927	981,841	939,254	906,196

Total income (with total income structure)

Total income comprises net interest income of 60 per cent (a decrease of 1 per cent) and net commission income of 31 per cent (an increase of 7 per cent). Interest income fell by 5 per cent compared to the previous year as a result of decreased interest rates. Interest expenses are 6 per cent lower than in the previous year as a result of decreased dues to banks and other financial institutions.



	2014 (BAM 000)	2013 (BAM 000)	2012 (BAM 000)	2011 (BAM 000)
Total revenues	**212,425**	**211,635**	**206,493**	**217,321**
Net interest income	122,653	128,486	124,312	148,289
Net fee and commission income	63,588	59,268	55,903	55,865
Other operating income	26,184	23,881	26,278	13,167

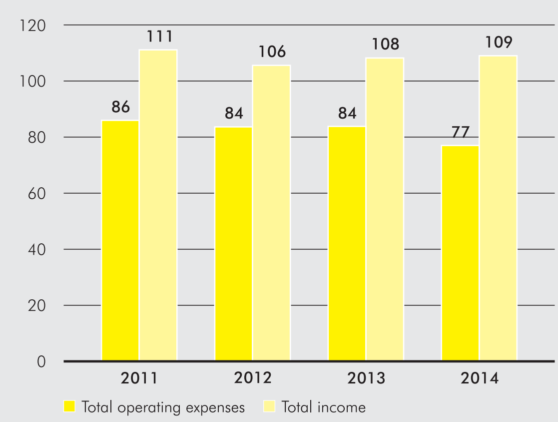
	2014 (EUR 000)	2013 (EUR 000)	2012 (EUR 000)	2011 (EUR 000)
Total revenues	**108,611**	**108,207**	**105,578**	**111,114**
Net interest income	62,711	65,694	63,560	75,819
Net fee and commission income	32,512	30,303	28,583	28,563
Other operating income	13,388	12,210	13,436	6,732

Operating expenses/total income comparison

Total operating expenses in the relevant period (2011-2014) recorded a decline by 12,234 thousand BAM or 8 per cent as a result of efficiency measures. Stricter cost control, by both cost organization and structure, resulted in an improvement of the cost/income ratio.

Expenses/income comparison

in EUR million

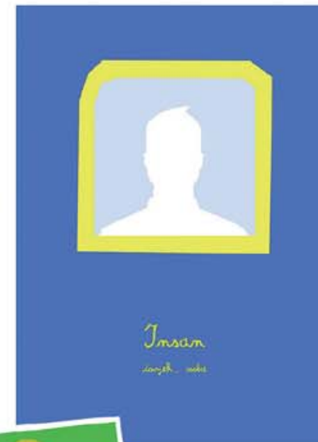


	2014 (BAM 000)	2013 (BAM 000)	2012 (BAM 000)	2011 (BAM 000)
Total operating expenses	151,397	163,926	163,567	168,147
Total revenues	212,425	211,635	206,493	217,321

	2014 (EUR 000)	2013 (EUR 000)	2012 (EUR 000)	2011 (EUR 000)
Total operating expenses	77,408	83,814	83,630	85,972
Total revenues	108,611	108,207	105,578	111,114

Iman Gavrankapetanović

- Iman is a masters student at the Graphic Design Department.
- She has been honored with numerous prestigious awards including the Alija Kučukalić award, first place award Dragoljub Tošić for young artists below 23 years of age and she received the Golden Bra award as an emerging young designer in 2013 at the Magdalena International Festival of Creative Communication in Maribor.
- Iman has participated in annual exhibitions hosted by the Academy, the Magdalena exhibition, ALL Inclusive Sarajevo and the Bruketa&Žinić workshop.

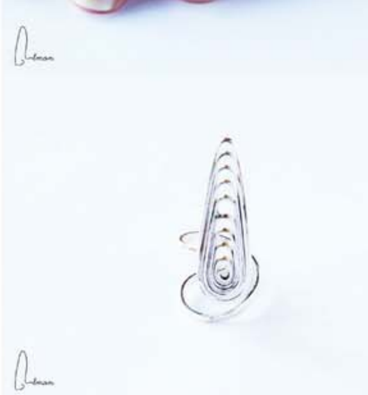


"I am very glad to have had the opportunity to exhibit my works in the Raiffeisen GALLERY for the second time. In these challenging times for art in general, Raiffeisen Bank is setting a bright example of care for art and artists."

Lamija Radončić

- Lamija is a masters student at the Academy.
- She has been honored with the Vladimir Vojnović award as top talent of her class.

"This exhibition shows my key works during my course of study at the Sarajevo Academy of Fine Arts. Visitors can see two different worlds in the design area: one part pays tribute to traditional craftsmanship and the other part is oriented to industrial production."



Business Overview

Corporate Banking

The adverse effects of the challenging recessionary year 2014 led to a decline in the corporate loan portfolio of 9 per cent compared to the previous year.

The loan portfolio declined primarily as a result of the effects of the recent flooding, which hindered entrepreneurial activities and the long-term economic development of BiH. Loans also declined because the Bank opted for a selective approach to the customer database in order to avoid non-performing loans and additional provisioning costs.

The Corporate Division continued promoting Capital – Light Products in 2014 (Trade Finance and Cash Management products), which maintained commission revenue at the previous year's level despite the major decline in the loan portfolio.

Other activities included the introduction of new customer solutions and preparations for the implementation of the Factoring Project in early 2015.

The deposit base was reduced by 19 per cent, indicating corporate insolvency resulting from the recession. Interest income dropped by 24 per cent compared to the previous year as a result of the decline in the loan portfolio and a decrease in the deposit base. As a result of exhaustive monitoring of the portfolio quality, the amount of non-performing loans dropped and the provisioning costs decreased by 27 per cent compared to the previous year.

Continued bolstering of customer relations enabled the Bank to strengthen its position in the BiH market, maintaining its market share in Trade Finance and international payments at the level of the previous year (circa 30 per cent).

Apart from financing current operations, the Corporate Division continued to support energy efficiency and development projects in cooperation with other creditors (EBRD, KfW and ODRAZ).

The loan portfolio for large local customers, international and GAMS customers dropped by 10 per cent compared to the previous year, while deposits reduced by 27 per cent and provisioning costs by 39 per cent.

The loan portfolio for medium-sized enterprises reduced by 9 per cent compared to the previous year, whereas the deposit base grew by 3 per cent. Provisioning costs went down by 8 per cent compared to the previous year.

The public sector loans portfolio rose by 5 per cent compared to the previous year, whereas the deposit base decreased by 14 per cent. Provisioning costs were reduced by 91 per cent compared to the previous year.

Providing active customer support enabled the Bank not only to retain its existing customers but also to acquire new ones. The Bank had 4,671 corporate customers by the end of 2014.

SME Business

The Small and Micro Enterprises segment or SME includes legal entities or groups of connected customers (GCC) whose annual revenue is less than EUR 2.5 million (five million BAM) and where exposure is less than EUR 1 million (two million BAM).

In addition to the effects of the recession from 2013, in 2014 Bosnia and Herzegovina also had to deal with the worst flooding ever recorded in the country; the consequent hindrance to entrepreneurial activity was partially reflected in the Bank's SME portfolio.

The Bank tackled the challenges of the unstable market by implementing a quality-based customer segmentation approach and maintaining the trust and stable relationships with SME customers.

In 2014, the same as in previous years, Raiffeisen *BANK* dd Bosna i Hercegovina focused on maintaining long-term business cooperation with existing SME customers and on the acquisition of new ones.
In 2014, the Bank focused mainly on upgrading its business processes by enhancing business productivity and introducing technical advances.

Even though the SME segment recorded a slight increase in investment loans, working capital loans dominated the total portfolio. However, the SME loan portfolio was dominated by short-term loans. Recognizing customer needs and the difficult economic situation as well as in order to satisfy the existing liquidity needs, the Bank offered the overdraft facility to small and medium-sized enterprises under favorable conditions.

In order to provide SME with better access to finance, in 2014 Raiffeisen BANK Bosna i Herzegovina intensified its utilization of the USAID Loan and Guarantee Fund, which is intended to mitigate the problem of inadequate loan collateralization for SME. In 2014, the Bank continued its cooperation with EBRD, USAID and others.

In 2014, the Bank also focused on reducing the cost per product unit and encouraging customers to use electronic sales channels (RBBHNet corporate online banking) that enable them to conduct their financial business transactions at lower cost.

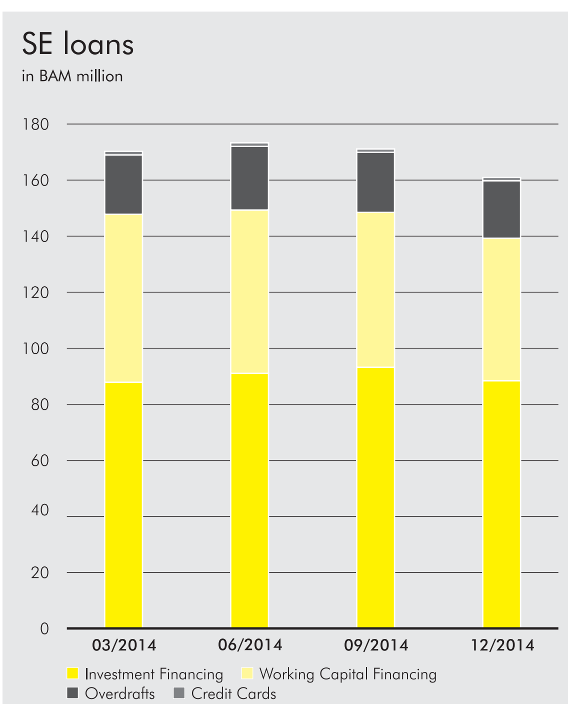
Development of the loan and deposit portfolios (SE segment)

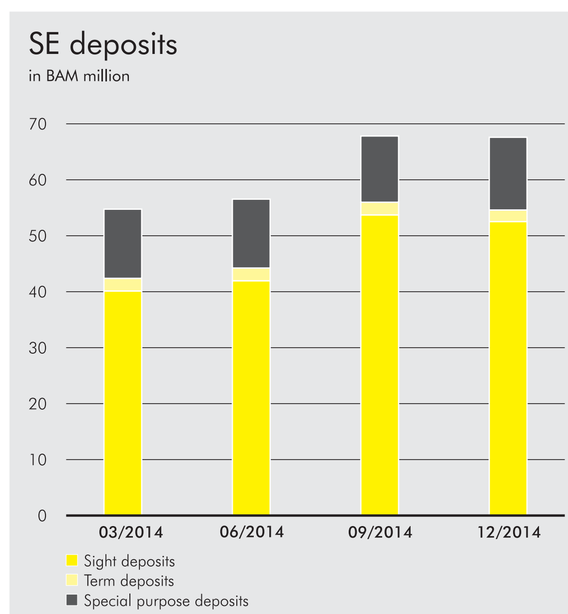
'000 BAM	March 2014	June 2014	September 2014	December 2014
Credit Cards	1,264	1,249	1,173	1,133
Overdrafts	21,159	22,729	21,424	20,512
Working Capital Financing	59,953	58,259	55,291	50,870
Investment Financing	87,855	91,044	93,205	88,382

In 2014, the SE segment recorded stagnation in investment loans as a consequence of global market trends. Compared to 2013, assets grew by 8 per cent.

'000 BAM	March 2014	June 2014	September 2014	December 2014
Special purpose deposits	12,357	12,308	11,835	12,992
Term deposits	2,265	2,277	2,263	2,082
Sight deposits	40,123	41,951	53,721	52,515

SE deposits were on the rise throughout the entire year in 2014, recording a growth of 46 per cent compared to 2013.





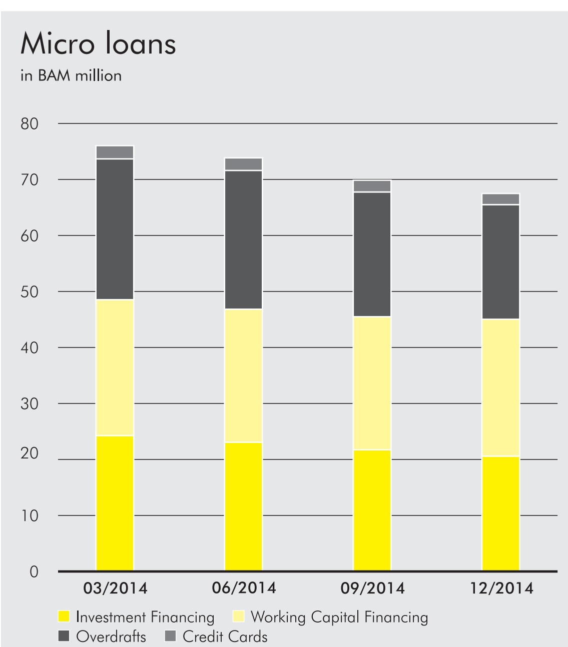
Development of the loan and deposit portfolios (Micro segment)

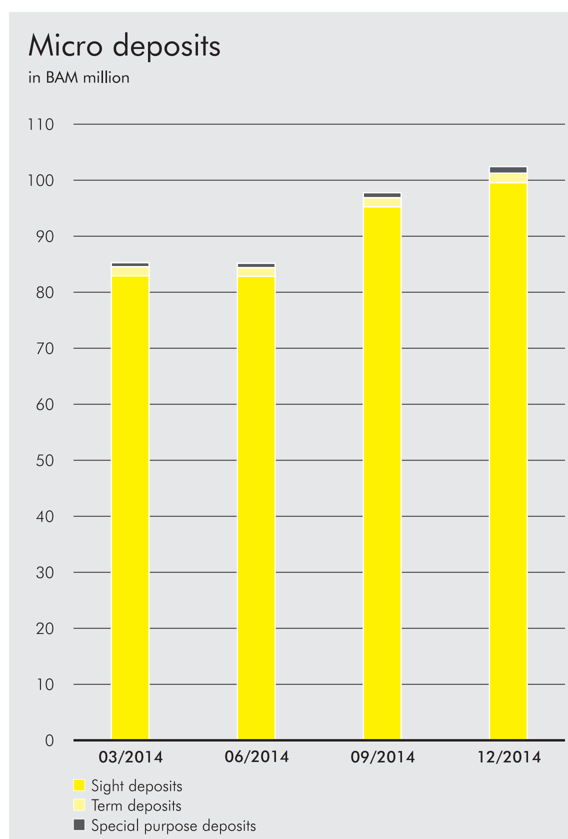
'000 BAM	March 2014	June 2014	September 2014	December 2014
Credit Cards	2,360	2,240	2,102	1,983
Overdrafts	25,140	24,774	22,269	20,468
Working Capital Financing	24,262	23,756	23,751	24,437
Investment Financing	24,271	23,079	21,742	20,601

In 2014, the Micro segment again saw demand for working capital loans. The portfolio dropped by 11 per cent compared to the previous year. Business with Micro customers was mainly oriented towards maintaining existing business activities.

'000 BAM	March 2014	June 2014	September 2014	December 2014
Special purpose deposits	708	764	879	1,169
Term deposits	1,629	1,558	1,632	1,693
Sight deposits	82,934	82,843	95,258	99,570

Deposits in the Micro segment grew during the entire year and recorded a growth of 23 per cent compared to the previous year.





Retail Banking

Raiffeisen *BANK* Bosna i Hercegovina works constantly to further improve the quality of its services by implementing technological advances in modern banking. It has introduced new products and tailored its existing products to meet the needs of its customers, more specifically for the areas of deposits, credit and the card business.

In order to address the needs of its most distinguished customers the Bank offers Raiffeisen Premium Banking, which is a special concept based on a proactive approach towards the individual needs of its most affluent premium business customers.

Neutral Business

The neutral business sector achieved good results in 2014. In particular, income increased by 35 per cent in the exchange office business compared to 2013; this was principally a result of the increase in exchange transactions and signing of new contracts with authorized exchange offices.

Another service that generated increased income compared to 2013 was the rapid money transfer and receipt via the Western Union system. Western Union continued its upward trend in transactions with Raiffeisen BANK Bosna i Hercegovina and its sub-agents in 2014. Transactions increased by 5 per cent and income increased by 3 per cent compared to 2013. These good results were again driven by a continuation of the Loyalty Program, which is an incentive system that rewards customer loyalty.

In the Account Sets business, the contents of the Account Sets were reviewed and the process of opening simplified; this resulted in an increase of active account sets of 13 per cent compared to 2013.

Deposits from private individuals

In 2014, Raiffeisen *BANK* Bosna i Hercegovina saw both stagnation in the deposit business area and a slight increase (1%) in term deposits compared to 2013.

The 2014 result was due to implementation of the deposit retention strategy, which means reducing new deposits and maintaining the existing portfolio of term deposits through customer relations management activities.

Overview of deposits from private individuals

'000 BAM	2014	Change	2013	Change	2012	Change	2011
Term deposits	1,189,725	1.4%	1,172,824	(0.2)%	1,174,812	5.0%	1,119,262
Sight Deposits	543,472	(1.9)%	553,691	13.2%	488,813	(1.1)%	494,205
Current accounts	230,550	15.4%	195,000	12.5%	173,380	9.0%	159,110
Total	**1,963,747**	**2.2%**	**1,920,892**	**4.6%**	**1,837,005**	**3.6%**	**1,772,577**

Private Lending

Over the course of 2014 Raiffeisen *BANK* Bosna i Hercegovina recorded an increase in the loan portfolio compared to the previous year.

A new loan product was created and launched in the second quarter of 2014, based on changes to the Credit Policy for Private Customers.

This new concept enabled a number of key objectives and improvements to be achieved.

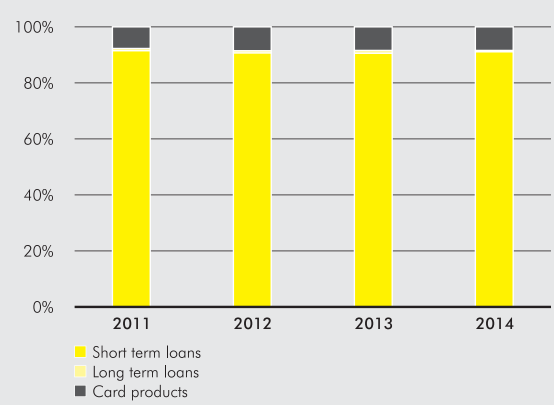
- New product options **with the last installment gratis.**
- **Retention** of premium customers.
- **New target** lending groups.
- Focus on the financing of low risk customers:
  a) **"Primary Banking Customers"** – customers holding a salary account with Raiffeisen Bank,
  b) customers holding a business relationship with Raiffeisen Bank (through CRM activities),
  c) employees of selected companies, budget institutions (as part of Raiffeisen Bank's special offer).
- Focus on products: non-purpose loans, housing loans, commodity loans and pensioner loans.
- Adjustment of loan products/credit policies and procedures for PI customers: revised product parameters and liberalization of the credit policy.
- Activities on process acceleration and facilitation.
- Price adjustment: revising price models in order to augment profit levels for individual customers.

The marketing campaigns for promoting the new loan products concept and the revision of special offers helped achieve a total loan volume of 517.4 million BAM in 2014, which was an increase of 6.98 per cent compared to 2013.

The loan portfolio was dominated by non-purpose loans with an 89 per cent share. This was followed by mortgage loans with a 4 per cent share and then by Lombard loans and purpose loans with a share of 3 per cent and 4 per cent respectively.

The best-selling products from the non-purpose loan offer were the XXL non-purpose loan without guarantors and the consolidation loan. These two loans comprised the main contribution to total lending in 2014 at 31 per cent or 161.9 million BAM and 28 per cent or 145.7 million BAM respectively.

Structure of the PI loan portfolio



Overview of the PI loan portfolio

'000 BAM	2014	Change	2013	Change	2012	Change	2011
Short term loans	6,361	(47.7)%	12,162	21.1%	10,047	9.3%	9,194
Long term loans	1,164,662	1.0%	1,153,617	5.5%	1,093,931	(0.6)%	1,100,699
Card products	107,667	(0.1)%	107,815	5.2%	102,524	11.0%	92,330
Total	**1,278,690**	**0.4%**	**1,273,594**	**5.6%**	**1,206,502**	**0.4%**	**1,202,223**

Card Business

Cards

The card portfolio continued to grow throughout 2014 and the year ended with a total of 715,978 cards (cumulative figure). In 2014 alone 65,234 cards were issued, which translates into growth of 10 per cent compared to 2013.

The biggest contributor to the growth of newly issued cards was the *MasterCard Shopping Card*. With its many benefits, this card has proven to be an attractive product as it enables customers to pay in installments without incurring any fees or interest. An additional benefit is the extended warranty given for those goods purchased with this card.

A significant contributory factor to the number of debit cards issued was the continued action to acquire public sector and corporate firms that pay staff salaries through accounts linked to debit cards issued by Raiffeisen *BANK* Bosna i Hercegovina.

The Bank launched two new card types in December 2014: the VISA Magic Card credit card and the MasterCard debit card, both supporting contactless payment.

Card Acceptance at Point of Sale (POS)

The Card Acceptance Unit saw another year of positive trends in all of its business segments in 2014.

By the end of the year, the number of merchants was 2,106 with 4,888 points of sale and 5,685 POS terminals.

Turnover and commissions at merchant POS terminals grew by 9 and 8 per cent respectively, while the number of transactions grew by 15 per cent in comparison with 2013.

In order to enable customers to pay in installments without incurring any interest or fees by using their MasterCard Shopping Card, further expansion of the merchant network took place in 2014. The benefits of the MasterCard Shopping Card are now offered at 3,461 POS terminals, which account for 61 per cent of the entire Raiffeisen *BANK* Bosna i Hercegovina POS network.

Raiffeisen *BANK* Bosna i Hercegovina continued with its Loyalty Program in 2014. This Program offers benefits for private customers, using the Raiffeisen Bank card, in the form of discounts or gifts.

The Raiffeisen e-pay service posted a positive growth trend in 2014, contributed to by an increase of 67 per cent on the year in the number of transactions at Internet points of sale. This growth yoy indicates increased customer interest in the service as well as purchases via the Internet.

The fourth quarter saw implementation of card acceptance functionality for contactless cards. This put Raiffeisen *BANK* Bosna i Hercegovina at the top of banks in the BiH market that, in addition to magnetic and chip cards, offer contactless cards for use at POS terminals. This service is promoted under the slogan “Pay on the go”. Its benefits include fast and secure transactions.

Contactless payment technology has become a trend worldwide by enabling enhancements such as payment via cell phones.

The number of POS terminals offering contactless payment at merchants was around 200 as of the end of year.

Card Acceptance at Automated Teller Machines (ATMs)

Twelve new automated teller machines and one automated exchange machine were installed over the course of 2014 bringing the total number to 246 automated tellers, two automated exchange machines and 87 info terminals.

Various activities to improve the quality of the ATM service were carried out during 2014, including an upgrade of the ATM configuration. To expand the service offered by ATMs and to enable ease of insight into transactions on the card account, Raiffeisen *BANK* Bosna i Hercegovina introduced a new service during the first quarter of 2014: mini statement at ATMs. This service enables a free, fast and simple insight into the last ten changes made on a PI card account, including payment in, payment out, fees and other payments.

There was an upgrade of the prepaid service for the mobile operator HT Eronet in April 2014 through the transfer to online prepaid mode, which entails an automatic top up of a prepaid number by a telecom operator. This service rounded up the prepaid service for all three telecom operators whose top ups could be realized at Raiffeisen *BANK* Bosna i Hercegovina ATMs.

Guided by our goal to offer the simplest and fastest possible way to carry out transactions using an ATM, a number of changes were made in respect to the transaction flow at ATMs in July 2014.

- After inserting a card issued by Raiffeisen *BANK* Bosna i Hercegovina the local language immediately appears in order to proceed with the transaction.
- Automatic confirmation of the entered PIN number is given after entering the fourth digit for cards issued by Raiffeisen *BANK* Bosna i Hercegovina.
- The overview account balance is displayed on the ATM screen for all cards, but without the option to print.

The changes made in the fourth quarter of 2014 included improvements that primarily dealt with what happens when a transaction at an ATM is rejected.

Another obligation completed in 2014 was the installment of anti-skimming devices in all remaining Raiffeisen *BANK* Bosna i Hercegovina ATMs.

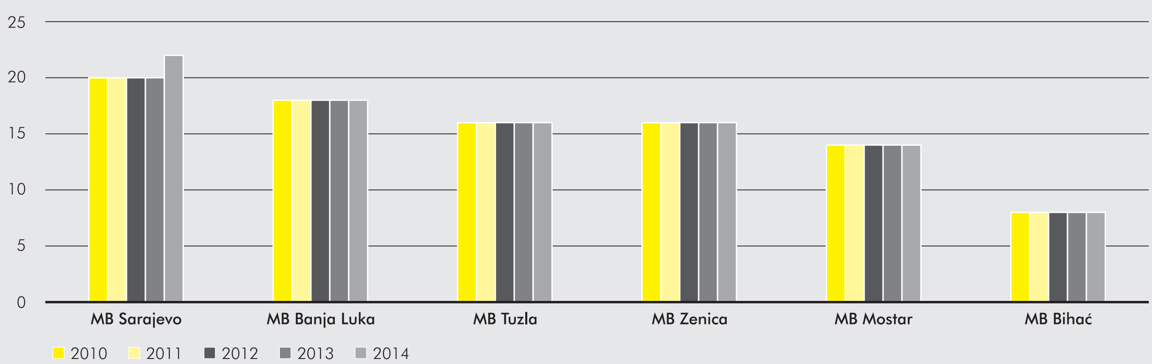
Business Network Coordination

Whereas the period from 2002 to 2008 was characterized by an extensive expansion of the business outlet network the past five years have been shaped by consolidation. In light of the market environment, Raiffeisen *BANK* Bosna i Hercegovina achieved the optimum number of business outlets over this period. However, the need to further expand the business outlet network was recognized in 2013 and carried out in 2014 through the addition of new two outlets.

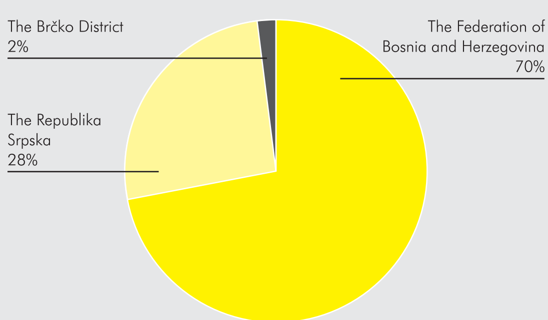
As of December 31, 2014, the Bank had a business outlet network of 94 branches offering products and services to customers as well as six regional branches that act as the hubs of the business network.

The regional branches are located in the country's main administrative and political centers and provide the branch network with administrative and professional support.

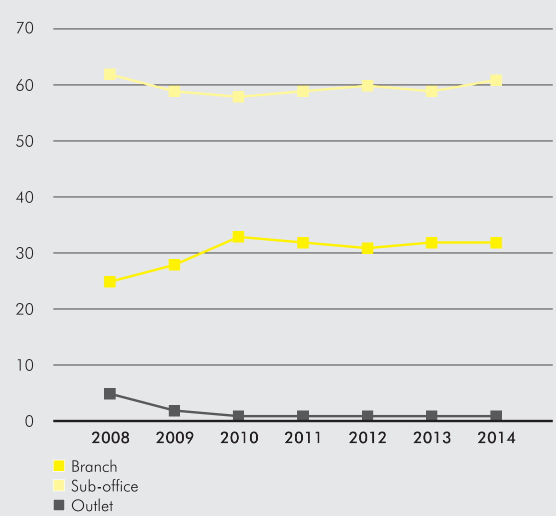
Development of the branch network from 2010 to 2014



Regional coverage of the branch network



Structure of business outlets across time



Quality Management

The Bank pays special attention to the quality of service in its business segment. It performs regular quarterly surveys (second day call, executive call and post complaint call) in order to ensure quality and meet customer requirements. All customer comments are subject to particular scrutiny. This coupled with the survey results forms the basis for important decisions aimed at introducing improvements to products, services and processes.

The Service Quality Department includes a special group for the timely handling of customer complaints. Customer comments are collected largely through the Call Centre, via e-mail and through guest books at each branch office of the Bank.

Alternative Sales Channels

Driven by the desire to make services available for customers 24 hours a day, 7 days a week, through the mobile banker service, Raiffeisen Bank made 227 mobile bankers available to its customers in 2014.

Raiffeisen *BANK* Bosna i Hercegovina has business relations with 25 authorized exchange offices, including post offices and the largest department store chains in the country. Customers were able to make currency conversions at 444 locations in all parts of Bosnia and Herzegovina in 2014. This service allows smooth money flows and conversions irrespective of local bank's business hours.

Raiffeisen *BANK* Bosna i Hercegovina launched a new loan product in 2014: the Magic Loan, which is available at merchants' points of sale without the need to visit the bank's branches. At the end of 2014, the bank had business agreements with 101 merchants.

Turnover and commissions in the card acceptance area continued to grow significantly in 2014, by 11.65 per cent on average compared to 2013. As at December 31, 2014 the number of merchants was 2,103 with 4,943 points of sale and a total of 5,685 POS terminals. Raiffeisen *BANK* Bosna i Hercegovina introduced POS terminals for contactless payment in 2014. The MasterCard Shopping Card, which allows customers to pay in instalments, is offered at a growing number of points of sale (above 2.900).

Electronic Sales Channels

Electronic Sales Channels maintained their positive trend in 2014 in terms of the number of users, electronic orders and SMS enquiries (through the SMS service).

The goal for 2014 was to increase the number of electronic orders in the PI and corporate segments.

Online Banking

Raiffeisen *BANK* Bosna i Hercegovina offers online banking for both its corporate and private customers. The number of corporate online banking customers was 8,798 by the end of 2014. A total of 2,824,149 electronic orders were carried out through this service in 2014, which translates into an annual growth rate of 10 per cent.

The number of personal online banking customers was 60,755 at the end of 2014. A total of 255,527 electronic orders were carried out online, which translates into an annual growth rate of 25 per cent.

SMS Service

The number of Raiffeisen Direct SMS customers, which stood at 111,545 at the end of 2013, clearly shows that customers recognize the benefits of this service. The number of SMS generated enquiries concerning account balances grew by 21 per cent on the year.

Mobile Banking

Raiffeisen mobile banking (R'm'B) was launched as a new service in 2013. It enables customers to access their accounts and other details related to their business with Raiffeisen Bank and to make financial transactions at any time via their mobile phone. The number of customers using this service at the end of 2014 was 11,664 and therefore, given that the number of customers at the end of the previous year was 555, makes it the largest expansion.

Treasury, Financial Markets and Investment Banking

Trading and Sales Department

As in previous years, the Treasury Division played a very active role in all business areas in financial markets during 2014. Being a driver of numerous products and services in the foreign currency market it maintained a leading role and justified its position in the BiH market. As a response to the high level of volatility amongst global currencies recorded in 2014 the Trading and Sales Department put special emphasis on FX risk management along with maintaining profit-based orientation. This resulted in a significant percentage share of FX-based income in total profit.

The Trading and Sales Department was successful in controlling the FX risk of individual currencies and for the total amount of the euro and Bosnian Convertible Mark over the entire year. All open FX positions were kept within the limits prescribed by the Banking Agency of the Federation of Bosnia and Herzegovina (FBA) and the internal limits set in line with the Raiffeisen Group methodology.

Thanks to our commitment to meeting the needs of our customers and appreciation of the diversity of their business activities – users of the Customer Desk service – each customer is approached individually for all aspects of business operations involving foreign currency. The everyday requests and needs of our customers for foreign currency are met through our offer of spot and forward transactions. A positive trend in our approach to customers of the Customer Desk service in 2014 resulted in ending the year with over 100 active customers who have quick access to information on trends in the domestic and international financial markets.

The global money markets saw high liquidity and low interest rates in 2014. Negative interest rates were also recorded for the placement of euro and Swiss Franc funds. This period of low interest rates and cheap money continued throughout 2014, both in the Eurozone and in the US economy. The Trading and Sales Department carried out activities in the area of placing foreign funds up to the limits set by Raiffeisen Bank International (RBI), making sure that the liquidity principle was always adhered to.

Funding and Financial Institutions

During 2014 the Bank continued its successful cooperation with supra-national financial institutions in order to secure long-term purpose credit lines with favorable parameters for the Bank and its customers.

It began negotiations with the International Finance Cooperation (IFC) on facilitating a long-term credit line for financing construction and reconstruction of residential units to the amount of EUR five million.

Cooperation with the European Bank for Reconstruction and Development (EBRD) continued in the area of financing projects with an energy efficiency component; nine new projects were approved for the final beneficiaries and legal entities in 2014 through this source.

Early in 2014, the Bank signed a new agreement on subsidiary financing with the FBiH Sustainable Development Foundation (ODRAZ) and thus continued its participation in the EAF SME Project of the World Bank with approved revolving sources.

Last year the Bank also focused on cost optimization and managed to reduce interest rate costs for credit lines by more than 20 per cent compared to the budgeted ones.

During this period, the Bank repaid EUR 38 million of due payables to its creditors.

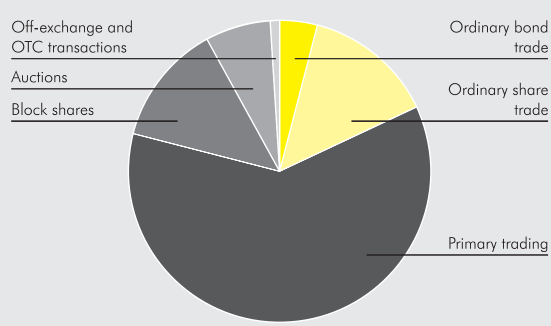
The Bank continued with optimization of the network of correspondent banks throughout 2014. The Bank changed the US Dollar and euro correspondent banks, but still managed to meet the needs of its customers in the international payments segment as well as positive effects of these payments for the Bank.

Investment Banking

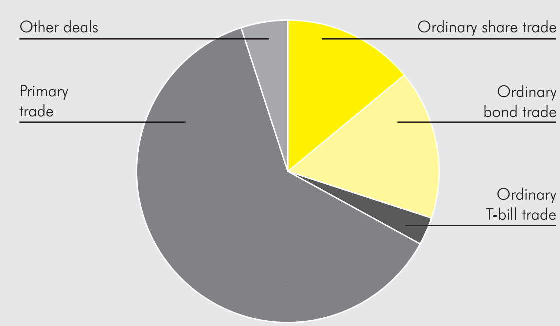
The trend of decreased total turnover on the BiH stock exchanges stopped in 2014 and saw the highest value of total turnover since 2007. This was a result of a record number of auctions of entity debt securities, bonds and treasury bills, but not of regular stock exchange transactions. This made Investment Banking business very challenging.

Total turnover on the Sarajevo Stock Exchange (SASE) in 2014 reached 618.9 million BAM, which was 152.4 per cent up compared to 2013. Out of the total turnover on the SASE in the previous year, 378.7 million BAM or 61.1 per cent accounted for the primary issues of debt securities of the Federation of Bosnia and Herzegovina. Namely, the Ministry of Finance of the Federation of BiH successfully performed twelve auctions of treasury bills to the amount of 238.8 million BAM and three auctions of bonds to the amount of 378.7 million BAM. One auction of corporate bonds was made to the amount of 415 BAM (Masimmo holding d.o.o).

Structure of total turnover on SASE in 2014 (BAM 618.9 million)



Structure of total turnover on BLSE in 2014 (BAM 586.6 million)



Regular turnover on the SASE in 2014 was 110.9 million BAM, 4.7 per cent up on the comparable figure for 2013, and accounted for 17.9 per cent of total turnover. Regular turnover of bonds reached its peak value at 27.2 million BAM, thereof 19.7 million were as a result of trading in bonds of wartime claims and 7.5 million from trading in pre-war savings. The most liquid series of bonds was FBIHK1E (wartime claims bonds – series E) amounting to a total value of turnover of 4.53 million BAM.

Regular turnover of shares was up by 83.6 million, which was an increase of 5.7 per cent compared to the previous year. The issuer, BH Telecom d.d. Sarajevo, generated the highest turnover in the shares market at 7.5 million BAM. However, solid growth of turnover in shares was not followed by an increase in the key SASE indices. The key stock exchange blue-chip index (SASX-10) ended the year with a value of 714.78 index points, 4.06 per cent less than at year end 2013. The primary market index of SASX-30 fell by 3.3 per cent per annum to 896.79 points, while the investment fund index (BIFX) dropped by 7.06 per cent and ended the year at a value of 1,480.01 points.

Total turnover on the Banja Luka Stock Exchange (BLSE) was 586.6 million BAM, up by 56.1 per cent compared to the figure for 2013. Fourteen auctions of entity debt securities were successfully held during the year on the BLSE amounting to a total of 359.2 million BAM, which accounted for 61.2 per cent of total generated turnover. In total, ten auctions of RS treasury bills were held to a total amount of 171.7 million BAM; four auctions of bonds amounted to 187.5 million BAM.

Total regular turnover on the BLSE grew by 53.5 per cent compared to 2013, amounting to 195.5 million BAM. Out of this total, regular trading in bonds accounted for 93.2 million BAM or 19.6 per cent above the comparable figure for the previous year. The highest turnover was generated through the series RSRS-O-I (wartime claims bonds – series 9) to the amount of 12.4 million BAM. The series RSRS-O-I was listed on the BLSE in October 2014 and became the most liquid series of bonds on the BLSE in no more than three months.

Regular turnover of shares on the BLSE reached its highest value in the past six years at 71.6 million BAM. Looking at the value of turnover, the shares of the issuer, Bobar banka a.d. Bijeljina (BBRB-R-A), were the most liquid with an annual turnover of 28.3 million BAM. However, if we look at the number of transactions, the most liquid shares on the BLSE were still the shares of Telekom Srpske a.d. Banja Luka (TLKM-R-A), which saw a turnover of 10.95 million BAM through 1,554 transactions.

Key stock exchange indices on the BLSE also fell, despite an increase in regular turnover. The key stock exchange blue-chip index (BIRS) ended the year at a value of 721.4 points, which represents a decrease of 3.0 per cent by the end of 2013. The value of the investment fund index (FIRS) decreased by 8.4 per cent for the year, ending the year at a value of 1,778.55 points.

Despite the continued challenging environment in the local capital market, 2014 was another successful year for the Investment Banking Department with increased income and a stable customer base with a slight upward trend in almost every area of business.

Custody had a very successful business year, seeing a rise in the number of custody accounts of 3.30 per cent; this confirms the confidence of existing and new customers. The high service quality level and success of Raiffeisen *BANK* Bosna i Hercegovina's custody business was recognized and confirmed in an annual research organized by the "Global Investors Magazine", which reported the Bank's customers as giving high grades to the Bank.

In the fund **administration and depository business areas**, Raiffeisen *BANK* Bosna i Hercegovina successfully performed depository transactions for its existing customers through the issuance of securities; this also applies to the security trading area. The Bank's licenses for the issuance of and trading in securities and for the depository of banks were successfully renewed for the depository business. The FBiH Securities Commission thereby confirmed that the Bank continued to satisfy all of the legal criteria for the provision of depository bank services.

The Proprietary Trading Team continued its activities related to the purchase and sale of securities for the account of the Bank. It generated an excellent result in 2014 and thus continued to make a significant contribution towards overall profitability. The Bank continued to actively participate in the primary and secondary debt securities markets, particularly in the local market.

As a professional intermediary on the Sarajevo **Stock Exchange**, the Bank ranked first according to the number of executed transactions and third by the turnover achieved in 2014. The number of transactions in domestic markets for the Bank's customers also grew and led to an increase in income from these services. In the local market, the Bank's customers traded mostly in shares of the company BH Telecom d.d Sarajevo. The Bank also achieved significant trading volumes for local war damage bonds and foreign currency deposits.Two tender bids that resulted in a significant increase in revenue were implemented during year 2014. Customers were kept up-to-date with significant events in the local market, especially in the area of the issuance of public securities, through regular reports aimed at encouraging existing customers and acquiring new ones to investment in debt securities.

The Research and Development Team focused on the development of macroeconomic analyses for the Bank, its customers and the general public. Despite a standstill in the M&A sphere, several visits were paid to target customers in order to promote corporate counseling services.

Bakir Terzimehić

- Bakir is a masters student, at the Teacher Training Department.
- He has participated in joint exhibitions at the Rector's Office of the Sarajevo University, the 'Grbavica Youth Center' in Sarajevo, the annual exhibition of students of the Sarajevo Academy of Fine Arts, the ALU Gallery in 2011 and 2013, 'Limited spaces (Sarajevo-Berlin), Universität der Künste Berlin, 2012.

"This exhibition shows parts of my diploma project and my masters project on the topic illustration of dreams through personal art expression. Most of these works are experiments with various techniques and materials. Their purpose is to show dreams in a metaphorical context, or as allegory."

Financial Statements

Responsibility for the financial statements

Pursuant to the Law on Accounting and Audit of Federation of Bosnia and Herzegovina (Official Gazette No. 83/09), the Management Board is responsible for ensuring that financial statements are prepared for each financial period in accordance with International Financial Reporting Standards ("IFRS") which give a true and fair view of the state of affairs and results of Raiffeisen *BANK* dd Bosna i Hercegovina (the "Bank") for that period. IFRS are published by the International Accounting Standards Board.

After making enquiries, the Management Board has a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank and must also ensure that the financial statements comply with the Accounting and Auditing Law in the Federation of Bosnia and Herzegovina. The Management Board is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board

Raiffeisen BANK DD BOSNA I HERCEGOVINA
0

Karlheinz Dobnigg, Director

Raiffeisen *BANK* dd Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Bosnia and Herzegovina

March 3, 2015

Independent Auditors' report

To the shareholders of Raiffeisen *BANK* dd Bosna i Hercegovina

We have audited the accompanying financial statements of Raiffeisen *BANK* dd Bosna i Hercegovina (the "Bank"). set out on pages 4 to 59, which comprise of the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year that ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity'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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2014, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte d.o.o.

Sead Bahtanović, director and licensed auditor

Mirza Bihorac, licensed auditor

Deloitte
d.o.o.
Jadranska bb
71000 Sarajevo
ID: 4200047380000

Sarajevo, Bosnia and Herzegovina
March 3, 2015

Statement of profit or loss and other comprehensive income

for the year ended 31 December 2014
(All amounts are expressed in thousands of KM, unless otherwise stated)

	Notes	2014	2013
Interest and similar income	5	168,213	177,133
Interest and similar expenses	6	(45,560)	(48,647)
Net interest income		**122,653**	**128,486**
Fee and commission income	7	73,115	69,043
Fee and commission expenses	8	(9,527)	(9,775)
Net fee and commission income		**63,588**	**59,268**
Net financial income	9	15,532	14,546
Other operating income	11	3,488	3,867
Operating income		**205,261**	**206,167**
Administrative expenses	12	(110,295)	(112,696)
Depreciation and amortization	25.26	(8,528)	(9,424)
Operating expenses		**(118,823)**	**(122,120)**
Profit before impairment losses, provisions and income tax		**86,438**	**84,047**
Impairment losses and provisions	13	(32,574)	(41,806)
Recoveries	10	7,164	5,468
		(25,410)	**(36,338)**
PROFIT BEFORE INCOME TAX		**61,028**	**47,709**
Income tax	14	(7,195)	(5,204)
NET PROFIT		**53,833**	**42,505**
Other comprehensive income:			
Investments revaluation reserve (financial assets available-for-sale)			
– Net change in fair value	19	27	7
		27	**7**
TOTAL COMPREHENSIVE INCOME		**53,860**	**42,512**
Earnings per share (in KM)	32	**56.02**	**44.76**

The accompanying notes form an integral part of these financial statements.

Statement of financial position

as of 31 December 2014
(All amounts are expressed in thousands of KM, unless otherwise stated)

	Notes	31/12/ 2014	31/12/ 2013
ASSETS			
Cash and cash equivalents	15	826,525	763,613
Obligatory reserve at Central Bank of BiH	16	240,794	248,049
Placements with other banks	17	105,832	188,542
Loans and advances to customers	18	2,038,895	2,090,779
Assets classified as held for sale		370	705
Financial assets available-for-sale	19	219	193
Financial assets at FVTPL	20	117,926	135,399
Financial assets held-to-maturity	21	169,672	156,889
Investments in subsidiaries	22	1,916	2,681
Investments in associate	23	8,175	8,175
Deferred tax assets	14	855	816
Prepaid income tax		825	2,755
Other assets and receivables	24	23,608	31,132
Tangible and intangible assets	25	123,643	124,403
Investment property	26	24,497	24,844
TOTAL ASSETS		**3,683,752**	**3,778,975**
LIABILITIES			
Due to other banks and financial institutions	27	155,542	187,844
Due to customers	28	2,881,072	2,949,350
Provisions	29	18,694	14,458
Other liabilities and payables	30	28,596	30,998
Subordinated debt	31	69,684	86,261
TOTAL LIABILITIES		**3,153,588**	**3,268,911**
EQUITY			
Share capital	32	247,167	237,388
Share premium		4,473	4,473
Investments revaluation reserve		124	97
Regulatory reserves		102,443	102,443
Retained earnings		175,957	165,663
TOTAL EQUITY		**530,164**	**510,064**
TOTAL LIABILITIES AND EQUITY		**3,683,752**	**3,778,975**
COMMITMENTS AND CONTINGENCIES	29	**822,291**	**839,057**

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Bank on March 3, 2015:

President of
the Management Board
Karlheinz Dobnigg

Head of Finance division
Elvir Muhić

Statement of cash flows

for the year ended 31 December 2014
(All amounts are expressed in thousands of KM, unless otherwise stated)

	2014	2013
OPERATING ACTIVITIES		
Profit before taxation	61,028	47,709
Adjustments:		
Depreciation and amortization	8,528	9,424
Impairment losses and provisions	31,508	41,806
Unwinding effects	-	(278)
(Gain) / loss on disposal of tangible and intangible assets	(402)	170
Realized losses and fair value adjustments on financial assets at FVTPL	255	1,220
Impairment losses on investments in subsidiaries	1,066	-
Release of accrued expenses from previous year	(944)	(862)
Written-off liabilities	(33)	(64)
Interest income on financial assets at FVTPL recognized in the statement of profit or loss and other comprehensive income	(502)	(527)
Dividend income recognized in the statement of profit or loss and other comprehensive income	(1,694)	(1,199)
Changes in operating assets and liabilities:		
Net decrease / (increase) in obligatory reserve at CBBH	7,255	(9,490)
Net decrease in placements with other banks	82,710	47,110
Net decrease in loans to customers, before impairment losses	21,053	41,209
Net decrease / (increase) in other assets and receivables, before impairment losses	8,815	(13,179)
Net increase / (decrease) in due to banks – deposits	20,022	(2,216)
Net (decrease) / increase in due to customers	(68,278)	198,987
Net increase in other liabilities and payables	1,210	3,257
	171,597	**363,077**
Income tax paid	(5,304)	(4,707)
NET CASH FROM OPERATING ACTIVITIES	**166,293**	**358,370**
INVESTING ACTIVITIES		
Net proceeds from financial assets at FVTPL	17,720	22,637
Net purchases of financial assets held-to-maturity	(12,783)	(10,320)
Proceeds from sales of financial assets available-for-sale	1	3
Investments in subsidiaries	(301)	-
Dividends received	1,694	1,199
Purchases of tangible and intangible assets	(7,749)	(8,317)
Proceeds from tangible assets sold	698	1,876
NET CASH (USED IN) / FROM INVESTING ACTIVITIES	**(720)**	**7,078**
FINANCING ACTIVITIES		
Additional paid–in share capital	9,779	-
Repayments of borrowings, net	(52,324)	(163,909)
(Repayments of) / increase in subordinated debt, net	(16,577)	40,303
Dividends paid	(43,539)	(29,906)
NET CASH USED IN FINANCING ACTIVITIES	**(102,661)**	**(153,512)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**62,912**	**211,936**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**763,613**	**551,677**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**826,525**	**763,613**

The accompanying notes form an integral part of these financial statements.

Statement of changes in equity

for the year ended 31 December 2014
(All amounts are expressed in thousands of KM, unless otherwise stated)

	Share capital	Share premium	Invest-ments re-valuation reserve	Regulatory reserves	Retained earnings	Total
Balance as of 31 December 2012	**237,388**	**4,473**	**90**	**102,443**	**153,064**	**497,458**
Dividends	-	-	-	-	(29,906)	(29,906)
Net profit	-	-	-	-	42,505	42,505
Other comprehensive income	-	-	7	-	-	7
Total comprehensive income	**-**	**-**	**7**	**-**	**42,505**	**42,512**
Balance as of 31 December 2013	**237,388**	**4,473**	**97**	**102,443**	**165,663**	**510,064**
Additional paid-in share capital	9,779	-	-	-	-	9,779
Allocation of dividends	-	-	-	-	(43,539)	(43,539)
Net profit	-	-	-	-	53,833	53,833
Other comprehensive income	-	-	27	-	-	27
Total comprehensive income	**-**	**-**	**27**	**-**	**53,833**	**53,860**
Balance as of 31 December 2014	**247,167**	**4,473**	**124**	**102,443**	**175,957**	**530,164**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 December 2013
(All amounts are expressed in thousands of KM, unless otherwise stated)

1. General

History and incorporation

Raiffeisen Bank dd Bosna i Hercegovina, Sarajevo (the "Bank") is a joint stock company incorporated in Bosnia and Herzegovina and it commenced operations in 1993. Principal activities of the Bank are:
1. accepting deposits from the public and placing of deposits;
2. providing current and term deposit accounts;
3. granting short- and long-term loans and guarantees to the local municipalities, corporate customers, private individuals and other credit institutions dealing with finance lease and foreign exchange transactions;
4. money market activities;
5. performing local and international payments;
6. foreign currency exchange and other banking-related activities;
7. providing banking services through an extensive branch network in Bosnia and Herzegovina.

The Bank considers that it operates in a single business segment, and a single geographical segment, that is the provision of banking services in Bosnia and Herzegovina.

The registered address of the Bank is Zmaja od Bosne bb, Sarajevo. As at 31 December 2014, the Bank had 1,478 employees (31 December 2013: 1,531 employees).

The Bank did not consolidate its subsidiaries and associate: Raiffeisen Special Assets Company d.o.o.. Sarajevo, Raiffeisen Invest društvo za upravljanje fondovima d.o.o. Sarajevo, Raiffeisen Capital a.d. Banja Luka, Raiffeisen Leasing d.o.o. Sarajevo and RL Assistance Member of Raiffeisen Group d.o.o. Sarajevo, because the Management believes that the conditions for exclusion prescribed by IFRS 10.4 (a) were met:
(a) The Bank is itself a wholly-owned subsidiary, or is a partially-owned subsidiary of another entity and its other owners, including those not otherwise entitled to vote, have been informed about, and do not object to the Bank not presenting consolidated financial statements;
(b) The Bank's debt or equity instruments are not traded in a public market;
(c) The Bank did not file, nor is it in the process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market; and
(d) The ultimate or any intermediate parent of the Bank produces consolidated financial statements available for public use that comply with International Financial Reporting Standards.

Ultimate shareholder of the Bank is Raiffeisen Bank International Holding AG Vienna, Austria. The consolidated financial statements of the Group are available at the following address: *Am Stadtpark 9 1030 Vienna, Austria* or on the website: http://investor.rbinternational.com/.

Supervisory Board

Karl Sevelda	Chairman since 19 June 2014
Peter Lennkh	Chairman till 18 June 2014; Deputy Chairman since 30 June 2014
Ferenc Berszan	Member
Johannes Kellner	Member
Peter Janecko	Member

Management

Karlheinz Dobnigg	Director, Management Board member since 1 July 2014; Deputy Director, Management Board member till 30 June 2014
Michael Georg Müller	Director, Management Board member till 30 June 2014
Sanela Pašić	Deputy Director, Management Board member since 1 July 2014, Executive Director, Management Board member till 30 June 2014
Damir Karamehmedović	Executive Director, Management Board member

Audit Committee

Wolfgang Kettner	President
Boris Tihi	Member
Izudin Kešetović	Member
Miloš Trifković	Member
Mahir Džafić	Member

2. Adoption of new and revised standards

2.1. Standards and Interpretations effective in the current period

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board are effective for the current period:
- Amendments to IFRS 10: "Consolidated Financial Statements", IFRS 12: "Disclosures of Interests in Other Entities" and IAS 27: "Separate Financial Statements" – Investment Entities (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IAS 32: "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014):
- Amendments to IAS 36: "Impairment of assets" – Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014):
- Amendments to IAS 39: "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014);
- IFRIC 21: "Levies" (effective for annual periods beginning on or after 1 January 2014).

The adoption of these standards, amendments and interpretations has not led to any changes in the Bank's accounting policies.

2.2. Standards and Interpretations in issue not yet adopted

At the date of authorization of these financial statements the following standards, revisions and interpretations were in issue but not yet effective:
- IFRS 9: "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018),
- IFRS 14: "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016),
- IFRS 15: "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017),
- Amendments to IFRS 10: "Consolidated Financial Statements" and IAS 28: "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10: "Consolidated Financial Statements", IFRS 12: "Disclosure of Interests in Other Entities" and IAS 28: "Investments in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11: "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1: "Presentation of Financial Statements" – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16: "Property, Plant and Equipment" and IAS 38: "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16: "Property, Plant and Equipment" and IAS 41: "Agriculture" – Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 19: "Employee Benefits" – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014),
- Amendments to IAS 27: "Separate Financial Statements" – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),
- Amendments to various standards "Improvements to IFRSs (cycle 2010-2013)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),
- Amendments to various standards "Improvements to IFRSs (cycle 2011-2014)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014),

- Amendments to various standards "Improvements to IFRSs (cycle 2013-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Bank has elected not to adopt these standards, revisions and interpretations in advance of their effective dates. The Bank anticipates that the adoption of these standards, revisions and interpretations will have no material impact on the financial statements of the Bank in the period of initial application, except for IFRS 9. Management is currently analysing the impact of IFRS 9 on the Bank's financial statements.

3. Summary of significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board.

Going concern

The financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Basis for preparation

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for measurement that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date; fair value indicators are those derived from quoted prices in active markets;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Convertible marks since that are the functional currency of the Bank. The Convertible mark (KM) is officially tied to the Euro (EUR 1 = KM 1.95583).

The preparation of financial statements in conformity with IFRS requires Management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Information on amounts where significant uncertainty exists in their estimate and critical judgments in applying accounting policies that have the most impact on the amounts disclosed in these financial statements are disclosed in Note 4.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Interest income and expense

Interest income and expense are recognized in statement of profit or loss and other comprehensive income as they accrue using the effective interest rate method. Effective interest rate is the rate that discounts estimated future cash flows of financial assets or liabilities (including all paid or received transaction costs, fees and points, which are an integral part of the effective interest rate) over the life of the financial assets / liabilities or, if appropriate, a shorter period.

Fee and commission income and expense

Fees and commissions consist mainly of fees earned on domestic and foreign payment transactions, and fees for loans and other credit instruments issued by the Bank.

Fees for payment transactions are recognised in the period when services are rendered.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax expense is based on taxable income for the year. Taxable income differs from net income as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting period date.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the statement of profit and loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and if the Bank has the intention to settle on a net basis.

Investments in subsidiaries

A subsidiary is an entity which is controlled by the Bank. The Bank controls the subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Investments in subsidiaries in these financial statements are stated at cost less any impairment in the value of individual investments if needed.

Investments in associates

An associate is an entity, including an unincorporated entity such as a partnership, over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates in these financial statements are stated at cost less any impairment in the value of individual investments if needed.

Cash and cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash, balances with the Central Bank of Bosnia and Herzegovina (the "CBBH") and current accounts with other banks.

Cash and cash equivalents excludes the obligatory minimum reserve with the CBBH as these funds are not available for the Bank's day to day operations. The compulsory minimum reserve with the CBBH is a required reserve to be held by all commercial banks licensed in Bosnia and Herzegovina.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit or loss and other comprehensive income.

a) Financial assets

Financial assets are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: financial assets as "at fair value through profit or loss"(FVTPL), "available-for-sale" (AFS), "held-to-maturity investments", and "loans and receivables".

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Method of effective interest rate

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognized on an effective interest basis for financial instruments: "at fair value through profit or loss", "held-to-maturity investments" and "loans and receivables".

Loans and receivables

Loans, placements with other banks and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivable arise when the Bank provides money directly to a debtor with no intention of trading with the receivable or disposal in the near future.

Loans and receivables are initially recognized at fair value plus incremental costs. After initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at FVTPL

The Bank classifies a financial asset as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:
- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in statement of profit or loss and other comprehensive income. The net gain or loss recognised in statement of profit or loss and other comprehensive income incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 37.

Held-to-maturity investments

Bonds and treasury bills with fixed or determinable payments and fixed maturity dates that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

Financial assets available-for-sale ("AFS")

Listed shares and listed redeemable notes held by the Bank that are traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in the Note 37. Gains and losses arising from changes in fair value are recognized directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognized directly in statement of profit or loss and other comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in statement of profit or loss and other comprehensive income for the period.

Dividends on AFS equity instruments are recognized in profit or loss when the Bank's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting period date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in statement of profit or loss and other comprehensive income and other changes are recognized in equity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:
- significant financial difficulty of the counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation,

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively. Those individually significant assets which are not identified as impaired are subsequently included in the basis for collective impairment assessment. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in statement of profit or loss and other comprehensive income.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognized.

In respect of AFS equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Derecognition of financial assets

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank continues to recognize the financial asset.

b) Financial liabilities and equity instruments issued by the Bank

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Bank are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:
- the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions. Contingent Liabilities and Contingent Assets"; or
- the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out at above.

Financial liabilities

Financial liabilities are classified either as "financial liabilities at FVTPL" or "other financial liabilities". The Bank has no financial liabilities at fair value through profit or loss.

Other financial liabilities

Other financial liabilities, including due to banks, due to customers and subordinated debt, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Bank derecognizes financial liabilities when, and only when, the Bank's obligations are discharged, cancelled or they expire.

Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and any recognized accumulated impairment losses. The purchase cost includes the purchase price and all costs directly related to bringing the asset into operating condition for its intended use. Maintenance and repairs, replacements and improvements of minor importance are expensed as incurred. Significant improvements and replacement of assets are capitalised. Properties in the course of construction for supply or administrative purposes are carried at cost, less any recognised impairment loss.

Cost includes also professional fees. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use.

Depreciation is charged from the moment the fixed asset is ready for its intended use. It is calculated in the basis of the estimated useful life of the asset, using the straight-line method as follows. Estimated depreciation rates were as follows:

Buildings	1.3%
Furniture and vehicles	11%-15.5%
Computers	33.3%
Other equipment	7%-20%
Intangible assets	20%-100%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss and other comprehensive income in the period they occur.

Impairment

At each reporting period date, the Bank reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately, unless the relevant asset is land or buildings other than investment property carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets

Intangible assets are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Investment property

Investment property, which is property held to earn rental income and / or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost, less accumulated depreciation and any recognized accumulated impairment losses. Depreciation commences when the assets are ready for their intended use and is calculated in the basis of the estimated useful life of the asset, using the straight-line method as follows:

Buildings	1,3%

Employee benefits

On behalf of its employees, the Bank pays personal income tax and contributions for pension, disability, health and unemployment insurance, on and from salaries, which are calculated as per the set legal rates during the course of the year on the gross salary. The Bank pays those tax and contributions in the favour of the institutions of the Federation of Bosnia and Herzegovina (on federal and cantonal levels), Republika Srpska and Brčko District.

In addition, meal allowances, transport allowances and vacation bonuses are paid in accordance with the local legislation. These expenses are recognized in the statement of profit or loss and other comprehensive income in the period in which the salary expense is incurred.

Retirement severance payments

The Bank makes provision for retirement severance payments in the amount of either 3 average net salaries of the employee disbursed by the Bank or 3 average salaries of the Federation of Bosnia and Herzegovina as in the most recent published report by the Federal Statistics Bureau, depending on what is more favourable to the employee.

The cost of retirement severance payments are recognized when earned.

Foreign currency translation

Transactions in currencies other than Bosnia and Herzegovina KM are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities are translated at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Profits and losses arising on translation are included in the statement of profit or loss and other comprehensive income for the period.

The Bank values its assets and liabilities by middle rate of the CBBH valid at the reporting period date. The principal rates of exchange set forth by the Central Bank and used in the preparation of the Bank's statement of financial position at the reporting dates were as follows:

31 December 2014	EUR 1 = KM 1.95583	USD 1 = KM 1.608413
31 December 2013	EUR 1 = KM 1.95583	USD 1 = KM 1.419016

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting period date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are released only for such expenditure in respect of which provisions are recognized at inception. If the outflow of economic benefits to settle the obligations is no longer probable, the provision is reversed.

Equity and reserves

Share capital

Share capital represents the nominal value of paid-in ordinary shares and is denominated in KM.

Regulatory reserves for credit losses

Regulatory reserves for credit losses are recognized in accordance with regulations of the Banking Agency of Federation of Bosnia and Herzegovina ("FBA"). Regulatory reserves for credit losses are non-distributable.

Retained earnings

Profit for the period after appropriations to owners and allocations to other reserves are transferred to retained earnings.

Investments revaluation reserve

Investments revaluation reserve comprises changes in fair value of financial assets available-for-sale.

Dividends

Dividends on ordinary shares are recognized as a liability in the period in which they are approved by the Bank's shareholders.

Earnings per share

The Bank publishes basic and diluted earnings per share (EPS) data.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

During 2013 and 2014 there were no dilution effects.

4. Critical accounting judgments and key sources estimation uncertainty

In the application of the Bank's accounting policies, which are described in Note 3, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Useful lives of property and equipment, and investment property

As described at Note 3 above, the Bank reviews the estimated useful lives of property and equipment, and investment property at the end of each reporting period.

Impairment losses on loans and receivables

As described at Note 3 above, at each reporting period date, the Bank assessed indicators for impairment of loans and receivables and their impact on the estimated future cash flows from the loans and receivables.

Impairment losses on loans and receivables and provisions for off-balance exposure

The Bank monitors the creditworthiness of its customers on an ongoing basis. The need for impairment of the Bank's on- and off-balance credit risk exposures is assessed on a monthly basis. Impairment losses are made mainly against the carrying value of loans to corporate and retail customers and as provisions for liabilities and charges arising from off-balance-sheet risk exposure to customers, mainly in the form of unused loan facilities and guarantees. Impairment losses are also considered for credit risk exposures to banks and for other assets not carried at fair value, where the primary risk of impairment is not credit risk.

With regard to the financial assets carried at amortized cost, the Bank first assesses whether objective evidence of impairment exists individually for assets that are individually significant and collectively for assets that are not individually significant.

In assessing collective impairment the following guidelines are used:
- future cash flows of a homogeneous segment/product group are estimated based on historical losses for assets with similar credit risk characteristics;
- information on historical loss rates are applied consistently to defined homogeneous segments/groups;
- historical losses are adjusted in line with current data which can be used consistently with the current conditions;
- the methodology and assumptions used to estimate future cash flows are regularly revised, and updated as necessary.

As explained further below, the Bank calculates provisions under FBA rules, as well as estimating impairment allowances under IFRS. The provisions calculated under FBA rules are not recognized by the Bank but form the basis for capital adequacy calculations, and in previous periods, formed the basis for transfers to non-distributable reserves within equity and reserves.

Regulatory reserves calculated in accordance with FBA regulations

For the purposes of assessing capital adequacy in accordance with local regulations, the Bank also calculates provisions in accordance with the relevant FBA regulations. In accordance with these regulations, the relevant placements are classified into appropriate risk groups, depending on the past due days, the financial position of the borrower and collateral; and are provided for at prescribed rates.

The regulatory provisions include both specific and general provisions. The general provision is added back as Tier 2 capital in the computation of capital adequacy under FBA rules.

Fair value of financial instruments

As described in Note 37, the Management use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Financial instruments, other than loans and receivables, and financial assets held to maturity, are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

5. Interest and similar income

All amounts are expressed in thousands of KM	2014	2013
Citizens	116,546	115,811
Companies	46,469	55,768
Financial assets held-to-maturity – Government bonds (Note 21)	4,310	4,600
Foreign banks	319	360
Domestic banks	554	267
Other	15	327
	168,213	**177,133**

6. Interest and similar expenses

All amounts are expressed in thousands of KM	2014	2013
Citizens	29,759	33,065
Foreign banks	9,287	9,154
Companies	6,462	6,381
Domestic banks	21	26
Other	31	21
	45,560	**48,647**

7. Fee and commission income

All amounts are expressed in thousands of KM	2014	2013
Payment transactions	24,972	24,262
Transactions with citizens	23,323	22,037
Loans and guarantees	8,685	9,293
FX transactions	6,636	5,416
Account maintenance fees	5,481	5,110
Other	4,081	2,925
	73,115	**69,043**

8. Fee and commission expenses

All amounts are expressed in thousands of KM	2014	2013
Card transactions	6,903	6,094
Services of CBBH	897	747
Swift services	691	842
Correspondent accounts	420	468
Domestic payment transactions	120	85
Other	496	1,539
	9,527	**9,775**

9. Net financial income

All amounts are expressed in thousands of KM	2014	2013
Net gains on foreign exchange business transactions	10,661	9,747
Interest income from bonds at FVTPL (Note 20)	5,239	6,470
Dividend income	1,694	1,199
Fair value adjustment on bonds at FVTPL (Note 20)	615	(891)
Net (loss) / gain from sale of shares / securities at FVTPL (Note 20)	(26)	61
Net losses on reconciliations with CBBH's exchange rates	(1,807)	(1,650)
Net loss from sale of bonds at FVTPL (Note 20)	(802)	(353)
Fair value adjustment on shares / securities at FVTPL (Note 20)	(42)	(37)
	15,532	**14,546**

10. Recoveries

All amounts are expressed in thousands of KM	2014	2013
Interest	7,075	5,179
Principal	89	289
	7,164	**5,468**

11. Other operating income

All amounts are expressed in thousands of KM	2014	2013
Rent income	1,373	1,428
Release of accrued expenses from previous year	944	862
Gains on disposal of tangible assets, net	402	-
Written-off liabilities	33	64
Petty cash surplus	15	95
Other income	721	1,418
	3,488	**3,867**

12. Administrative expenses

All amounts are expressed in thousands of KM	2014	2013
Gross salaries	43,781	44,071
Other employee benefits	13,568	13,616
Maintenance	9,134	8,763
Deposit insurance premiums	7,564	7,724
Services	5,498	6,534
Telecommunication expense	4,507	4,316
Rent	4,124	4,022
Representation and marketing expense	3,598	3,540
Consultancy expense	2,656	3,384
Provision for other employee benefits per IAS 19 (Note 29)	2,649	2,325
Tangible asset insurance premiums	2,506	2,905
Supervisory fee – FBA	2,274	2,248
Energy	2,020	2,171
Material expenses	1,775	2,326
Taxes and administration	701	1,180
Education	285	403
Donations	277	152
Transportation	182	228
Write-off	117	197
Net loss on disposal of tangible assets (Note 25)	-	170
Other administrative expense	3,079	2,421
	110,295	**112,696**

13. Impairment losses and provisions

All amounts are expressed in thousands of KM	2014	2013
Loans and advances to customers (Note 18)	30,831	33,518
Legal proceedings (Note 29)	3,481	2,002
Impairment losses on investment in subsidiary (Note 22)	1,066	-
Impairment losses on assets held for sale	237	-
Impairment losses on tangible assets (Note 25)	130	-
(Release of) / additional provisions for commitments and contingencies (Note 29)	(1,880)	3,022
(Release of) / additional allowance for impairment of other assets and receivables (Note 24)	(1,291)	3,264
	32,574	**41,806**

14. Income tax

Total tax recognized in the statement of profit or loss and other comprehensive income may be presented as follows:

All amounts are expressed in thousands of KM	2014	2013
Current income tax	7,234	5,351
Deferred income tax	(39)	(147)
	7,195	**5,204**

Adjustment between taxable profit presented in tax balance and accounting profit is presented as follows:

All amounts are expressed in thousands of KM	2014	2013
Profit before income tax	**61,028**	**47,709**
Income tax expense at 10%	6,103	4,771
Effects of non-deductible expenses	1,919	2,909
Effects of non-taxable income	(788)	(2,329)
Current income tax	**7,234**	**5,351**
Effective tax rate	**11.85%**	**11.21%**

Changes in deferred tax asset can be presented as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	816	669
Recognized deferred tax asset	39	147
Balance as at the end of year	**855**	**816**

15. Cash and cash equivalents

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Account with the CBBH in domestic currency	700,681	604,110
Cash at hand in domestic currency	53,800	50,006
Correspondent accounts with other banks in foreign currency	47,323	88,485
Cash at hand in foreign currency	24,669	20,896
Checks in foreign currency	52	116
	826,525	**763,613**

16. Obligatory reserve at central bank of Bosnia and Herzegovina

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Obligatory reserve	240,794	248,049
	240,794	**248,049**

Minimum obligatory reserve was calculated as a percentage of the average amount of total deposits and borrowings for each working day during 10 calendar days following the period of maintaining the obligatory reserve. The rates of minimum obligatory reserve were: 10% of total short-term deposits and borrowings and 7% of total long-term deposits and borrowings.

Cash held at the obligatory reserve account with the CBBH is not available for daily operations without specific approval from the CBBH and FBA.

17. Placements with other banks

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
OECD countries	105,832	188,542
	105,832	**188,542**
Expected to be recovered		
– no more than twelve months after the reporting period	105,329	187,758
– more than twelve months after the reporting period	503	784
	105,832	**188,542**

During 2014, the interest rates for placements in EUR were within the range from (0.20)% p.a. to 0.60% p.a. (2013: from 0.00% p.a. to 0.20% p.a.) and for placements in USD from 0.06% p.a. to 0.29% p.a. (2013: from 0.05% p.a. to 0.23% p.a.). Interest rates on placements in other currencies were from (0.1)% p.a. to 2.9% p.a. (2013: from 0.42% p.a. to 2.85% p.a.).

18. Loans and advances to customers

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Short-term loans:		
Short-term loans in domestic currency	568,405	635,101
Short-term loans in foreign currency	4,939	2,465
	573,344	**637,566**
Long-term loans:		
Long-term loans in domestic currency	1,721,015	1,734,336
Long-term loans in foreign currency	850	933
	1,721,865	**1,735,269**
Total loans before allowance	**2,295,209**	**2,372,835**
Less:		
– Allowance for impairment losses based on individual assessment	(242,725)	(262,916)
– Allowance for impairment losses based on group assessment	(13,589)	(19,140)
	2,038,895	**2,090,779**

Short-term loans are granted for periods of 30 to 365 days. The majority of short-term loans in domestic currency are granted to clients for working capital financing. Long-term loans are mostly granted to individuals for housing and vehicle purchases. During 2014, the Bank reduced the level of newly approved loans and concentrated on receivables collection.

The movements in the allowance for impairment losses are summarized as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	282,056	259,383
Increase in allowances (Note 13)	30,831	33,518
Write-offs	(56,573)	(10,567)
Unwinding effects	-	(278)
Balance as at the end of year	**256,314**	**282,056**

Total amount of non-performing loans on which interest was suspended as of 31 December 2014 and 31 December 2013 was KM 335,536 thousand and KM 375,717 thousand, respectively.

Total loans before allowance for impairment losses per industry may be presented as follows:

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Citizens	1,367,349	1,353,923
Trade	487,622	505,770
Agriculture, forestry, mining and energy	236,935	273,279
Services, finance, sport, tourism	90,166	105,288
Construction industry	45,040	59,411
Transport, telecommunications and communications	38,410	39,928
Administrative and other public institutions	23,131	26,858
Other	6,556	8,378
	2,295,209	**2,372,835**

Interest rates for granted loans as for the year ended 31 December 2014 and 2013 are summarized as follows:

All amounts are expressed in thousands of KM	31 December 2014		31 December 2013	
		Interest rates during the year		**Interest rates during the year**
Domestic currency				
Companies	922,336	2.50%-18.00%	1,015,868	2.50%-18.00%
Citizens	1,367,084	2.00%-18.00%	1,353,570	2.00%-18.00%
Foreign currency				
Companies	5,524	0.00%-12.00%	3,044	0.00%-16.00%
Citizens	265	4.63%-10.00%	353	4.63%-10.00%
	2,295,209		**2,372,835**	

19. Financial assets available-for-sale

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
S.W.I.F.T. Belgium	155	128
Securities' Register of the Federation of B&H	32	32
Sarajevo Stock Exchange d.d.	32	32
Raiffeisen Trening centar d.o.o. Zagreb, Croatia	-	1
	219	**193**

Movements in the fair value of these assets were as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	193	189
Fair value gain	27	7
Sales during the year	(1)	(3)
Balance as at the end year	**219**	**193**

20. Financial assets at fair value through profit and loss

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Government bonds	117,845	135,025
Shares / securities	81	374
	117,926	**135,399**

Government bonds

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Romania	91,407	87,544
Belgium	10,028	10,740
France	8,093	14,436
Italy	4,107	3,750
Germany	2,191	12,474
Slovenia	2,019	2,028
The Netherlands	-	4,053
	117,845	**135,025**

The Bank continued with trading activities of above-mentioned bonds in 2014 and with the purpose of selling them in the near future. Bonds are valued based on report obtained from Bloomberg-a showing the latest bids for the bonds for the year ended 31 December 2014. The Bank calculates the price of individual bond using prices based on defined levels of importance (CBBT, BGN, MSG1 or Bank quote).

Movements in the fair value of bonds at FVTPL were as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	135,025	154,337
(Sales or maturity) during the year, net	(19,558)	(18,948)
Fair value gain / (loss) (Note 9)	615	(891)
Interest income (Note 9)	5,239	6,470
Collected interest	(3,476)	(5,943)
Balance as at the end of year	**117,845**	**135,025**

Bonds mature within the period from 21 January 2015 to 18 September 2020 and bearing an interest within the range from 1.75% p.a. to 8.00% p.a. Interest income earned on the bonds portfolio for the year ended 31 December 2014 was KM 5,239 thousand (2013: KM 6,470 thousand) (Note 9).

Shares / securities

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Intesa Sanpaolo Banka d.d. Bosna i Hercegovina	80	352
Velprom d.d. Sanski Most	1	1
Klas d.d. Sarajevo	-	21
	81	**374**

The Bank continued with trading activities of above-mentioned shares / securities in 2014 with the purpose of selling them in the near future. Securities are quoted at the Sarajevo Stock Exchange.

Movements in the fair value of shares / securities at FVTPL were as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	374	4.392
Sales during the year, net	(251)	(3.981)
Fair value loss (Note 9)	(42)	(37)
Balance as at the end of year	**81**	**374**

21. Financial assets held-to-maturity (government bonds & treasury bills)

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
The Federation of Bosnia and Herzegovina	34,406	32,382
Austria	28,243	19,227
Belgium	26,286	30,787
Poland	22,639	10,147
Raiffeisen International AG	19,558	-
Republika Srpska	17,538	17,363
France	10,838	30,842
Abn Amro Bank INV, Netherlands	10,164	10,008
Czech Republic	-	6,133
	169,672	**156,889**

In 2014, the Bank has purchased:
- Bonds issued by The Federation of Bosnia and Herzegovina based on old foreign currency demand deposits and war receivables at nominal value of KM 4.79 million. Interest rate for the purchased bonds is 2.5% p.a. and they are due between 31 March 2014 and 31 August 2016.
- Treasury notes issued by The Federation of Bosnia and Herzegovina at nominal value of KM 3.95 million, with yield within the range from 0.3% to 1.20%. Amount of KM 190 thousands was due as of 1 October 2014, amount of KM 3 million was due as of 22 October 2014, and the rest is due as of 10 June 2015.
- Treasury notes at nominal value of KM 23.43 million issued by Republika Srpska, with yield within the range from 2.42% to 4.00%. Amount of KM 5.83 million was due as of 26 December 2014, and the rest is due in 2015.

22. Investments in subsidiaries

Subsidiary	Industry	% of share	31/12/ 2014	31/12/ 2013
All amounts are expressed in thousands of KM				
Raiffeisen *INVEST* društvo za upravljanje fondovima d.o.o. Sarajevo	Fund management	100%	946	645
Raiffeisen Special Assets Company d.o.o. Sarajevo	Financial advisory services	100%	917	1.983
Raiffeisen *CAPITAL* a.d. Banja Luka	Agent for shares / securities	100%	53	53
			1,916	**2,681**

The movements in the investments in subsidiaries losses are summarized as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	2,681	2,681
Increase in share capital of Raiffeisen *INVEST* društvo za upravljanje fondovima d.o.o. Sarajevo	301	-
Impairment losses on investments in Raiffeisen Special Assets Company d.o.o. Sarajevo (Note 13)	(1,066)	-
Balance as at the end of year	**1,916**	**2,681**

Financial information about the Bank's subsidiaries for the year ended 31 December 2014 was as follows:

All amounts are expressed in thousands of KM	Total assets	Registered capital	Total equity	Revenue	Profit / (loss) for the period
Raiffeisen *INVEST* društvo za upravljanje fondovima d.o.o. Sarajevo	623	946	273	403	(99)
Raiffeisen Special Assets Company d.o.o. Sarajevo	2,286	1,983	1,738	248	(249)
Raiffeisen *CAPITAL* a.d. Banja Luka	136	354	117	188	64

23. Investments in associates

Associate	Industry	% of share	31/12/ 2014	31/12/ 2013
All amounts are expressed in thousands of KM				
Raiffeisen *LEASING* d.o.o. Sarajevo	Leasing	49.00%	8,173	8,173
RL Assistance Member of Raiffeisen Group d.o.o.	Agent in insurance	50.00%	2	2
			8,175	**8,175**

Financial information about the Bank's associate for the year ended 31 December 2014 was as follows:

All amounts are expressed in thousands of KM	Total assets	Registered capital	Total equity	Revenue	(Loss) / profit for the period
Raiffeisen *LEASING* d.o.o. Sarajevo	151,186	15,406	12,248	21,538	(3,158)
RL Assistance Member of Raiffeisen Group d.o.o. Sarajevo	2,162	4	2,126	2,714	2,121

24. Other assets and receivables

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Receivable from credit card operations	10,358	12,905
Receivables from spot and arbitrage FX transactions	4,556	13,296
Prepaid expenses	1,899	1,169
Fee receivables	1,808	1,763
Other advances paid	92	122
Prepaid other taxes	11	37
Other assets	9,347	7,806
	28,071	**37,098**
Less: allowance for impairment losses	(4,463)	(5,966)
	23,608	**31,132**

The movements in allowance for impairment losses are summarized as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	5,966	2,736
(Release of) / increase in allowance for impairment (Note 13)	(1,291)	3,264
Write-offs	(212)	(34)
Balance as at the end of year	**4,463**	**5,966**

25. Tangible and intangible assets

All amounts are expressed in thousands of KM	Land and buildings	Vehicles	Office equipment	Assets in progress	Intangible assets	Total
COST						
Balance at 31 December 2012	**135,259**	**1,744**	**49,703**	**3,015**	**18,590**	**208,311**
Additions	-	-	-	8,317	-	8,317
Transfers (from) / to	1,551	237	2,890	(6,441)	1,763	-
Transfer to Investment property (Note 26)	(26,665)	-	-	-	-	(26,665)
Transfer to Assets held for sale	-	-	-	(2,280)	-	(2,280)
Overtaken collaterals	-	24	-	-	-	24
Disposals	(242)	(189)	(3,615)	(4)	-	(4,050)
Balance at 31 December 2013	**109,903**	**1,816**	**48,978**	**2,607**	**20,353**	**183,657**
Additions	-	-	-	7,749	-	7,749
Transfers (from) / to	-	284	3,421	(5,327)	1,622	-
Transfer to assets held for sale	-	-	-	(164)	-	(164)
Correction	-	-	239	-	-	239
Impairment losses on tangible assets (Note 13)	-	-	(130)	-	-	(130)
Disposals	-	(283)	(1,888)	-	(144)	(2,315)
Balance at 31 December 2014	**109,903**	**1,817**	**50,620**	**4,865**	**21,831**	**189,036**
ACCUMULATED DEPRECIATION / AMORTIZATION						
Balance at 31 December 2012	**6,727**	**1,055**	**34,730**	**-**	**12,694**	**55,206**
Depreciation / amortization	1,684	186	5,222	-	2,332	9,424
Transfer to Investment property (Note 26)	(1,821)	-	-	-	-	(1,821)
Disposals	(25)	(145)	(3,385)	-	-	(3,555)
Balance at 31 December 2013	**6,565**	**1,096**	**36,567**	**-**	**15,026**	**59,254**
Depreciation / amortization	1,341	189	4,561	-	2,090	8,181
Disposals	-	(238)	(1,666)	-	(138)	(2,042)
Balance at 31 December 2014	**7,906**	**1,047**	**39,462**	**-**	**16,978**	**65,393**
NET BOOK VALUE						
At 31 December 2014	**101,997**	**770**	**11,158**	**4,865**	**4,853**	**123,643**
At 31 December 2013	**103,338**	**720**	**12,411**	**2,607**	**5,327**	**124,403**

26. Investment property

All amounts are expressed in thousands of KM	Buildings
COST	
Balance at 31 December 2012	**-**
Transfer from Property and equipment (Note 25)	26,665
Balance at 31 December 2013	**26,665**
Changes	-
Balance at 31 December 2014	**26,665**
ACCUMULATED DEPRECIATION	
Balance at 31 December 2012	**-**
Transfer from Property and equipment (Note 25)	1,821
Balance at 31 December 2013	**1,821**
Depreciation	347
Balance at 31 December 2014	**2,168**
NET BOOK VALUE	
Balance at 31 December 2014	**24,497**
Balance at 31 December 2013	**24,844**

26.1 Fair value measurement of the Company's investment properties

The Management consider that the carrying amounts of investment properties recognised at cost, less accumulated depreciation and any recognized accumulated impairment losses, in the financial statements, approximate their fair values.

performed by the Bank's internal appraisers, who has appropriate qualifications and experience in estimating the fair value of the assets at the relevant locations.

27. Due to other banks and financial institutions

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Long-term borrowings:		
Long-term borrowings from foreign banks and financial institutions	128,723	180,983
Long-term borrowings from domestic banks and financial institutions	2,513	2,577
Less: Current portion of long-term borrowings	(46,255)	(58,216)
	84,981	**125,344**
Short-term borrowings:		
Add: Current portion of long-term borrowings	**46,255**	**58,216**
Long-term deposits	**-**	**347**
Short-term deposits:		
Short-term deposits from other banks in KM	805	306
Short-term deposits from other banks in foreign currencies	22,214	1,847
	23,019	**2,153**
Current accounts:		
Current accounts in KM	1,233	1,728
Current accounts in foreign currencies	54	56
	1,287	**1,784**
	155,542	**187,844**

Long-term borrowings from foreign banks and non-banking financial institutions are obtained from supranational and development banks.

Interest rates on whole portfolio of long-term borrowings from banks and other non-banking financial institutions during the year ended 31 December 2014, were in the range from 2% to 4.95% p.a. (fixed rates), and 3M EURIBOR + 0.1% to 6M EURIBOR + 5.75% (variable rates). The same ranges of interest rates were effective also during the year ended 31 December 2013.

28. Due to customers

All amounts are expressed in thousands of KM	31/12/2014	31/12/2013
A vista deposits:		
Citizens:		
In KM	444,939	408,169
In foreign currencies	337,735	339,267
	782,674	**747,436**
Legal entities:		
In KM	521,805	648,443
In foreign currencies	129,834	149,165
	651,639	**797,608**
	1,434,313	**1,545,044**
Term deposits:		
Citizens:		
In KM	253,002	229,210
In foreign currencies	939,569	943,669
	1,192,571	**1,172,879**
Legal entities:		
In KM	198,696	118,911
In foreign currencies	55,492	112,516
	254,188	**231,427**
	1,446,759	**1,404,306**
	2,881,072	**2,949,350**

During the year ended 31 December 2014, interest rates were as follows:

- a vista deposits in KM – 0.00% p.a. (2013: 0.00% p.a.),
- a vista deposits in foreign currencies – from 0.00% to 0.10% p.a. (2013: from 0.00% to 1.75% p.a.).
- short-term deposits – from 0.05% to 0.20% p.a. (2013: from 0.00% to 3.60% p.a.).
- long-term deposits – from 0.05% to 2.20% p.a. (2013: from 0.00% p.a. to 4.00% p.a.).

29. Provisions

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Provisions for other employee benefits	9,336	6,687
Provisions for commitments and contingencies	3,384	5,278
Provisions for legal proceedings (Note 13)	5,974	2,493
	18,694	**14,458**

Commitments and contingencies

In the ordinary course of business, the Bank enters into credit related commitments which are recorded in off-balance sheet accounts and primarily include guarantees, letters of credit and undrawn loan.

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Commitments		
Framework agreements	337,778	331,972
Unused portion of overdraft loans	125,589	143,278
	463,367	**475,253**
Contingent liabilities		
Performance bonds	215,107	193,856
Payment guarantees	129,145	143,027
Letters of credit	14,323	26,652
Advance guarantees	349	269
	358,924	**363,804**
Total commitments and contingencies	**822,291**	**839,057**

Movements in provision for commitments and contingencies were as follows:

All amounts are expressed in thousands of KM	2014	2013
Balance as at the beginning of year	5,278	2,256
(Decrease) / Increase in provision (Note 13)	(1,880)	3,022
Decrease due to payments	(14)	-
Balance as at the end of year	**3,384**	**5,278**

Other employee benefits

Changes in provisions for other employee benefits are as follows:

All amounts are expressed in thousands of KM	Retirement severance payments	Unused vacation days	Total
Balance as at 1 January 2013	**3,020**	**1,342**	**4,362**
Additional provisions recognized (Note 12)	2,387	1,550	3,937
Reductions resulting from re-measurement or settlement without cost (Note 12)	(270)	(1,342)	(1,612)
Balance as at 31 December 2013	**5,137**	**1,550**	**6,687**
Additional provisions recognized (Note 12)	2,967	2,671	5,638
Reductions resulting from re-measurement or settlement without cost (Note 12)	(1,440)	(1,549)	(2,989)
Balance as at 31 December 2014	**6,664**	**2,672**	**9,336**

30. Other liabilities and payables

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Unallocated principal and interest paid upfront	7,846	7,786
Deferred income	5,983	5,736
Liabilities toward suppliers	3,519	3,698
Employee payables	3,257	3,583
Liabilities from credit card operations	2,498	1,627
Other tax liabilities	30	80
Liabilities for dividend towards shareholders	11	14
Other liabilities	5,452	8,474
	28,596	**30,998**

31. Subordinated debt

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Commercial banks – related parties	61,797	61,804
Supranational and development banks	7,887	15,764
Commercial banks – other	-	8,693
	69,684	**86,261**

Commercial banks (including related parties): There is one active borrowing, approved as of 27 September 2013, in total amount of KM 61.804 thousand. These borrowing mature as of 30 September 2019, one-term repayments.

Supranational and development banks: As of 18 May 2008, one borrowing was received from supranational and development banks in total amount of 19,558 thousands KM with maturity on 15 September 2015, with semi-annual repayments.

Interest rates of subordinated loans are in range from EURIBOR+2.80% to EURIBOR+7.10%.

The amount of total subordinated debt for the year ended 31 December 2014 includes accrued interest liabilities in amount of KM 71 thousand (31 December 2014: KM 194 thousand).

Subject to the approval of FBA, subordinated debt may be used as additional capital for regulatory purposes.

32. Share capital

Capital is made up of 988,668 ordinary shares at nominal value of KM 250. Equity instruments of the Bank are not traded in a public market and these financial statements are not under the regulative of the Security Commission for the purpose of issuing any class of instruments in a public market.

The majority owner of the Bank is Raiffeisen International Bank AG Vienna, Austria.

The shareholding structure for the year ended 31 December 2014 was as follows:

All amounts are expressed in thousands of KM	31 December 2014			31 December 2013		
Shareholders	**No. of shares**		**%**	**No. of shares**		**%**
Raiffeisen SEE Region Holding GmbH Vienna, Austria	988,620	247,155	99.99	949,504	237,376	99.99
Other shareholders	48	12	0.01	48	12	0.01
Total	**988,668**	**247,167**	**100.00**	**949,552**	**237,388**	**100.00**

33. Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the year.

All amounts are expressed in thousands of KM	2014	2013
Income attributable to ordinary shareholders	53,833	42,505
Weighted average number of regular shares outstanding	961,019	949,552
Basic earnings per share (KM)	**56.02**	**44.76**

Diluted earnings per share are not presented as the Bank has not issued dilutive equity instruments.

34. Managed funds

The Bank manages assets on behalf of third parties. These assets are recorded separately from the Bank's assets. For its services, the Bank charges a fee amounting to 1% of the total amount contributed.

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Liabilities		
Citizens	273	337
Government	5,191	5,462
Companies	4,361	4,386
Other	77	77
	9,902	**10,262**
Assets		
Loans to companies	3,820	3,884
Loans to citizens	6,082	6,378
	9,902	**10,262**

The Bank has not issued any guarantees related to manage funds. Credit risk stays with the owners of funds.

35. Related party transactions

Balances with related parties were summarized as follows:

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Receivables		
Placements with other banks:		
Raiffeisen Landensbank Tyrol AG, Innsbruck, Austria	39,316	39,117
Raiffeisen Bank International AG, Vienna, Austria	27,301	2,358
Raiffeisenlandesbank Niederösterreich-Wien AG, Vienna, Austria	-	12,771
Cash and cash equivalents:		
Raiffeisen Bank International AG, Vienna, Austria	20,081	7,219
Raiffeisenbank Austria d.d. Zagreb, Croatia	513	8,797
Raiffeisenbank a.d. Belgrade, Serbia	62	71
Loans and advances to customers:		
Raiffeisen Special Assets Company d.o.o. Sarajevo	515	515
RL Assistance member of Raiffeisen Group d.o.o.	1	-
Raiffeisen *INVEST* d.o.o. Sarajevo	-	45
Other receivables:		
Raiffeisen Bank International AG, Vienna, Austria	595	6,246
Raiffeisen *INVEST* d.o.o. Sarajevo	6	1
Raiffeisen *CAPITAL* a.d. Banja Luka	4	-
Raiffeisen Special Assets Company d.o.o. Sarajevo	2	2
Raiffeisenbank Austria d.d. Zagreb, Croatia	1	303
Raiffeisen *LEASING* d.o.o. Sarajevo	-	1
	88,397	**77,446**
Payables		
Subordinated debt:		
Raiffeisen Bank International AG, Vienna, Austria	61,804	61,804
Due to banks – deposits and due to customers:		
Raiffeisen *LEASING* d.o.o. Sarajevo	21,951	15,610
RI Assistance Member of Raiffeisen Group d.o.o. Sarajevo	1,250	47
Raiffeisen Bank International AG, Vienna, Austria	1,097	1,605
Raiffeisen Special Assets Company d.o.o. Sarajevo	354	493
Raiffeisen *CAPITAL* a.d. Banja Luka	349	283
Raiffeisen *INVEST* d.o.o. Sarajevo	238	37
Raiffeisenbank Austria d.d. Zagreb, Croatia	50	53
Raiffeisen Banka d.d. Maribor, Slovenia	25	28
Other liabilities		
Raiffeisen Bank International AG, Vienna, Austria	326	-
Raiffeisen Special Assets Company d.o.o. Sarajevo	11	12
	87,455	**79,972**

A number of banking transactions are entered into with related parties in the normal course of business. These transactions were carried out on commercial terms and conditions and at market rates.

All amounts are expressed in thousands of KM	2014	2013
Income		
Interest and similar income:		
Raiffeisen Special Assets Company d.o.o. Sarajevo	28	42
Raiffeisen Bank International AG, Vienna, Austria	63	21
Raiffeisen Landensbank Tyrol AG, Innsbruck, Austria	37	13
Raiffeisen *LEASING* d.o.o. Sarajevo	13	21
Raiffeisenbank Austria d.d. Zagreb, Croatia	3	4
Fee and commission income:		
Raiffeisen Bank International AG, Vienna, Austria	273	273
Raiffeisen *INVEST* d.o.o. Sarajevo	72	47
Raiffeisenbank Austria d.d. Zagreb, Croatia	41	48
Raiffeisen *LEASING* d.o.o. Sarajevo	30	56
Raiffeisen Bank Polska S.A., Warsaw, Poland	13	14
Raiffeisen Bank AS, Prague, Czech Republic	11	40
Raiffeisen *CAPITAL* a.d. Banja Luka	9	7
RL Assistance Member of Raiffeisen Group d.o.o. Sarajevo	2	3
Raiffeisen Special Assets Company d.o.o. Sarajevo	2	2
Raiffeisen Banka d.d. Maribor, Slovenia	1	2
Other operating income:		
RL Assistance Member of Raiffeisen Group d.o.o. Sarajevo	1,717	1,199
Raiffeisen Bank International AG, Vienna, Austria	490	200
Raiffeisen *LEASING* d.o.o. Sarajevo	321	286
Raiffeisen *INVEST* d.o.o. Sarajevo	24	27
Centralised Raiffeisen International Services & Payments	13	-
Raiffeisen Special Assets Company d.o.o. Sarajevo	9	14
Raiffeisen *CAPITAL* a.d. Banja Luka	8	7
Raiffeisen Banka d.d. Maribor, Slovenia	3	5
Raiffeisen Trening centar d.o.o. Zagreb, Croatia	-	39
	3,183	**2,370**

All amounts are expressed in thousands of KM	2014	2013
Expenses		
Interest and similar expenses:		
Raiffeisen Bank International AG, Vienna, Austria	4,833	1,510
Raiffeisen *LEASING* d.o.o. Sarajevo	336	162
RL Assistance Member of Raiffeisen Group d.o.o. Sarajevo	12	11
Raiffeisen Special Assets Company d.o.o. Sarajevo	6	7
Raiffeisen *INVEST* d.o.o. Sarajevo	1	2
Central Eastern European Finance Agency, Amsterdam, Netherlands	-	1,829
Fee and commission expenses:		
Centralised Raiffeisen International Services & Payments	620	728
Raiffeisen Bank International AG, Vienna, Austria	67	62
Central Eastern European Finance Agency, Amsterdam, Netherlands	-	1,129
Consulting services:		
Raiffeisen Bank International AG, Vienna, Austria	1,493	2,126
Other administrative expenses:		
Raiffeisen Bank International AG, Vienna, Austria	2,861	4,180
Centralised Raiffeisen International Services & Payments	524	292
Raiffeisen *LEASING* d.o.o. Sarajevo	124	210
Raiffeisen Special Assets Company d.o.o. Sarajevo	158	157
Raiffeisenbank Austria d.d. Zagreb, Hrvatska	12	-
Raiffeisenbank Bank Prague AS, Prag, Češka	12	-
Raiffeisen Banka d.d. Maribor, Slovenia	3	2
Raiffeisen Trening centar d.o.o. Zagreb, Croatia	-	1
Raiffeisenbank a.d. Belgrade, Serbia	1	1
	11,063	**12,409**

Director's and executives' remuneration

The remuneration of directors and other members of key management during the year were as follows:

All amounts are expressed in thousands of KM	2014	2013
Net salaries	743	457
Salary taxes and contributions	449	276
Other benefits	529	270
Taxes and contribution on other benefits	346	171
	2,067	**1,174**

36. Financial instruments

36.1 Capital risk management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of statement of financial position, are:

- To comply with the capital requirements set by the regulators of the banking markets;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

The Bank expects to maintain its debt to capital ratio. Solvency indicators were as follows:

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Debt	3,036,614	3,137,193
Capital	427,597	407,524
Debt to capital ratio	**7.10**	**7.70**

Debt is defined as liabilities toward clients, other banks and financial institutions presented in detail in Notes 27 and 28. Capital includes share capital, share premium and retained earnings.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by FBA for supervisory purposes. The required information is filed with the FBA on a quarterly basis.

FBA requires each bank to: (a) hold the minimum level of the share capital and the lowest level of net capital (regulatory capital) of KM 15 million and (b) maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 12%.

On 30 May 2014, FBA issued new Decision on minimum standards for capital management and capital hedge. The Decision contains innovated concept of regulatory framework compared to the existing framework and the actual situation of the banking system in BiH. In addition, decision defines minimum standards of capital and creation and implementation of programs for capital management, which the Bank is required to provide, maintain and continuously carry out, as well as additional measures for capital hedging.

The Bank's regulatory capital is divided into two tiers:

- Tier 1 capital or Core Capital: share capital, share premium and retained earnings indefinitely allocated by the Bank's shareholders for coverage future net losses (if any), reduced by intangible assets and deferred tax assets; (2013: share capital, share premium, investments revaluation reserve and retained earnings, reduced by intangible assets); and
- Tier 2 capital or Supplementary Capital: general regulatory reserves in accordance with FBA regulations (calculated for regulatory reporting only) and qualified subordinated debt, increased by positive revaluation reserves (2013: general regulatory reserves in accordance with FBA regulations, qualified subordinated debt and audited net profit for the current year).

The risk-weighted assets are measured by means of a hierarchy of four weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with – each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

During for the year ended 31 December 2014 and the year ended 31 December 2013, the Bank complied with all of the externally imposed capital requirements. As of 31 December 2014 the adequacy of the Bank's capital amounts to 16.0% (2013: 18.0%).

	New decision of FBA *		Former decision of FBA **
All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013 ***	31/12/ 2013
Tier 1 capital			
Share capital	247,167	237,388	237,388
Share premium	4,473	4,473	4,473
Investments revaluation reserve	-	-	97
Retained earnings	107,581	135,757	123,158
Deferred tax assets	(855)	(816)	-
Intangible assets	(4,420)	(5,327)	(5,327)
Total tier 1 capital	**353,946**	**371,475**	**359,789**
Tier 2 capital			
General provision – Agency regulations	49,642	49,445	49,445
Subordinated debt	69,628	86,105	86,105
Revaluation reserves	124	97	-
Audited profit for the year	-	-	42,505
Total tier 2 capital	**119,394**	**135,647**	**178,055**
Adjustment for shortfall in regulatory reserves	(26,107)	(16,818)	(16,818)
Net capital	**447,233**	**490,314**	**521,026**
Risk Weighted Assets (unaudited)	2,525,954	2,630,266	2,630,266
Weighted Operational Risk (unaudited)	266,727	263,828	263,828
Total weighted risk	**2,792,681**	**2,894,094**	**2,894,094**
Capital adequacy (%)	**16.01%**	**16.94%**	**18.00%**

* In accordance the Decision of FBA on minimum standards for capital management and capital hedge ("Official Gazette of the Federation of Bosnia and Herzegovina", number 46/14)
** In accordance the Decision of FBA on minimum standards for capital management ("Official Gazette of the Federation of Bosnia and Herzegovina", number 48/12)
*** For comparison purpose only – not submitted to FBA

36.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 3 to these financial statements.

36.3 Categories of financial instruments

All amounts are expressed in thousands of KM	31/12/ 2014	31/12/ 2013
Financial assets		
Loans and receivables:		
Cash and cash equivalents	826,525	763,613
Obligatory reserve at the CBBH	240,795	248,049
Placements with other banks	105,832	188,542
Loans and advances to customers	2,038,895	2,090,779
Financial assets available-for-sale	219	193
Financial assets at FVTPL	117,926	135,339
Financial assets held-to-maturity	169,672	156,889
	3,499,864	**3,583,464**
Financial liabilities		
At amortized cost:		
Due to other banks and financial institutions	155,542	187,844
Due to customers	2,881,072	2,949,350
Subordinated debt	69,684	86,261
	3,106,298	**3,223,455**

36.4 Financial risk management objectives

The Bank's Finance & Risk divisions provide services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Bank through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

36.5 Market risk

Market risks are defined as risks of possible losses due to changes in market prices of trading and banking book positions. Market risk estimates are based on changes in currency exchange rates, interest rates, credit spreads, the cost of equity and goods and other market parameters.

The Bank's market risk management is conducted in accordance with local law and the decisions and instructions of local regulators and in accordance with RBI Group standards (RBI Group regulatory framework and the decision of the RBI Board) and is defined in the internal rules, procedures and policies that are subject to regular internal audits with the aim of complying with regulatory changes, as well as improving the process of (market) risk management due to changes in market conditions, defined strategies and business goals. The process of managing market risk in itself includes mitigation, assessing and limiting exposure before taking risk, and the assessment and control of underwritten risk of the entire bank portfolio i.e. trading and banking book. Despite the existence of restrictions imposed by the regulator, the Bank limits the exposure to market risks in accordance with its business strategies harmonised at the level of RBI, the approval process of the product and a limit system on market risk positions, i.e. establishing limits on the open positions of market risk, limits on the Bankžs portfolio sensitivity in accordance to changes of risk factors and establishing a system of limits on Value at Risk ("VaR") at the level of the book (trading and banking), at the level of segments (Assets and Liabilities management and Capital Markets) and at the level of the entire portfolio. In addition, for financial instruments carried at fair value, a limit is established on the reduction of their market value, so-called Stop loss limits.

Another important part in the process of managing market risk is stress testing of the Bank's portfolio on extreme changes of market conditions and the calculation of portfolio sensitivity towards crisis scenarios, as well as the impact it has on the financial results. Stress testing of extreme changes in market conditions is performed by RBI on a daily basis.

Bank is exposed to financial results of foreign exchange, change of interest rates, and change of securities prices in its portfolio.

36.6 Foreign currency risk

Foreign exchange risk is the risk that changes in currency exchange rates affecting the Bankžs portfolio exists to the extent that assets and liabilities in one currency are not matched in value or maturity.

In addition to the VaR limit system, the Bank limits its exposure with the use of foreign exchange limits on open positions for each currency, a limit on the entire long or short position of the Bank, as well as stop loss limits.

The carrying amounts of the Bank's monetary assets and liabilities per currency at the reporting period date were as follows:

All amounts are expressed in thousands of KM	KM	EUR	USD	Other currencies	Total
As of 31 December 2014:					
ASSETS					
Cash and cash equivalents	754,481	44,416	8,782	18,846	826,525
Obligatory reserve at the CBBH	240,795	-	-	-	240,795
Placements with other banks	2	17,602	47,953	40,275	105,832
Loans and advances to customers	2,033,106	5,789	-	-	2,038,895
Financial assets available-for-sale	64	155	-	-	219
Financial assets held-to-maturity	51,944	60,964	56,764	-	169,672
Financial assets at FVTPL	81	113,738	4,107	-	117,926
	3,080,473	**242,664**	**117,606**	**59,121**	**3,499,864**
LIABILITIES					
Due to banks	4,551	150,991	-	-	155,542
Due to customers	1,418,442	1,286,225	117,666	58,739	2,881,072
Subordinated debt	-	69,684	-	-	69,684
	1,422,993	**1,506,900**	**117,666**	**58,739**	**3,106,298**
As of 31 December 2013:					
Total assets	**3,039,702**	**342,439**	**142,724**	**58,599**	**3,583,464**
Total liabilities	**1,409,691**	**1,617,207**	**140,111**	**56,446**	**3,223,455**

36.6.1 Foreign currency sensitivity analysis

The Bank is not exposed to foreign currency risk related to EUR due to the fact that Convertible Mark is pegged to Euro (1 EUR = KM 1.955830). Exposure is more prominent for USD and CHF.

The following table outlines five greatest Values-at-Risk (VaR). VaR is a calculation based on 99% reliability statistical model and under presumption that portfolio is constant during 1 day.

All amounts are expressed in thousands of KM		**VaR**
	31/12/ 2014	**31/12/ 2013**
Currency		
USD	<1	<1
CHF	<1	<1
GBP	<1	<1
TRY	<1	<1
NOK	<1	<1

The following table details the Bank's sensitivity to a 10% increase or decrease in foreign currency rates against the relevant local currencies. The sensitivity rate of 10% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

All amounts are expressed in thousands of KM	Effect USD		Effect CHF	
	2014	2013	2014	2013
Profit or loss	(3)	(5)	(23)	(13)

36.7 Interest rate risk

Interest rate risk reflects the possibility of loss of profit and/or erosion of capital due to a change in interest rates. It relates to all products and balances that are sensitive to changes in interest rates. This risk comprises two components: income component and investment component.

The income component arises from a lack of harmonization between the active and passive interest rates of the Bank (interest on placements is fixed, interest for liabilities is variable, and vice versa).

The investment component is a consequence of the inverted relationship between price and interest rate fluctuations of securities.

The Bank strives to protect itself from interest rate risk by harmonizing the type of interest rate (fixed and variable), currency, related interest rate and the date of interest rate change for all products for which it concludes contracts (which are sensitive to interest rate changes). Any incongruity among the abovementioned elements results in exposure of the Bank to interest rate risk.

36.7.1 GAP interest rate sensitivity analysis

For positions of interest rate risk, on daily basis, sensitivity analysis is made for one base point during parallel movement of yield curve (Basis point value, 1 BPV), which gives values of gains and losses of portfolio for a particular day.

In the table below, changes of present value of portfolio with interest rate growth for 1 base point at 31 December 2014 and 31 December 2013 are presented, expressed in thousands of KM for following currencies: KM, EUR and USD, while for other currencies changes of present values are immaterial.

Currency	**31/12/ 2014**	**31/12/ 2013**
All amounts are expressed in thousands of KM		
KM	29	32
EUR	(9)	18
USD	(4)	(3)
Total BPV	**16**	**47**

In the instance of a change (increase) of interest rates by 1 Basis Points (parallel movement of yield curve for 0.01%), the Bank would realize:
- for KM – present value of portfolio growth in the amount of KM 29 thousand, incurring profit
- for EUR – present value of portfolio decrease in the amount of KM 9 thousand, incurring loss
- for USD – present value of portfolio decreased in the amount of KM 4 thousand, incurring loss.

In the instance of a change of yield curve by 50 Basis, effects on present value of portfolio for 31 December 2014 and 31 December 2013 are shown in the table below for currencies with material exposure:

Currency	**31/12/ 2014**	**31/12/ 2013**
All amounts are expressed in thousands of KM		
KM	1,448	1,579
EUR	(453)	825
USD	(217)	(166)
Total BPV	**778**	**2,238**

In the instance of a change (increase) of interest rates by 50 Basis Points (parallel movement of yield curve for 0.05%), the Bank would realize:

- for KM – present value of portfolio growth in the amount of KM 1,448 thousand as of 31 December 2014 (increase for 1,579 thousand KM as of 31 December 2013).
- for EUR – present value of portfolio decreased in the amount of KM 453 thousand as of 31 December 2014 (increase for 825 thousand KM as of 31 December 2013).
- for USD – present value of portfolio decrease in the amount of KM 217 thousand as of 31 December 2014 (decrease for 166 thousand KM as of 31 December 2013).

36.8 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Bank. The Bank has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Bank's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Bank does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Bank defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial asset presented in financial statements, decreased for losses based on impairments, represents the Bank's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Financial assets	Unimpaired assets		Impaired assets				
All amounts are expressed in thousands of KM	Total gross carrying amount	Undue loans with no impairment	Matured loans with unrecognized impairment	Loans with impairment recognized on group basis	Individually impaired loans (total carrying amount)	Impairment	Total net book value
31 December 2014							
Cash and cash equivalents	826,525	826,525	-	-	-	-	826,525
Obligatory reserve at the CBBH	240,795	240,795	-	-	-	-	240,795
Placements with other banks	105,832	105,832	-	-	-	-	105,832
Loans and advances to customers							
Public sector	9,525	9,203	322	-	-	-	9,525
Other financial and non-financial institutions	957,777	680,330	41,348	5,388	230,711	(130,829)	826,948
Individuals	1,327,907	1,014,469	159,413	33,838	120,187	(125,485)	1,202,422
Financial assets available-for-sale	219	219	-	-	-	-	219
Financial assets at FVTPL	117,926	117,926	-	-	-	-	117,926
Financial assets held-to-maturity	169,672	169,672	-	-	-	-	169,672
	3,756,178	**3,164,971**	**201,083**	**39,226**	**350,898**	**(256,314)**	**3,499,864**
31 December 2013							
Cash and cash equivalents	763,613	763,613	-	-	-	-	763,613
Obligatory reserve at the CBBH	248,049	248,049	-	-	-	-	248,049
Placements with other banks	188,542	188,542	-	-	-	-	188,542
Loans and advances to customers							
Public sector	12,024	12,024	-	-	-	(21)	12,003
Other financial and non-financial institutions	1,034,690	739,900	48,379	1,040	245,371	(154,689)	880,001
Individuals	1,326,121	1,028,252	163,933	3,896	130,040	(127,346)	1,198,775
Financial assets available-for-sale	193	193	-	-	-	-	193
Financial assets at FVTPL	135,399	135,399	-	-	-	-	135,399
Financial assets held-to-maturity	156,889	156,889	-	-	-	-	156,889
	3,865,520	**3,272,861**	**212,312**	**4,936**	**375,411**	**(282,056)**	**3,583,464**

Credit exposure and collateral

The Bank estimates the fair value of collateral based on recoverable amount of collateral in case that collateral needs to be liquidated under the current market conditions. Different types of collateral bear different level of risks for the Bank.

All amounts are expressed in thousands of KM	Maximal credit risk exposure			
	Net exposure	Commit-ments / guaran-tees issued	Total	Estimated fair value of collateral
31 December 2014				
Cash and cash equivalents	826,525	-	826,525	-
Obligatory reserve at the CBBH	240,795	-	240,795	-
Placements with other banks	105,832	39,021	144,853	-
Loans and advances to customers				
Public sector	9,525	382	9,907	470
Other financial and non-financial institutions	826,948	638,536	1,465,484	834,874
Other	1,202,422	144,353	1,346,775	788,619
Financial assets available-for-sale	219	-	219	-
Financial assets at FVTPL	117,926	-	117,926	-
Financial assets held-to-maturity	169,672	-	169,672	-
	3,499,864	**822,292**	**4,322,156**	**1,623,963**
31 December 2013				
Cash and cash equivalents	763,613	-	763,613	-
Obligatory reserve at the CBBH	248,049	-	248,049	-
Placements with other banks	188,542	38,920	227,462	-
Loans and advances to customers				
Public sector	12,003	399	12,402	705
Other financial and non-financial institutions	880,001	655,155	1,535,156	891,704
Other	1,198,775	144,583	1,343,358	673,085
Financial assets available-for-sale	193	-	193	-
Financial assets at FVTPL	135,399	-	135,399	-
Financial assets held-to-maturity	156,889	-	156,889	-
	3,583,464	**839,057**	**4,422,521**	**1,565,494**

-

Past due loans with no impairment allowance

Loans to customers less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amounts of loans to customers that were past due but not impaired for the Bank were as follows:

All amounts are expressed in thousands of KM	Individuals	Other financial and non-financial sectors	Total
31 December 2014			
Matured up to 30 days	133,655	31,499	165,154
Matured 31 to 90 days	25,759	9,848	35,607
TOTAL	**159,414**	**41,347**	**200,761**
31 December 2013			
Matured up to 30 days	135,817	29,158	164,975
Matured 31 to 90 days	28,116	19,221	47,337
TOTAL	**163,933**	**48,379**	**212,312**

Non-performing loans with impairment allowance

Loan classification for loans with value impairment is presented below:

All amounts are expressed in thousands of KM	Individuals	Other financial and non-financial sectors	Total
31 December 2014			
Non-performing loans – gross	120,187	230,711	350,898
Allowance for impairment	(120,187)	(121,200)	(241,387)
Net	-	**109,511**	**109,511**
Estimated collateral value	**15,708**	**96,013**	**111,721**
31. decembar 2013.			
Non-performing loans – gross	130,040	245,371	375,411
Allowance for impairment	(125,392)	(132,599)	(257,991)
Net	**4,648**	**112,772**	**117,420**
Estimated collateral value	**2,932**	**93,175**	**96,107**

36.9 Liquidity risk

The ultimate responsibility for liquidity risk management lies with the Supervisory Board, which has created an adequate framework for the management of liquidity risk to be used for the management of long-, mid- and short-term needs for the management of the Bank's liquidity. The Bank manages this type of risk by maintaining adequate reserves, loans from other banks and other sources of financing, by constantly monitoring the projected and actual cash flows and by comparing maturity profiles of financial assets and liabilities.

36.9.1 Liquidity and interest risk tables

The following table details the Bank's remaining contractual maturity for its non-derivative financial assets, The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Bank anticipates that the cash flow will occur in a different period.

Maturity for non-derivative financial assets

All amounts are expressed in thousands of KM	Weighted average effective interest rate	Less than 1 month	2 to 3 months	4 months to 1 year	2 to 5 years	Over 5 years	Total
31 December 2014							
Non-interest bearing	-	53,120	2	10	4	-	53,136
Variable interest rate instruments	6.81%	1,217,628	95,786	289,798	1,105,089	548,140	3,256,441
Fixed interest rate instruments	4.39%	478,441	100,768	185,062	58,084	11,936	834,291
		1,749,189	**196,556**	**474,870**	**1,163,177**	**560,076**	**4,143,868**
31 December 2013							
Non-interest bearing	-	172,902	1	1	-	-	172,904
Variable interest rate instruments	6.59%	1,403,594	220,071	465,341	1,096,446	472,303	3,657,755
Fixed interest rate instruments	5.10%	300,725	13,533	50,690	68,347	9,342	442,637
		1,877,221	**233,605**	**516,032**	**1,164,793**	**481,645**	**4,273,296**

The following table details the Bank's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Bank can be required to pay. The table includes both interest and principal cash flows.

Maturity for non-derivative financial liabilities

All amounts are expressed in thousands of KM	Weighted average effective interest rate	Less than 1 month	2 to 3 months	4 months to 1 year	2 to 5 years	Over 5 years	Total
31 December 2014							
Non-interest bearing	-	789,490	1	5	24	42	789,562
Variable interest rate instruments	0.87%	666,671	15,248	44,998	130,071	30	857,018
Fixed interest rate instruments	1.81%	167,928	255,962	590,103	470,869	38,047	1,522,909
		1,624,089	**271,211**	**635,106**	**600,964**	**38,119**	**3,169,489**
31 December 2013							
Non-interest bearing	-	759,473	6	27	122	-	759,628
Variable interest rate instruments	1.05%	830,042	30,212	86,101	171,654	14,304	1,132,513
Fixed interest rate instruments	2.58%	149,763	229,357	518,527	491,615	33,089	1,422,351
		1,739,278	**259,575**	**604,655**	**663,391**	**47,393**	**3,314,492**

The Bank expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

37. Fair value measurement

37.1 Fair value of the Bank's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Bank's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets / financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
All amounts are expressed in thousands of KM	**31 December 2014**	**31 December 2013**		
1) Held-for-trading non-derivative financial assets (see Note 20)	Listed equity securities in Bosnia and Herzegovina: • Intesa Sanpaolo Banka d.d. BiH – 80 • Velprom d.d. Sanski Most – 1	Listed equity securities in Bosnia and Herzegovina: • Intesa Sanpaolo Banka d.d. BiH – 352 • Klas d.d. Sarajevo – 21 • Velprom d.d. Sanski Most – 1	Level 1	Quoted bid prices in an active market.
	Listed debt securities in: • Romania – 91,407 • France – 8,093 • Germany – 2,191 • Belgium – 10,028 • Italy – 4,107 • Slovenia – 2,019	Listed debt securities in: • Romania – 87,544 • France – 14,436 • Germany – 12,474 • Belgium – 10.740 • Netherlands – 4,053 • Italy – 3,750 • Slovenia – 2,028	Level 1	Quoted bid prices in an active market.
2) Non-derivative financial assets available for sale (see Note 19)	Listed equity securities in Belgium – 155	Listed equity securities in Belgium – 128	Level 1	Quoted bid prices in an active market.
	Listed equity securities in Bosnia and Herzegovina: • Securities' Register of the Federation of B&H – 32 • Sarajevo Stock Exchange d.d. – 32	Listed equity securities in Bosnia and Herzegovina: • Securities' Register of the Federation of B&H – 32 • Sarajevo Stock Exchange d.d. – 32 • Raiffeisen Training centar d.o.o. – 1	Level 1	Quoted bid prices in an active market.

37.2 Fair value of the Bank's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the Management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

All amounts are expressed in thousands of KM	31 December 2014		31 December 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables:				
– loans and advances to customers	2,038,895	2,345,122	2,090,779	2,116,219
Financial assets held-to-maturity:				
– bonds	152,134	151,458	139,526	140,687
– treasury bills	17,538	11,619	17,363	16,831
Financial liabilities				
Financial liabilities held at amortised cost:				
– due to customers	2,881,072	2,871,085	2,949,350	2,960,142

All amounts are expressed in thousands of KM	Fair value hierarchy as at 31 December 2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
– loans and advances to customers	-	2,345,122	-	2,345,122
Financial assets held-to-maturity:				
– bonds	151,458	-	-	151,458
– treasury bills	11,619	-	-	11,619
Total	**163,077**	**2,345,122**	**-**	**2,508,199**
Financial liabilities				
Financial liabilities held at amortised cost:				
– due to customers	-	2,871,085	-	2,871,085
Total	**-**	**2,871,085**	**-**	**2,871,085**

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

38. Approval of the financial statements

These financial statements were approved by the Management Board on 3 March 2015.

Signed on behalf of the Manage

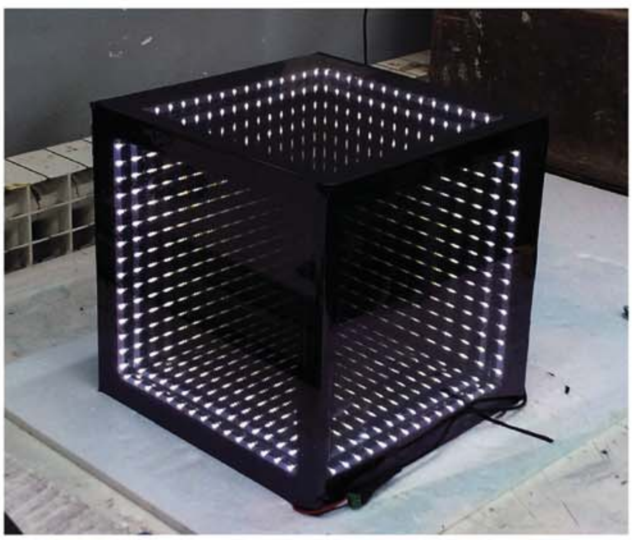
President of the
Management Board
Karlheinz Dobnigg

Head of Finance division
Elvir Muhić

Enis Karić

- Enis is a masters student.

"My work focuses on sculptures, their possibilities and shapes. I use various materials to create abstract and straight geometrical shapes inclining towards op art. This exhibition includes works from a joint cycle: some of them were part of my diploma project and some are part of my master thesis at the Academy."



Service

Network Units

Raiffeisen *BANK* d.d. Bosna i Hercegovina

Head Office Sarajevo

Zmaja od Bosne bb
Raiffeisen direkt info: + 387-33-755-010
E–mail: info.rbbh@rbb-sarajevo.raiffeisen.at
Internet: www.raiffeisenbank.ba

Branches

MB Sarajevo and Branch Centar
Zmaja od Bosne bb
71 000 Sarajevo

Branch Skenderija
Valtera Perića 20
71 000 Sarajevo

Branch Novo Sarajevo
Kolodvorska 12
71 000 Sarajevo

Branch Ilidža
Rustempašina bb
71 210 Ilidža

Branch Pale
Milana Simovića bb
71 420 Pale

Branch Goražde
Titova bb
73 000 Goražde

MB Banja Luka and Branch Banja Luka
Vase Pelagića 2
78 000 Banja Luka

Branch Banja Luka 2
Vojvode S. Stepanovića bb
78 000 Banja Luka

Branch Prijedor
Majora Milana Tepića bb
79 101 Prijedor

Branch Gradiška
Vidovdanska bb
78 400 Gradiška

Branch Doboj
Svetog Save 2
74 000 Doboj

MB Zenica and Branch Zenica
Maršala Tita bb
72 000 Zenica

Branch Kakanj
Zgošćanska P+4+M
72 240 Kakanj

Branch Vitez
Poslovni centar PC 96-2
72 250 Vitez

Branch Visoko
Alije Izetbegovića 1
71 300 Visoko

Branch Tešanj
Titova 2
74 260 Tešanj

Branch Travnik
Konatur bb
72 270 Travnik

MB Tuzla and Branch Tuzla
15. Maja bb
75 000 Tuzla

Branch Tuzla 2
Univerzitetska 16
75 000 Tuzla

Branch Bijeljina
Karađorđeva bb
76 300 Bijeljina

Branch Brčko
Reisa Džemaludina Čauševića 10
76 100 Brčko

MB Bihać and Branch Bihać
Pape Ivana Pavla II 4
77 000 Bihać

Branch Cazin
Generala Izeta Nanića bb
77 220 Cazin

Branch Velika Kladuša
Maršala Tita "Diletacija C"
77 230 Velika Kladuša

Branch Sanski Most
Muse Ćazima Ćatića 24
79 260 Sanski Most

Branch Bosanska Krupa
Trg Alije Izetbegovića bb
77 240 Bosanska Krupa

MB Mostar and Branch Mostar
Kneza Domagoja bb
88 000 Mostar

Branch Konjic
Suhi do bb
88 400 Konjic

Branch Čitluk
Kralja Tomislava 43
88 260 Čitluk

Branch Široki Brijeg
Zaobilaznica bb
88 220 Široki Brijeg

Branch Trebinje
Vuka Mićunovića bb
89 101 Trebinje

Branch Livno
Trg kralja Tomislava bb
80 101 Livno

Raiffeisen Bank International AG

Austrija
Am Stadtpark 9
1030 Vienna
Phone: +43-1-71 707-0
Fax: +43-1-71 707-1715
www.rbinternational.com
ir@rbinternational.com
communications@rbinternational.com

Banking network

Albania
Raiffeisen Bank Sh.a.
"European Trade Center"
Bulevardi "Bajram Curri"
Tirana
Phone: +355-4-23 8 1000
Fax: +355-4-22 755 99
SWIFT/BIC: SGSBALTX
www.raiffeisen.al

Belarus
Priorbank JSC
V. Khoruzhey Str. 31-A
220002 Minsk
Phone: +375-17-28 9-9090
Fax: +375-17-28 9-9191
SWIFT/BIC: PJCBBY2X
www.priorbank.by

Bosnia and Herzegovina
Raiffeisen *BANK* d.d. Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Phone: +387-33-287 101
Fax: +387-33-21 385 1
SWIFT/BIC: RZBABA2S
www.raiffeisenbank.ba

Bulgaria
Raiffeisenbank (Bulgaria) EAD
Ulica N. Gogol 18/20
1504 Sofia
Phone: +359-2-91 985 101
Fax: +359-2-94 345 28
SWIFT/BIC: RZBBBGSF
www.rbb.bg

Croatia
Raiffeisenbank Austria d.d.
Petrinjska 59
10000 Zagreb
Phone: +385-1-45 664 66
Fax: +385-1-48 116 24
SWIFT/BIC: RZBHHR2X
www.rba.hr

Czech Republic
Raiffeisenbank a.s.
Hvězdova 1716/2b
14078 Prague 4
Phone: + 420-234-405-222
Fax: +420-234-402-111
SWIFT/BIC: RZBCCZPP
www.rb.cz

Hungary
Raiffeisen Bank Zrt.
Akadémia utca 6
1054 Budapest
Phone: +36-1-48 444-00
Fax: +36-1-48 444-44
SWIFT/BIC: UBRTHUHB
www.raiffeisen.hu

Kosovo
Raiffeisen Bank Kosovo J.S.C.
Rruga UÇK, No. 51
10000 Pristina
Phone: +381-38-22 222 2
Fax: +381-38-20 301 130
SWIFT/BIC: RBKOXKPR
www.raiffeisen-kosovo.com

Poland
Raiffeisen Bank Polska S.A.
Ul. Piękna 20
00-549 Warsaw
Phone: +48-22-58 5-2000
Fax: +48-22-58 5-2585
SWIFT/BIC: RCBWPLPW
www.raiffeisen.pl

Romania
Raiffeisen Bank S.A.
246 C Calea Floreasca
014476 Bucharest
Phone: +40-21-30 610 00
Fax: +40-21-23 007 00
SWIFT/BIC: RZBRROBU
www.raiffeisen.ro

Russia
ZAO Raiffeisenbank
Smolenskaya-Sennaya Sq. 28
119002 Moscow
Phone: +7-495-72 1-9900
Fax: +7-495-72 1-9901
SWIFT/BIC: RZBMRUMM
www.raiffeisen.ru

Serbia
Raiffeisen banka a.d.
Djordja Stanojevica 16
11070 Novi Beograd
Phone: +381-11-32 021 00
Fax: +381-11-22 070 80
SWIFT/BIC: RZBSRSBG
www.raiffeisenbank.rs

Slovakia
Tatra banka, a.s.
Hodžovo námestie 3
P.O. Box 42
85005 Bratislava 55
Phone: +421-2-59 19-1111
Fax: +421-2-59 19-1110
SWIFT/BIC: TATRSKBX
www.tatrabanka.sk

Slovenia
Raiffeisen Banka d.d.
Zagrebška cesta 76
2000 Maribor
Phone: +386-2-22 931 00
Fax: +386-2-30 344 2
SWIFT/BIC: KREKSI22
www.raiffeisen.si

Ukraine
Raiffeisen Bank Aval JSC
9, Vul Leskova
01011 Kiev
Phone: +38-044-49 088 88,
+380 (800) 500 500
Fax: +38-044-295-32 31
SWIFT/BIC: AVALUAUK
www.aval.ua

Leasing companies

Austria
Raiffeisen-Leasing International GmbH
Am Stadtpark 3
1030 Vienna
Phone: +43-1-71 707-2071
Fax: +43-1-71 707-76 2966
www.rli.co.at

Albania
Raiffeisen Leasing Sh.a.
Raiffeisen Leasing Sh.a.
"European Trade Center"
Bulevardi "Bajram Curri"
Tirana
Phone: +355-4-22 749 20
Fax: +355-4-22 325 24
www.raiffeisen-leasing.al

Belarus
JLLC "Raiffeisen-leasing"
V. Khoruzhey 31-A
220002 Minsk
Phone: +375-17-28 9-9394
Fax: +375-17-28 9-9974
www.rl.by

Bosnia and Herzegovina
Raiffeisen Leasing d.o.o. Sarajevo
Danijela Ozme 3
71000 Sarajevo
Phone: +387-33-25 435 4
Fax: +387-33-21 227 3
www.rlbh.ba

Bulgaria
Raiffeisen Leasing Bulgaria OOD
32A Cherni Vrah Blvd. Fl.6
1407 Sofia
Phone: +359-2-49 191 91
Fax: +359-2-97 420 57
www.rlbg.bg

Croatia
Raiffeisen Leasing d.o.o.
Radnicka cesta 43
10000 Zagreb
Phone: +385-1-65 9-5000
Fax: +385-1-65 9-5050
www.rl-hr.hr

Czech Republic
Raiffeisen-Leasing s.r.o.
Hvězdova 1716/2b
14078 Prague 4
Phone: +420-221-511-611
Fax: +420-221-511-666
www.rl.cz

Hungary
Raiffeisen Lízing Zrt.
Kèsmark utca 11-13
1158 Budapest
Phone: +36-1-298 8000
Fax: +36-1-298 8010
www.raiffeisenlizing.hu

Kazakhstan
Raiffeisen Leasing Kazakhstan LLP
Shevchenko Str. 146, No. 12
050008 Almaty
Phone: +7-727-37 8-5430
Fax: +7-727-37 8-5431
www.rlkz.at

Kosovo
Raiffeisen Leasing Kosovo
Gazmend Zajmi n.n., Sunny Hill
10000 Pristina
Phone: +381-38-22 222 2
Fax: +381-38-20 301 136
www.raiffeisenleasing-kosovo.com

Moldova
I.C.S. Raiffeisen Leasing S.R.L.
Alexandru cel Bun 51
2012 Chişinău
Phone: +373-22-27 931 3
Fax: +373-22-22 838 1
www.raiffeisen-leasing.md

Poland
Raiffeisen-Leasing Polska S.A.
Ul. Prosta 51
00-838 Warsaw
Phone: +48-22-32 636-66
Fax: +48-22-32 636-01
www.rl.com.pl

Romania
Raiffeisen Leasing IFN S.A.
246 D Calea Floreasca
014476 Bucharest
Phone: +40-21-36 532 96
Fax: +40-37-28 799 88
www.raiffeisen-leasing.ro

Russia
OOO Raiffeisen-Leasing
Stanislavskogo Str. 21/1
109004 Moscow
Phone: +7-495-72 1-9980
Fax: +7-495-72 1-9572
www.raiffeisen-leasing.ru

Serbia
Raiffeisen Leasing d.o.o.
Djordja Stanojevica 16
11070 Novi Beograd
Phone: +381-11-220 7400
Fax: +381-11-228 9007
www.raiffeisen-leasing.rs

Slovakia
Tatra Leasing s.r.o.
Černyševského 50
85101 Bratislava
Phone: +421-2-59 19-3168
Fax: +421-2-59 19-3048
www.tatraleasing.sk

Slovenia
Raiffeisen Leasing d.o.o.
Letališka cesta 29a
SI-1000 Ljubljana
Phone: +386 1 241-6250
Fax: +386 1 241-6268
www.rl-sl.si

Ukraine
LLC Raiffeisen Leasing Aval
9, Moskovskyi Av.
Build. 5 Office 101
04073 Kiev
Phone: +38-044-59 024 90
Fax: + 38-044-20 004 08
www.rla.com.ua

Branches and representative offices – Europe

France
RBI Representative Office Paris
9-11 Avenue Franklin D. Roosevelt
75008 Paris
Phone: +33-1-45 612 700
Fax: +33-1-45 611 606

Germany
RBI Frankfurt Branch
Mainzer Landstraße 51
60329 Frankfurt
Phone: +49-69-29 921 918
Fax: +49-69-29 921 9-22

Sweden
RBI Representative Office
Nordic Countries
Drottninggatan 89, 14th floor
113 60 Stockholm
Phone: +46-8-440 5086
Fax: +46-8-440 5089

UK
RBI London Branch
10 King William Street
London EC4N 7TW
Phone: +44-20-79 33-8000
Fax: +44-20-79 33-8099

Branches and representative offices – Asia and America

China
RBI Beijing Branch
Beijing International Club Suite 200
2nd floor
Jianguomenwai Dajie 21
100020 Beijing
Phone: +86-10-65 32-3388
Fax: +86-10-65 32-5926

RBI Representative Office Harbin
Room 1104, Pufa Piaza No. 209
Chang Jiang Street
Nang Gang District
150090 Harbin
Phone: +86-451-55 531 988
Fax: +86-451-55 531 988

RBI Hong Kong Branch
Unit 2102, 21st Floor,
Tower One, Lippo Centre
89 Queensway, Hong Kong
Phone: +85-2-27 30-2112
Fax: +85-2-27 30-6028

RBI Xiamen Branch
Unit B, 32/F, Zhongmin Building,
No. 72 Hubin North Road,
Xiamen, Fujian Province
361013, P.R. China
Phone: +86-592-26 2-3988
Fax: +86-592-26 2-3998

RBI Representative Office Zhuhai
Room 2404, Yue Cai Building
No. 188, Jingshan Road, Jida,
Zhuhai, Guangdong Province
519015, P.R. China
Phone: +86-756-32 3-3500
Fax: +86-756-32 3-3321

India
RBI Representative Office Mumbai
803, Peninsula Heights
C.D. Barfiwala Road, Andheri (W)
400 058 Mumbai
Phone: +91-22-26 230 657
Fax: +91-22-26 244 529

Korea
RBI Representative Office Korea
1809 Le Meilleur Jongno Town
24 Jongno 1-ga
Seoul 110-888
Republic of Korea
Phone: +82-2-72 5-7951
Fax: +82-2-72 5-7988

Malaysia
RBI Labuan Branch
Licensed Labuan Bank No. 110108C
Level 6 (1E), Main Office Tower
Financial Park
Labuan
Phone: +607-29 1-3800
Fax: +607-29 1-3801

Singapore
RBI Singapore Branch
One Raffles Quay
#38-01 North Tower
Singapore 048583
Phone: +65-63 05-6000
Fax: +65-63 05-6001

USA
RB International Finance (USA) LLC
1133 Avenue of the Americas,
16th Floor
10036 New York
Phone: +01-212-84 541 00
Fax: +01-212-94 420 93

RZB Austria Representative Office New York
1133 Avenue of the Americas,
16th Floor
10036 New York
Phone: +01-212-59 3-7593
Fax: +01-212-59 3-9870

Vietnam
RBI Representative Office
Ho-Chi-Minh-City
35 Nguyen Hue Str.,
Harbour View Tower
Room 601A, 6th Floor, Dist 1
Ho-Chi-Minh-City
Phone: +84-8-38 214 718,
+84-8-38 214 719
Fax: +84-8-38 215 256

Raiffeisen Zentralbank AG

Austria
Am Stadtpark 9
1030 Vienna
Phone: +43-1-26 216-0
Fax: +43-1-26 216-1715
www.rzb.at

Selected Raiffeisen Specialist Companies

Kathrein Privatbank Aktiengesellschaft
Wipplingerstraße 25
1010 Vienna
Phone: +43-1-53 451-300
Fax: +43-1-53 451-8000
www.kathrein.at

Raiffeisen Centrobank AG
Tegetthoffstraße 1
1015 Vienna
Phone: +43-1-51 520-0
Fax: +43-1-51 343-96
www.rcb.at

ZUNO BANK AG
Muthgasse 26
1190 Vienna
Phone: +43-1-90 728 88-01
www.zuno.eu

Publication details

Editor, Publisher
Raiffeisen *BANK* d.d. Bosna i Hercegovina
Zmaja od Bosne bb
71000 Sarajevo
Bosnia and Herzegovina
Phone: +387-33-755 010
Fax: +387-33-213 851
Internet: www.raiffeisenbank.ba

Concept, design: McCann d.o.o. Sarajevo

DTP: Boriša Gavrilović

Photos: Almin Zrno

Printed by: SUTON d.o.o.

The online issue of the annual report is available in Bosnian at
https://raiffeisenbank.ba/bhs/menu/view/133

The English report is available online at
https://raiffeisenbank.ba/eng/menu/view/133

The forecasts, plans and forward-looking statements contained in this annual report are based on the state of knowledge and assessments of Raiffeisen *BANK* d.d. Bosna i Hercegovina at the time of its preparation. Like all statements about the future, they are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. No guarantee can be provided for the accuracy of forecasts, plan values of forward-looking statements.

This annual report has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, typesetting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur. This annual report was prepared in Bosnian. The annual report in English is a translation of the original Bosnian report. The only authentic version is the Bosnian version.

Albina Tursunović

- Albina is a masters student at the Product Design Department.
- She enrolled at the Graphic Department of the Sarajevo Academy of Fine Arts in 2010.
- She has participated in several joint exhibitions, including the Students Biennale of Graphic Art Beograd.

"I am honored to exhibit my works in the Raiffeisen GALLERY and appreciate this opportunity. This type of support acts for young artista as an impetus and motivation for our future work."