

# *Annual Report*

# 2007



**Raiffeisen  
BANK**

*Client inspired banking*

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# Survey of Key Data

## in accordance with the IFRS/IAS

Monetary values are in TCZK	2007	2006	Change
<b>Income Statement</b>			
Net interest income after provisioning	2,406,590	1,728,417	39.2%
Net commission income	1,131,657	1,036,559	9.2%
Trading profit	403,609	218,624	84.6%
General administrative expenses	(2,923,134)	(2,268,476)	28.9%
Profit before tax	1,082,259	764,321	41.6%
Profit after tax	780,149	562,212	38.8%
Earnings per share	1.59	1.55	2.6%
<b>Balance Sheet</b>			
Loans and advances to banks	15,216,504	18,322,192	-17%
Loans and advances to customers	97,064,328	68,252,234	42.2%
Deposits from banks	14,074,046	13,319,772	5.7%
Deposits from customers	72,265,072	56,474,642	28%
Equity	7,144,055	5,173,615	38.1%
Balance-sheet total	116,762,557	89,677,115	30.2%
<b>Regulatory information</b>			
Risk-weighted assets, incl. market risk	95,868,713	61,222,988	56.6%
Total own funds	8,313,509	6,056,463	37.3%
Total own funds requirement	7,669,497	4,897,839	56.6%
Excess cover ratio	8.4%	23.7%	(15.3) PB
Core capital ratio (Tier 1), banking book	6.7%	5.4%	1.3 PB
Core capital ratio (Tier 1), incl. market risk	6.4%	5.3%	1.1 PB
Own funds ratio	8.7%	9.9%	(1.2) PB
<b>Performance</b>			
Return on average equity (ROE) before tax	17.6%	17.6%	0 PB
Return on average equity (ROE) after tax	12.7%	12.9%	(0.2) PB
Cost/income ratio	62.4%	65.2%	(2.7) PB
Return on average assets (ROA) before tax	1%	0.9%	0.1 PB
Net provisioning ratio	0.7%	0.6%	0.1 PB
Risk/earnings ratio	15.8%	22.4%	(6.5) PB
<b>Resources</b>			
Number of staff	1,627	1,336	21.8%
Business outlets	54	53	1.9%

# Introducing Raiffeisenbank

Raiffeisenbank a.s. is an important banking institution that provides a wide range of banking services to private and corporate clientele in the Czech Republic. Raiffeisenbank is a member of the Austrian Raiffeisen Financial Group that also offers products and services in the Czech Republic in the area of building savings (Raiffeisen stavební spořitelna), insurance (UNIQA pojišťovna) and leasing (Raiffeisen-Leasing, Raiffeisen-Leasing Real Estate, and MB Leasing, in liquidation). Raiffeisenbank is currently in the process of merging with eBanka, a.s., which has been operating on the Czech market since 1998. From this time, eBanka has focused on quality Internet banking services.

Both banks serve clients jointly at more than 100 branch offices and client centres throughout the Czech Republic. The total assets of both banks exceed CZK 143 billion, and there are more than 2,500 employees.

In 2007, Raiffeisenbank was awarded the Most Dynamic Bank in the Czech Republic for the second year in a row in the prestigious Bank of the Year competition. The bank received third place in the main category. eBanka places regularly in the category of Best Bank Account, taking third place last year.

The majority shareholder of both banks with 51 per cent of the shares is the Austrian financial institution, Raiffeisen International Bank Holding AG, whose parent company is Raiffeisen Zentralbank (RZB). Additional shareholders include Raiffeisenlandesbank Niederösterreich – Wien AGT with 24 per cent and RB Prag-Beteiligungs GmbH with 25 per cent.

The Austrian banking group Raiffeisen has been providing financial services for more than 140 years and is one of the strongest financial institutions for commercial and investment banking in all of Central and Eastern Europe. Raiffeisen International operates on 16 markets in Central and Eastern Europe and serves more than 13 million clients at 3,000 business sites.

From the very beginning, Raiffeisenbank has offered its services with emphasis on the particular needs of clients in the various regions. Besides its business activities, Raiffeisenbank is also involved in a number of community service activities related to culture, education and charity, reflecting Raiffeisen's 140-year tradition.

# Important Events in 2007

## January

Raiffeisenbank and eBanka integrate their organisational structure and management at the beginning of the year.

## April

The services and products of Raiffeisenbank and eBanka are more integrated, and clients may notice the first changes thanks to dual branding. Starting in April, the selected products of one bank are available at the branches of the other bank. During the year, the branch offices of both banks gradually take over each other's products, resulting in the complete integration of the product line.

Raiffeisenbank is the first bank on the Czech market to greatly increase the security of its ATMs using the Fraudulent Device Inhibitor. This security module significantly reduces the occurrences of card skimming, i.e. copying information from payment cards.

## June

The CEO of Raiffeisen International, Herbert Stepic, is elected "European Manager of the Year 2007" in a European economic media poll by The European Business Press. Mr Stepic receives the award primarily for the dynamic development of Raiffeisen International, which is one of the most important banks in Central and Eastern Europe. Mr Stepic had already won "European Banker of the Year" in March.

## July

Jan Kubín becomes a new member of the Board of Directors of Raiffeisenbank and eBanka. He is responsible on the board for integration of the banks and operations and support services.

## August

The first phase of integrating the fees and charges of both banks was completed. Another phase was launched in February 2008. With only a few exceptions, the fees and charges of the banks are now fully integrated.

## September

eKonto becomes a flagship product for both banks with respect to current accounts for private individuals. eKonto is a completely new type of account that provides clients with a wide range of services free of charge. Additional new autumn products include the special-purpose loan for housing, healthcare or education and a loan for consolidating other loans.

## October

Raiffeisenbank and eBanka are one of the first domestic banks to offer cash-back services at businesses and shops.

## November

Raiffeisenbank confirms its fast development and defends its last year's position in the prestigious MasterCard Bank of the Year competition as the "Most Dynamic Bank of the Year". It is also successful in the main category of Bank of the Year with 3rd place. eBanka excels regularly in the category of "Best Account of the Year", this year taking 3rd place.

An increase in Raiffeisenbank's capital by CZK 1.275 billion allows the bank to continue with dynamic growth. With this increase, the bank's registered capital rises to CZK 4.889 billion. All shareholders contribute to the capital increase in line with their current shareholdings. Therefore, no changes are made to the shareholder structure.

## December

Rising interest in mortgages continues: Raiffeisenbank provides mortgages for more than CZK 21 billion for 2007, which is more than double the growth against 2006. New mortgage products contribute to this growth as well: variable mortgages, 2-in-1 mortgages, premature repayments free of charge, extending the maturity for mortgages to 40 years, or introducing new fixed rates.





# CEO's Statement

Raiffeisenbank and eBanka have their most successful year ever and apparently even their most demanding year behind them. Both banks attained record results. They significantly strengthened their market shares and sold a record number of products. However, the main achievement for us was the successful integration of the banks, which has been appreciated by our shareholders, competitors and, most of all, our clients.

Both banks last year ended with an overall profit of CZK 1.01 billion. The joint assets of the banks exceeded CZK 143 billion. Raiffeisenbank's profit rose year-on-year by 39 per cent to CZK 780 million, while eBanka's profit reached CZK 231 million after its loss in 2006.

## *Awards in 2007*

The panel of judges from the prestigious Bank of the Year competition awarded the banks for their successful integration, continuous flow of new products and fast growth. Raiffeisenbank was named for the second year in a row the "Most Dynamic Bank of the Year". This is awarded every year to the bank that has improved its services the most in the opinion of the panel of judges. Raiffeisenbank also won third place in the main category "Bank of the Year". eBanka is awarded on a regular basis for its Internet banking services. This year, it received third place in the category of "Account of the Year".

## *The integration process*

The process of integrating both banks was fully launched in 2007. The organisational structure and management of the banks has been integrated since the beginning of the year. Securing the stability of employees right from the start helped to create a strong team that ensured the high efficiency of processes and the overall development of integration.

Since April, the first changes were even felt by clients. We introduced dual-branding at the branches of both banks and started cross sales of the banks' products. Thus, eBanka accounts were available at Raiffeisenbank, and at eBanka, we initially started to sell Raiffeisenbank's credit products.

We have continued to expand cross sales, and for all practical purposes, it now makes no difference whether clients visit the original Raiffeisenbank branch or an eBanka branch. The branches are able to serve the clients of both banks and to offer them a complete portfolio of products from either bank. These cross sales led to record product sales for both banks. During the second half of the year, we began integrating the charges, fees, and interest rates and prepared new joint products for the banks. The eKonto account became the flagship product. We are pleased that, despite the demanding nature of the integration process, we have still managed to increase product sales, and our goal is to continue with this trend this year as the entire integration process comes to an end.

## *Corporate banking*

In 2007, the corporate banking segment continued with the very successful trend of previous years, and we had achieved excellent results in trade, product sales, and financing. The sale of corporate banking products reached record volumes. For example, the year-on-year increase in deposits exceeded 36 per cent. In the area of loans, we focused primarily on the development and maintenance of high-profit transactions. The increase in the volume of granted loans reached almost 22 per cent. The number of clients in corporate banking increased year-on-year by more than 20 per cent.

We continued to launch new products, e.g. financing client obligations, and we expanded factoring services with non-recourse receivable purchases. We have also improved the services for foreign payments.



### ***Strong growth in structured financing***

In the structured financing segment, we managed to maintain the strong growth from past years, especially in the financing of real estate construction. Thus, we strengthened our position as one of the three strongest players in project financing. The assets for this area had increased year-on-year by 40 per cent, and revenues had risen year-on-year by almost a third.

### ***Strengthening the position in trade and export financing***

As is customary, the bank achieved good results in trade and export financing and had managed to conclude several complex transactions. In addition, the bank achieved good result in the issuance of bank guarantees. We recorded an increase of 30 per cent in revenues against the previous year.

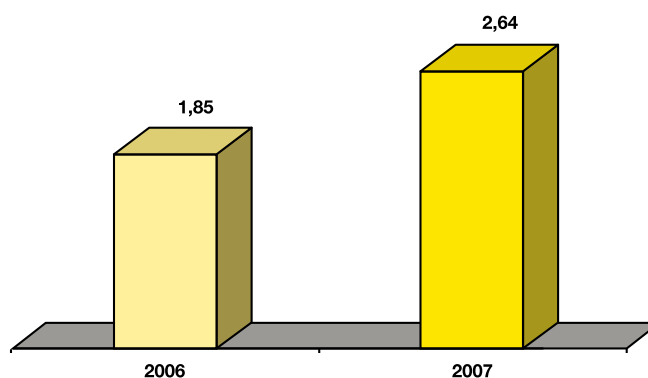
As a result, the segment as a whole had achieved its best results ever. Gross revenues rose year-on-year by more than a fourth. The exceptional growth in trading revenues and the interest margin for deposits is worth mentioning. Interest rate growth also contributed to this development. This growth was, nonetheless, accomplished while sustaining costs and maintaining a healthy credit portfolio.

With respect to the integration with eBanka, we had managed during the year to refinance most of eBanka's portfolio of large companies.

### ***Private individuals***

As a part of the merger, we introduced a whole new line of products. Strong growth continued in lending. However, we also experienced strong growth in the area of deposits. Both banks last year sold a record amount of accounts. The main stimulus for growth was once again mortgages. Consumer financing, nevertheless, has also done well, and the volume of granted loans rose year-on-year by 42 per cent. In addition to introducing new products, we have continued to perfect the system of customer service. We have introduced specialised advisors and launched the mortgage centre project.

### ***Volume of provided consumer loans to private individuals (in billion CZK)***



### ***New account – eKonto***

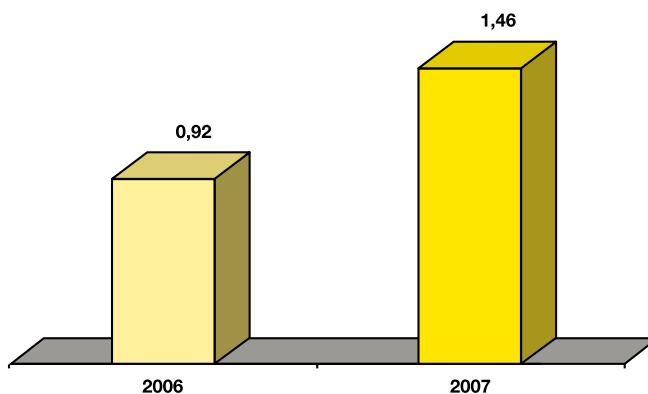
A new account, eKonto, was introduced in the autumn of 2007 and is the flagship product for current accounts. The account allows clients to select products according to their needs. In addition, these products may be free of charge upon meeting certain conditions, which is a significant savings for clients. The fact that both banks had shown record account sales last year demonstrates the actual success of eKonto. Account sales after the launch of eKonto were about two and a half times higher against the previous year. In fact, eKonto made up approximately 90 per cent of all new accounts.

### *Interest in savings and investment products increases*

Interest in savings and investment increases with a rise in the purchasing power of the population. We recorded a 60 per cent increase in the volume of investment products against the previous year. We introduced new products in this area as well. Among other things, we began offering three new mutual funds in Czech koruna. We have also issued several premium bonds and deposits, which were very quickly sold off.

As for investment banking, interest in investment certificates has rapidly increased. At the end of 2006, Raiffeisenbank was the first bank to introduce this investment opportunity on the Czech market, and it took advantage of its position as the leading bank last year. Additional certificates were added to the list of investment opportunities. Clients were mainly interested in leverage securities. Last year, certificates for more than a billion Czech koruna were traded on the Prague Stock Exchange. The majority of these were from Raiffeisenbank.

### *Volume of provided investment products to private individuals (in billion CZK)*



### *Mortgages continued to break records*

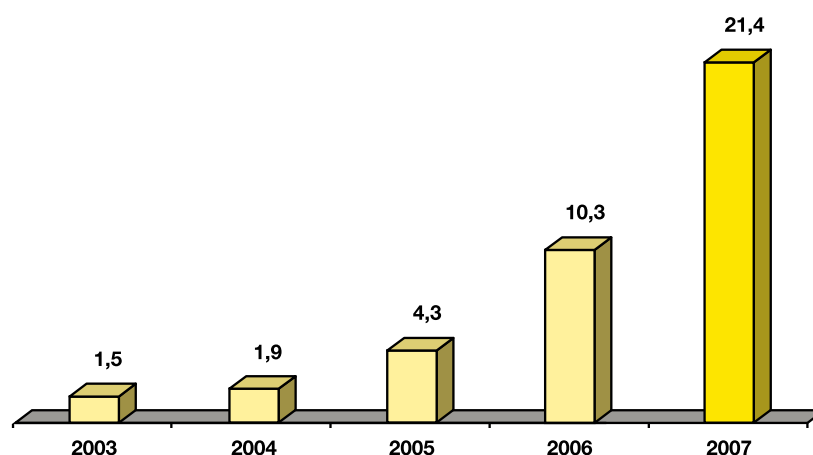
Mortgages had experienced another record year. Despite slowly rising interest rates, they have confirmed their position as a rapidly developing product. Already in 2006, we managed to achieve exceptional results, selling mortgages for more than CZK 10 billion. Moreover, last year exceeded all of our expectations when sales more than doubled, and we sold over 12,000 new mortgages for a total of CZK 21.4 billion. In this respect, we confirmed our position as one of the strongest players on the mortgage market.

The average mortgage amount rose year-on-year by almost one fourth and reached CZK 1.68 million. Even the average loan maturity period had increased last year to 23 years. More than half of all mortgages granted are intended for the purchase of real estate, and about 40 per cent was directed to building and reconstruction.

The bank introduced a whole new range of services last year, such as the possibility to make exceptional payments free of charge with the unique Variable Mortgage, which allows clients to actively influence the amount of interest paid, or combined purpose mortgages and mortgages with no specified purpose, i.e. the 2-in-1 option. We have also introduced new fixed interest rates, extended the maturity period for mortgages to 40 years, and made it possible to defer payment for up to six months. These new features allow clients to influence the amount of their monthly payments, and thus make mortgages more accessible.

In addition to new products, the bank has also improved the manner in which it serves its clients. It has opened specialised mortgage centres where clients have at their disposal all services related to mortgages under one roof.

*Volume of mortgages granted to private individuals (CZK billion):*



*Introducing special purpose loans*

We have expanded the consumer loan types with a new special purpose loan. With this loan type, it is possible to finance real estate and residential furnishings up to two million koruna. The loan may also be used for investing in education or healthcare.

These successes are also supported by the high level of customer satisfaction in the segment of private individuals – 93 per cent of clients who consider eRB to be its main bank are satisfied with the bank's services. They appreciated, in particular, the wide variety of products and services and the reliability and credibility of the bank.

**Small and medium-size enterprises**

The bank also experienced strong growth last year in business with small and medium-size enterprises. We focused primarily on further simplifying access to loans and speeding up the loan application process. As a part of the integration process with eBanka, a new joint product line was implemented last year. A 23 per cent increase in the number of clients reflected the expansion in the product line and easier access to loans. Total client deposits rose by 42 per cent, and the volume of loans granted increased year-on-year by even 54 per cent.

*Improved line of small business loans*

As in the previous year, the bank experienced record growth last year in interest in small loans. The advantage of these loans is that, in a very short period of time, clients are informed of how much money they are able to borrow and that they may choose the type of loan or combination of loans most suited to their needs. A substantial change last year was made to the parameters, prices and interest rates for these loans. This included increasing the maximum loan amount to CZK 3 million and the maximum maturity period for loans to 15 years. Thus, the number of drawn loans rose year-on-year by a record 51 per cent, and overall growth in the volume of granted loans last year reached 86 per cent.

### ***New product line for medium-size firms***

Last year, a completely new line of loans was created primarily for medium-size firms with a turnover of up to CZK 250 million. The new products include standard operational financing in the form of a revolving loan, products intended for financing investment objectives, and special products for financing projects relating to the construction of commercial and residential real estate. The entirely new system of processing loans and creating contractual documentation allows clients to draw on standard operational financing in up to five days, and complicated loan transactions may be handled according to the client's needs. Some of the products that are still popular among clients include Hypokredit (a loan secured by real estate), which may be drawn on without documenting the use, and special loans for residential cooperatives and flat owner associations intended for building reconstruction and repair.

In addition to the innovations and improvements to the product line, the strong growth in the total volume of granted loans for medium-size firms also continued, reaching 50 per cent last year. Thus, at the end of 2007, the total volume of loans for medium-size firms reached CZK 6.5 billion.

The bank will continue to improve services in 2008 as well. We will launch new products and improve even more the processes leading to customer satisfaction. In addition, the line of products and services will be expanded again during 2008 with the most important and unique products and services from eBanka.

### ***Goal for 2008***

Our main goal has not changed. Customer satisfaction is still a key concern for us. Last year, we decided to change our slogan reflecting the bank's position on the market to "A Client Inspired Bank". This slogan fully describes our situation. Raiffeisenbank and eBanka are among the banks with the most satisfied clients on the market, and we would like to strengthen this position even further. We would like to continue increasing the number of satisfied clients. Along with growth in the number of clients, we also anticipate a rise in revenues. Therefore, the bank's net profit should be higher than in 2007.

### ***Merger of Raiffeisenbank and eBanka***

By far the biggest challenge for us is the continued merger with eBanka. We would like to bring the successful launch of the process to a successful end. At the beginning of 2008, we started the process of legal merger, and as a result, the banks should be joined under the Raiffeisenbank name by this summer. Therefore, the eBanka name and its bank code should no longer be valid after this year.

This process will be important for us from the standpoint of maintaining the confidence of our clients. We firmly believe that our clients understand the need to integrate the banks under one bank code, and we want to make it as easy as possible for them. Thanks to the merger, we will be able to offer them even better services, new products and more convenient customer service.

The legal merger of the banks should be completed in 2008. However, both banks will still use different information systems. In upcoming years, we will be looking for a new system that works best for the integrated banks.

Last year's record results confirm that the bank is headed in the right direction. Completing the merger will give us another growth incentive, and we are confident that we will further improve last year's figures. The integrated bank will focus primarily on citizens with higher incomes living in larger towns. Other key segments for us include businesses and small and medium-size enterprises and large corporate clients.

We would like to offer these key groups the best services on the market, and we anticipate additional increases in our market shares for products geared to these clients, e.g. mortgages, loans for small and medium-size enterprises or financing real estate projects. We also count on growth in current accounts, savings and investment. We would like to continue to expand the product line in all of these key areas, whether it be deposits or the dynamically growing segment of loans.

Currently, we serve clients at more than 100 branch offices. We plan to gradually expand the branch network even more this year and in upcoming years, primarily in Prague and larger towns with populations over 50,000.

### ***Acknowledgement and thanks to our clients, employees and shareholders***

What is most important for our team is the long-term relationships we have with our clients based on mutual trust. I am very pleased that we have managed to build such relationships, and we are constantly working to strengthen our position on the market. I would like to thank all of our clients for their exceptional cooperation, trust and loyalty. This year as well, we will make every effort to live up to clients' expectations and to further improve existing services.

I would also like to thank our shareholders. Raiffeisenbank is a member of one of the strongest banking groups in Central and Eastern Europe that has shown dynamic growth not only thanks to its strategic investment, but also to its own organic development. The strength and stability of the Raiffeisen Financial Group promotes growth in the Czech Republic as well. The shareholders have shown their confidence in the Czech market by investing in eBanka and by increasing the capital of Raiffeisenbank. All of the bank's shareholders contributed to the increase of more than CZK 1.25 billion in the bank's registered capital. This increase in capital allows us to continue with dynamic growth. We value this confidence and will make every effort to increase the value of these invested funds.

Employees have played a key role in the integration process. Without the support of every employee, all of last year's successes, the rise in profit, record product sales, and the quick integration of the banks would not have been achievable. I would like to thank them for their effort and support in 2007, and I am confident that this year will be even more successful. Higher demands are put on employees during the integration process. Each of them is faced with a range of tasks, a higher level of stress, and many new challenges and obstacles. Last year demonstrated that we have selected the right team, which managed to overcome these obstacles. I am very honoured that I can be a part of this team and work with these colleagues at the bank on a daily basis. In this respect, I would like to thank them for devoting their time and effort to making this happen, and I am convinced that only good things will come out of this integration process – new skills, new experiences and new friends.

### ***Public service activities***

The bank has been involved in a wide range of public service activities, reflecting Raiffeisen's tradition extending back to the 19th century. Although we focus mainly on education and charity, we also support cultural programmes and health projects. In 2006, we supported, among other things, the Junior Achievement Programme for basic and secondary schools, the Jedlička Institute Foundation, the Institute for the Care of Mother and Child, and a number of educational institutions ranging from preschools to universities. We will continue to focus on charity and education this year as well.

The traditional emblem and trademark of the Raiffeisen Group is the Giebelkreuz – crossed horse heads. For hundreds of years, the Giebelkreuz has adorned the facades of buildings throughout Europe and is a symbol of protection for families gathered under one roof against evil and life-threatening situations. We will continue to make every effort to ensure that Raiffeisenbank is a symbol of security and stability for our clients. In addition, we would like to continue to grow, strengthen our position and implement products in line with the prestigious title awarded to the bank for the past two years – “Most Dynamic Bank of the Year”.



**Lubor Žalman**  
**Chairman of the Board of Directors**  
**Raiffeisenbank a.s. and eBanka, a.s.**



# Statutory and Supervisory Bodies

## **Board of Directors**

### **Chairman of the Board of Directors**

#### **Lubor Žalman**

born 22 January 1966

residing at: Pod Šibeničkami 778, 251 64 Mnichovice

Chairman of the Board of Directors and Chief Executive Officer of Raiffeisenbank a.s. since 4 May 2004. From 2003 to 2004, he worked at Home Credit International as project manager, and from 1999 to 2002, at McKinsey & Company as Senior Associate, later as Engagement Manager. Between 1991 and 1998, he served in executive positions at Komerční banka.

**Chairman of the Assets and Liabilities Committee**

**Chairman of the Credit Committee**

### **Members of the Board of Directors**

#### **Rudolf Rabiňák**

born 21 February 1958

residing at: K Tuchoměřicům 146, 164 00 Prague 6

Member of the Board of Directors of Raiffeisenbank a.s. and responsible for corporate banking since April 2001.

Prior to this position, Mr. Rabiňák worked nine years at Citibank a.s.

#### **Mário Drosc**

born 13 December 1968

residing at: Irská 796/5, 162 00 Prague 6

Member of the Board of Directors of Raiffeisenbank a.s. and responsible for retail banking since September 2006. He came to Raiffeisenbank from Slovakian VÚB where he was a board member responsible for retail banking. Prior to this, he also worked in Komerční banka and as a consultant at McKinsey & Company.

**Chairman of the Pricing and Interest Committee**

#### **Jan Kubín**

born 19 January 1973

residing at: Na Rovnosti 14A/2742, 130 00 Prague 3

Member of the Board of Directors of Raiffeisenbank and eBanka since July 2007 and responsible for the integration of both banks. He has worked at Raiffeisenbank since 2004, at which time he took over the position of Financial Director.

Prior to working at Raiffeisenbank, he worked six years as a consultant and project manager at McKinsey & Company.

#### **Martin Kolouch**

born 11 May 1972

residing at: Högerova 15, 152 00 Prague 5

Member of the Board of Directors of Raiffeisenbank and eBanka and responsible for IT and CEO of eBanka, a.s. He has been working at eBanka since 2002. From August 2006 to 31 December 2006, he was the Chairman of the Board of Directors of eBanka. Prior to this, he worked at Komerční banka and Deloitte & Touche.

**Chairman of the Project Committee**



**Martin Bláha**

born 11 March 1970

residing at: Domanovická 1741, 190 16 Prague 9

Member of the Board of Directors of Raiffeisenbank a.s. since April 2003 and responsible for treasury activities and investment banking. Up to 2001, he worked at HypoVereinsbank CZ, a.s. as the Head of the Treasury Department

***Chairman of the Investment Committee for Asset Management***

**Alexandr Borecký**

born 22 April 1967

residing at: Na Žvahově 400/26, Prague 5

Member of the Board of Directors of Raiffeisenbank and eBanka and responsible for risk management. He has worked at eBanka since 2002 and is a member of the Board of Directors of Raiffeisenbank since 1 January 2007. From 1993 to 2002, he worked at Komerční banka as the Deputy Director of the Corporate Transaction Approval Division and as the Director of the Special Activities Department.

***Chairman of the Credit Risk Management Committee***

***Chairman of the Non-performing Loans Committee***

***Chairman of the Operational Risk Management Committee***



*We are one team!*

*Raiffeisenbank's Board of Directors:*

*top left: Martin Bláha, Rudolf Rabiňák, Martin Kolouch, Mário Drosc, Alexandr Borecký.*

*Bottom: Lubor Žalman and Jan Kubín.*

## **Supervisory Board**



### **Chairman of the Supervisory Board**

**Herbert Stepic**

born 31 December 1946

residing at: Hertlgasse 1, 1160 Vienna, Austria

### **Members of the Supervisory Board**

**Aris Bogdaneris**

born 26 October 1963

residing at: Lainzer Strasse 77, 1130 Vienna, Austria

**Robert Gruber**

born 19 April 1956

residing at: Promenadenweg 16, 2522 Oberwaltersdorf, Austria

**Kurt Hütter**

born 10 January 1949

residing at: Johannes-Kepler-Str. 8, 4210 Gallneukirchen, Austria

**Rainer Franz**

born 17 March 1943

residing at: Stromová 40, Bratislava, Slovakia

**Miroslav Uličný**

born 14 September 1955

residing at: Pod Rovnicami 61, Bratislava, Slovakia

**Josef Malíř**

born 31 August 1952

residing at: Všešary 3

**Jan Horáček**

born 15 September 1953

residing at: Bazovského 1128, Prague 6

**Milena Syrovátková**

born 21 March 1956

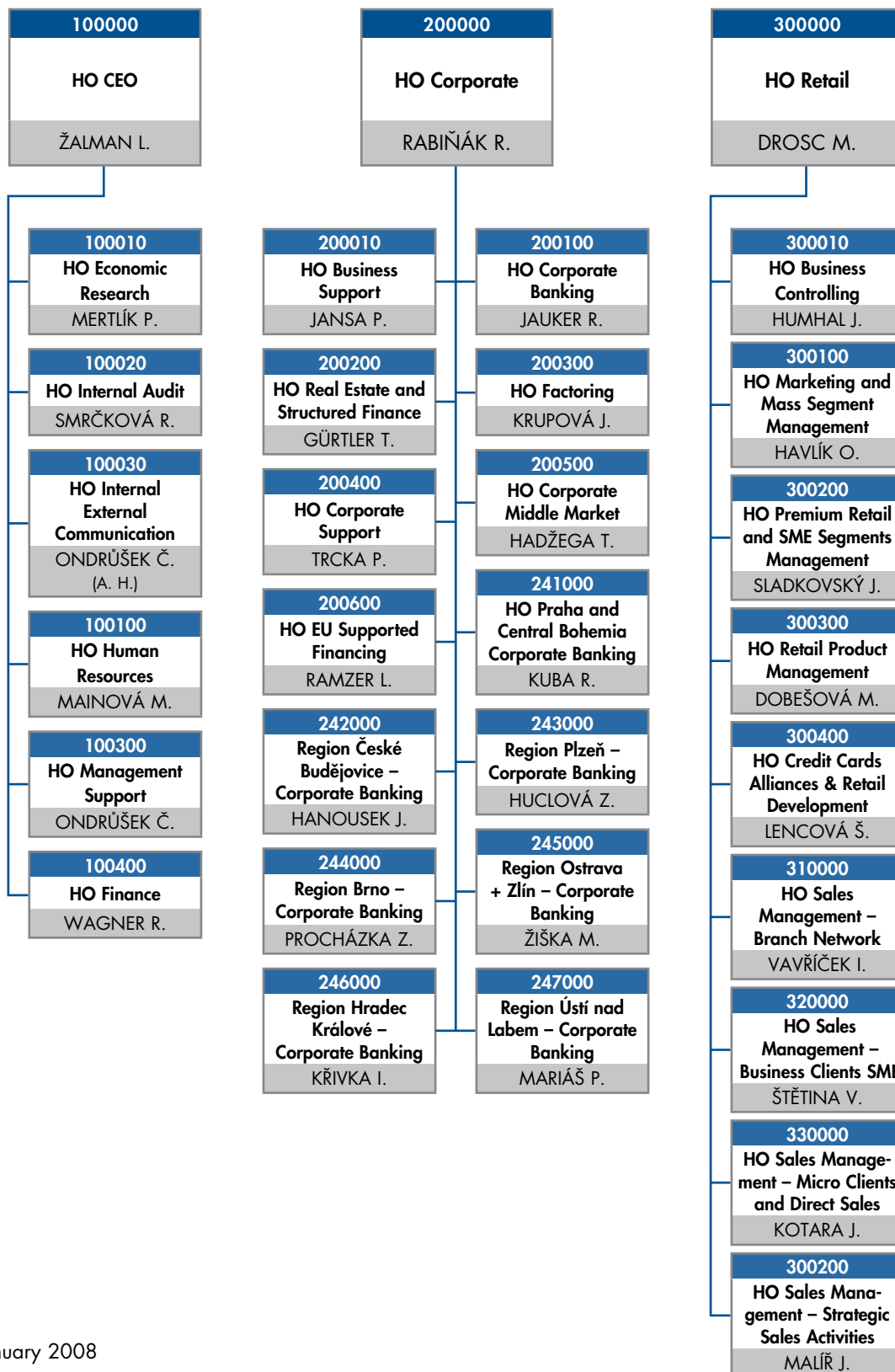
residing at: Tůmova 40, Brno

Valid as of 31 December 2007

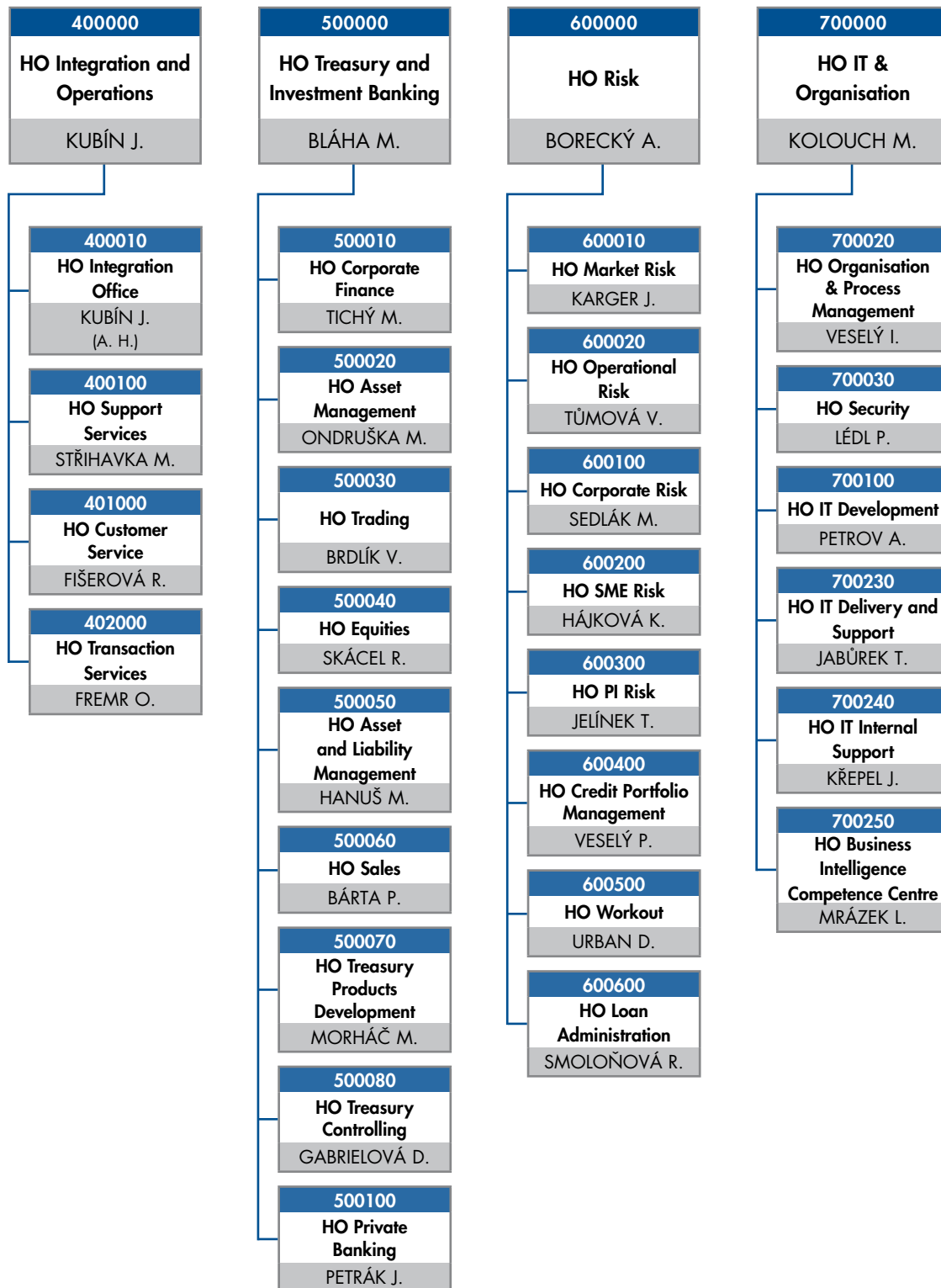
## *Report of the Supervisory Board of Raiffeisenbank a.s.*

- 1) The Supervisory Board carried out its tasks in accordance with Sections 197–200 of the Commercial Code, as amended, the Articles of Association of Raiffeisenbank a.s., and its rules of procedure. The Board of Directors presented reports on the bank's operations and its financial situation to the Supervisory Board at regular intervals.
- 2) The financial statements were prepared in accordance with International Accounting Standards.
- 3) The financial statements were audited by "Deloitte Audit s r. o.". In the opinion of the auditor, the financial statements accurately reflect in all material respects the financial position, assets and liabilities, and equity of Raiffeisenbank a.s. as of 31 December 2007 and the results of its operations for the year International Accounting Reporting Standards as adopted by the EU.
- 4) The Supervisory Board examined the financial statements and the Report on Related Party Transactions 2007, including the proposed allocation of earnings, accepted the results of the audit of the financial statements for 2007, and recommended that the General Meeting approve them.

# Organisational Chart



Valid as of 1 January 2008



Valid as of 1 January 2008



# *Economic Development in the Czech Republic*

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# Economic Development in the Czech Republic

## Convergence to the economic level of western Europe

The Czech economy has three exceptionally successful years behind it. From 2005 to 2007, it increased at a rate exceeding 6 per cent, as a result of which, the economy converged towards the economic level of EU countries by more than five percentage points expressed in GDP per capita in purchasing power parity. This was an increase from 75 per cent in 2005 to 79 per cent in 2006. For 2007, we anticipate further improvement in the Czech Republic's position to 82 per cent of the average. During the same period, the registered unemployment rate declined in the Czech Republic from 9.2 per cent (average for 2004) to 6.6 per cent (average for 2007, Ministry of Labour and Social Affairs methodology). The balance of trade registered a substantial turnaround: from a deficit of CZK 26.4 billion (for the last time in 2004), the balance jumped to a surplus in 2005, reaching a value of CZK 86 billion in 2007, i.e. 2.4 per cent of GDP. In addition, the public finance deficits during this period had been maintained at a level of around 3 per cent of GDP; this deficit was reduced to 2.0 per cent of GDP in 2007. The average public debt figure has thus been practically unchanged since 2003 at 30 per cent of GDP.

## Deterioration of the economic balance and inflation pressures

However, 2007 was also a year in which the balance of payments deteriorated, inflation pressures rose and interest rates increased. It became more and more clear that an economic growth rate above 6 per cent is no longer sustainable. Potential growth of the Czech economy is estimated now to be at 5 per cent year-on-year. Higher-than-potential growth lasting for three years brings with it a real labour force shortage that the economy has partially resolved by importing a labour force from abroad (this started with a sharp rise in 2006, and by the end of 2007, the number of foreign employees in the Czech Republic was estimated to be 300,000); in addition, total employment, nominal and real wages, and household consumption showed record growth last year. The tension on the labour market triggered wage-cost inflation as well as demand inflation where the rise in consumer demand allowed producers and business to increase prices. This development along with other factors (a global wave of inflation showing up in the Czech Republic as high "imported" prices for food, oil and natural gas, administrative inflation caused by an increase in excise taxes, VAT and regulated prices) shot consumer inflation up to 5.4 per cent by the end of 2007 (December).

	2003	2004	2005	2006	2007
<b>GDP, % change</b>	3,6	4,5	6,4	6,4	6,5
<b>Industrial output, % yoy</b>	5,8	9,9	8,1	9,7	8,2
<b>ILO general rate of unemployment, % avg</b>	7,8	8,3	7,9	7,1	5,3
<b>CPI, % change, avg</b>	0,1	2,8	1,9	2,5	2,8
<b>Trade balance, % of GDP</b>	-2,7	-1,0	1,3	1,2	2,4
<b>Current account balance, % of GDP</b>	-6,2	-5,2	-1,6	-3,1	-2,5
<b>Net foreign direct investment, % of GDP</b>	2,1	3,6	9,4	3,2	4,2
<b>Budget balance, % of GDP</b>	-6,6	-3,0	-3,5	-2,9	-1,9*
<b>Public debt, % of GDP</b>	30,1	30,4	30,2	30,1	30,1*
<b>Official FX reserves, EUR bn eop</b>	21,3	20,9	25,1	23,9	23,7
<b>Import cover, months</b>	5,0	3,9	4,2	3,4	3,2

\* estimate



### ***Increasing interest rates***

As a completely natural reaction to this development, the CNB increased interest rates, with an overall rise of one percentage point for 2007. Higher interest curbs the growth rate and inflation. Thanks to the decline in the lending growth rate, the growth rate for consumer demand will also fall, and this will mean more restraints for producers and businesses. According to our expectations, the rise in inflation for the second half of 2007 will continue into the first half of 2008 as well. The global inflation wave (food, energy) contributed roughly one percentage point to inflation; the increase in indirect taxes and regulated prices (rent, healthcare fees, medication, energy) added about 1.5 percentage points to inflation.

### ***A trend change in the foreign exchange reserves***

In 2006, the CNB's international reserves slightly declined for the first time in many years – this happened last in the critical year of 1997. The slight decline in the CNB's international reserves continued in 2007. This not so encouraging development is the result of an increase in the current-account balance of payments deficit along with a decline in the financial account's surplus. Both indicate a deterioration in the Czech economy's external balance resulting in new macroeconomic trends in the Czech Republic – a large volume of repatriated profit for foreign-owned companies, a fast-growing and already economically significant volume of repatriated wages of foreign employees, a reduction in the inflow of foreign direct investment and an increase in the export of Czech foreign investments, direct as well as portfolio investments. The appreciation pressure that the trade balance surplus and the growing official international reserves had put on the Czech koruna exchange rate over the years will slowly fade away as a result. The outcome will be a reduction in the average rate of appreciation for the Czech koruna towards 2 per cent year-on-year (i.e. to half of the current rate of 3 to 4 per cent). According to our estimates, this should occur already by the end of this decade.

### ***Economy heading for a smooth landing***

The above-mentioned adverse developments – a tense labour market, high inflation, a worsened external balance, and rising interest rates – will have a substantial impact on the Czech economy in 2008. In our opinion, however, this will not lead to critical development but instead to a process that economists have referred to in recent years as a "smooth landing". The economic growth rate will decline to the level of potential growth or only slightly below this level, mainly as a result of the already mentioned depletion of the labour supply, one of the key domestic growth sources, and also as a result of reducing the growth rate of real wages and consumer demand caused by a high average inflation rate. Our estimate of the economic growth rate for 2008 is 4.9 per cent.



**Pavel Mertlík**  
Chief Economist

# Raiffeisenbank's Market Position

For the Czech banking sector, 2007 was a period of crystallisation in which the competitiveness of the participating agents was confirmed. Stable and very favourable economic growth helped banks to expand their activities. On the other hand, more stringent competition and regulation of the financial sector forced them to focus more on the effectiveness of internal processes. During the year, the Czech National Bank raised its base interest rate four times from the original 2.5 per cent to 3.5 per cent, which did not have a particularly large effect on motivating clients to save more. On the contrary, optimistic outlooks of economic growth along with the prepared tax reform encouraged public spending and increased indebtedness.

For Raiffeisenbank, 2007 was the year that it merged with eBanka, which meant exceptional costs in all areas – from optimising the bank's activities and achieving efficiency through communicating the whole process to clients and the general public. In spite of this, Raiffeisenbank managed once again to achieve extraordinary economic results that have strengthened its position as the sixth largest entity on the Czech banking market.

Raiffeisenbank's total volume of assets rose by 30.1 per cent, which in contrast to the 19 per cent growth on the market, increased its market share to 3.1 per cent. Total deposits for Raiffeisenbank and the overall market achieved a comparable growth rate, and so the bank's market share remained at a stable level of 3.0 per cent during the year. In the area of loans, on the contrary, Raiffeisenbank far outstripped the results of the market as a whole. An increase of almost 42 per cent in loan volume increased its market share to 5.4 per cent. However, when excluding loans granted as a part of building savings, Raiffeisenbank contributes 6.0 per cent to the total volume of bank loans.

The bank carried out almost two thirds of the active and passive transactions, i.e. loans and deposits, with business clients. Although the overall volume of deposits rose by almost 38 per cent, the market tempo was higher, and in the end, the bank's market share grew to 4.8 per cent. A main segment for the bank is non-financial institutions, which increased the volume of their deposits last year by more than 34 per cent, and the bank attained a market share of 4.9 per cent at the end of the year.

As for loans, Raiffeisenbank exceeded the market growth rate, and thanks to increasing the total volume of loans for business clients by 27 per cent, it had a market share of 5.7 per cent. In the already mentioned segment of non-financial institutions, the difference in the growth rate was even more substantial, which was also reflected in a higher rise in the bank's market share to a final 7.1 per cent.

Last year, Raiffeisenbank focused its attention on strengthening the position of private individuals in its portfolio. Thanks to its active approach, the bank had managed by the end of the year 12.2 per cent more deposits than at the beginning of the year, which confirmed its stable market position with a share of 1.9 per cent. In addition, the structure of client deposits had changed in favour of time deposits, which made up nearly 40 per cent of all deposits.

The loan sector had experienced significantly more dramatic development, which is confirmed by the already mentioned trend of rising household indebtedness. The total volume of loans granted by the bank to this segment of clients rose by 87.2 per cent, and in this way, Raiffeisenbank had safely exceeded 5 per cent of the market share. The same as in the previous year, a main factor for this growth was mortgages. An increase in mortgages was expected mainly in connection with the tax reform, which next year will be accompanied by more expensive construction work due to changes in the VAT rate and less advantageous tax deductions for interest on mortgages as a result of the lower unit tax rate. All of these factors encouraged clients to arrange mortgages prior to introducing these changes, and Raiffeisenbank

took full advantage of this opportunity. The total volume of mortgages rose by more than 123 per cent and the bank attained an excellent market share of 7.6 per cent. Although consumer loans granted by Raiffeisenbank had slowed in growth in comparison to the previous year, the bank's results are better than the overall growth of the sector, and its market share in consumer loans rose to 5.1 per cent.

The entrepreneur segment of clients also remained a subject of interest for Raiffeisenbank which focused mainly on the primary problem of small businesses, i.e. on financing their operational needs, development plans and investment. The volume of granted loans in 2007 rose to 44.5 per cent, and at the end of the year, the bank managed 2.8 per cent of all loans granted in the Czech Republic for this segment.

The bank demonstrated during the year that it can actively use the existing external market conditions to strengthen its market position. It achieved excellent results and, above all, satisfied the financial needs of its clients.

#### **Raiffeisenbank's market position:**

	<b>Market share 2007</b>	<b>Market share 2006</b>	<b>Growth 2007/2006</b>
<b>Total assets</b>	<b>3,14%</b>	<b>2,87%</b>	<b>30,1%</b>
<b>Total deposits</b>	<b>3,04%</b>	<b>2,78%</b>	<b>27,9%</b>
– non-term	3,40%	3,26%	24,9%
– term	2,63%	2,26%	32,6%
– Legal entities	4,83%	4,02%	38,5%
– non-financial corporations	4,87%	4,29%	34,2%
– Private Individuals	1,90%	1,86%	12,2%
– Professionals	2,13%	2,23%	5,0%
<b>Total loans</b>	<b>5,43%</b>	<b>4,82%</b>	<b>42,3%</b>
– mortgages	6,40%	4,11%	113,9%
– consumer loans	4,97%	4,50%	39,9%
– Legal entities	5,68%	5,48%	26,8%
– non-financial corporations	7,14%	6,61%	26,5%
– Private Individuals	5,33%	3,85%	87,2%
– mortgages	7,56%	4,77%	123,4%
– consumer loans	5,08%	4,58%	39,9%
– Professionals	2,78%	2,09%	44,5%
– mortgages	2,32%	1,43%	65,1%

Source: CNB reports and methodology

# Analysis of the Financial Results

## 2007

The year 2007 was the most successful year of Raiffeisenbank a.s. in the company's history. Maintained performance in all segments, supported by a new retail strategy and activities of integration with eBanka were reflected in the bank's sales and financial results.

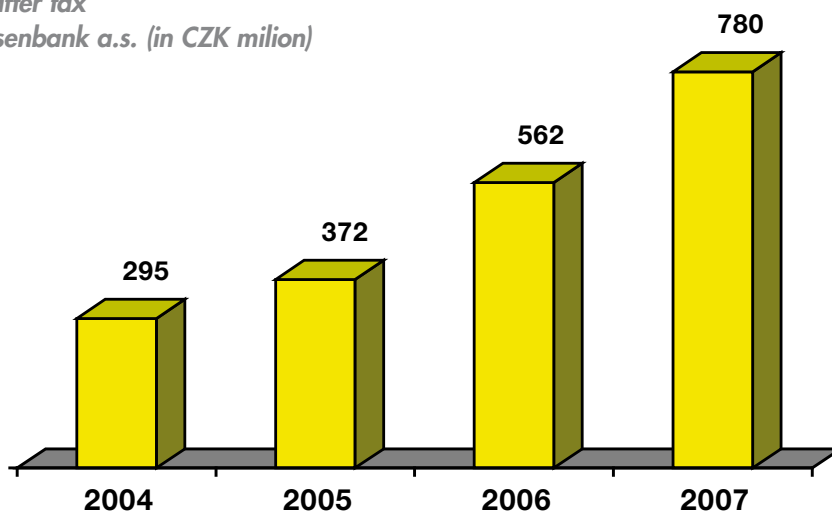
In accordance with the International Financial Reporting Standards, the bank has reached profits in the amount of CZK 780.1 million, i.e. an amount 39% up compared to the previous year, despite the fact that the bank invested in the integration and merger process. Net interest revenue of the bank rose by more than 41%, reaching CZK 3.1 billion. The growth was particularly due to a more than 40% increase in loans and credits provided to clients, consisting primarily of mortgage loans in the area of retail banking. In provision of new mortgage loans, the bank has ranked third in the Czech market. Fees and charges rose by 9%, mostly due to project financing credits and mortgage loans.

On the other hand, general operation expenses increased as well, by 29%. The growing expenses are connected with development and upgrade of the branch office network, as well as the ongoing integration process of Raiffeisenbank and eBanka.

The bank's balance sheet sum rose from CZK 89.7 to 116.8 billion (30%). The volume of loans and credits granted to clients is 42.2% up; the loan and credit portfolio after applying adjustments reaches already CZK 95 billion. Client deposits grew at a slower pace – by 28%, totalling CZK 72.3 billion. Therefore, new issues of bonds (particularly mortgage bonds) which went CZK 6.9 billion up, new subordinated debt tranches (CZK 1.6 billion up) and increased registered capital from shareholders (CZK 1.3 billion), as well as reinvested profits from the last year (CZK 0.6 billion) provide space for a growth of active banking trading.

The financial results of 2007 show that the bank chose the right path, which brings material results reflected in increased profits, as well as improved financial ratios, in particular the cost/income ratio, which reached 61.5%, compared to 64% of the previous year.

**Profit after tax**  
Raiffeisenbank a.s. (in CZK milion)









# Independent Auditor's Report to the Shareholders of Raiffeisenbank a.s.

## Deloitte

Deloitte Audit s.r.o.  
Karolinská 654/2  
186 00 Prague 8  
Czech Republic  
Tel: +420 246 042 500  
Fax: +420 246 042 555  
DeloitteCZ@deloitteCE.com  
www.deloitte.cz  
Registered at the Municipal Court  
in Prague, Section C, File 24349  
Id Nr.: 49620592  
Tax Id Nr.: CZ49620592

### INDEPENDENT AUDITOR'S REPORT To the Shareholders of Raiffeisenbank a.s.

Having its registered office at: Olbrachtova 2006/9, 140 21 Prague 4  
Identification number: 49240901  
Principal activities: Retail, corporate and investment banking services

#### Report on the Unconsolidated Financial Statements

Based upon our audit, we issued the following audit report dated 7 February 2008 on the unconsolidated financial statements which are included in this annual report on pages 36 to 87:

“We have audited the accompanying financial statements of Raiffeisenbank a.s. which comprise the balance sheet as of 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### Statutory Body's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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.

Audit • Tax • Consulting • Financial Advisory.

Member of  
Deloitte Touche Tohmatsu



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.”

Report on the Consolidated Financial Statements

Based upon our audit, we issued the following audit report dated 31 March 2008 on the consolidated financial statements which are included in this annual report on pages 89 to 154:

“We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s., which comprise the balance sheet as of 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. 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 consolidated financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.”

**Report on the Related Party Transactions Report**

We have also reviewed the factual accuracy of the information included in the related party transactions report of Raiffeisenbank a.s. for the year ended 31 December 2007 which is included in this annual report on pages 171 to 191. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Raiffeisenbank a.s. for the year ended 31 December 2007 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

**Report on the Annual Report**

We have also audited the annual report for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that the auditor plan and perform the audit to obtain reasonable assurance about whether the information included in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the information included in the annual report is consistent, in all material respects, with the financial statements referred to above.

In Prague on 30 April 2008

Audit firm:  
Deloitte Audit s.r.o.  
Certificate no. 79  
Represented by:




Michal Petman, statutory executive

Statutory auditor:



Michal Petman, certificate no. 1105



## **Raiffeisenbank a.s.**

Unconsolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2007

### **Components of the Financial Statements:**

- Profit and Loss Account
- Balance Sheet
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements

These financial statements were prepared by the Bank and approved by the Board of Directors on 7 February 2008.

### **Statutory body of the reporting entity:**



Lubor Žalman  
Chairman of the Board of Directors  
and Chief Executive Officer



Rudolf Rabiňák  
Member of the Board of Directors

## Profit and Loss Account

For the Year Ended 31 December 2007

(CZK thousand)	Note	2007	2006
Interest income and similar income	5	5,215,907	3,495,933
Interest expense and similar expense	5	(2,067,676)	(1,269,638)
<b>Net interest income</b>		<b>3,148,231</b>	<b>2,226,295</b>
Change in provisions for credit risks	6	(741,641)	(497,878)
<b>Net interest income after provisions for credit risks</b>		<b>2,406,590</b>	<b>1,728,417</b>
Fee and commission income	7	1,675,863	1,355,609
Fee and commission expense	7	(544,206)	(319,050)
<b>Net fee and commission income</b>		<b>1,131,657</b>	<b>1,036,559</b>
Net profit on financial operations	8	403,609	218,624
Dividend income	9	16,806	16,821
Other operating income	10	46,731	32,376
General administrative expenses	11	(2,923,134)	(2,268,476)
<b>Profit before tax</b>		<b>1,082,259</b>	<b>764,321</b>
Income tax expense	13	(302,110)	(202,109)
<b>Net profit for the year attributable to the Bank's shareholders</b>		<b>780,149</b>	<b>562,212</b>

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

## Balance Sheet

As of 31 December 2007

(CZK thousand)	Note	2007	2006
<b>ASSETS</b>			
Cash and balances with central banks	14	2,073,457	1,683,804
Loans and advances to financial institutions	15	15,216,504	18,322,192
Loans and advances to customers	16	97,064,328	68,252,234
Provisions for loans and advances to customers	17	(2,095,107)	(1,452,931)
Positive fair value of financial derivative transactions	33	1,015,317	672,926
Securities at fair value through profit or loss	18	1,707,156	1,184,599
Securities available for sale	18	382	2,734
Equity investments	19	359,999	304,160
Intangible fixed assets	20	216,114	161,002
Property and equipment	21	277,964	272,619
Deferred tax asset	22	35,523	34,407
Other assets	23	890,920	239,369
<b>TOTAL ASSETS</b>		<b>116,762,557</b>	<b>89,677,115</b>
<b>LIABILITIES AND EQUITY</b>			
Amounts owed to financial institutions	24	14,074,046	13,319,772
Amounts owed to customers	25	72,265,072	56,474,642
Negative fair value of financial derivative transactions	33	1,140,129	823,174
Debt securities issued	26	17,183,137	10,275,779
Income tax liability	13	115,713	92,198
Provisions	27	168,935	101,259
Subordinated loan	28	3,239,055	1,635,578
Other liabilities	29	1,432,415	1,781,098
<b>TOTAL LIABILITIES</b>		<b>109,618,502</b>	<b>84,503,500</b>
<b>EQUITY</b>			
Share capital	30	4,889,000	3,614,000
Other capital funds		0	117,817
Statutory reserve fund		138,747	110,636
Gains and losses from revaluation		(188)	1,431
Retained earnings		1,336,347	767,519
Profit for the period		780,149	562,212
<b>Total equity</b>		<b>7,144,055</b>	<b>5,173,615</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>116,762,557</b>	<b>89,677,115</b>

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

## Statement of Changes in Equity

For the Year Ended 31 December 2007

(CZK thousand)	Share capital	Other capital funds	Statutory reserve fund	Gains and losses from revaluation	Retained earnings	Profit for the period	Total equity
<b>At 1 January 2006</b>	2,500,000	117,817	92,061	188	451,744	371,500	<b>3,533,310</b>
Capital increase	1,114,000	0	0	0	0	0	<b>1,114,000</b>
Dividends	0	0	0	0	0	(37,150)	<b>(37,150)</b>
Allocation to reserve funds	0	0	18,575	0	0	(18,575)	<b>0</b>
Allocation to retained earnings	0	0	0	0	315,775	(315,775)	<b>0</b>
Gains and losses from revaluation of AFS	0	0	0	1,243	0	0	<b>1,243</b>
Net profit for the period	0	0	0	0	0	562,212	<b>562,212</b>
<b>At 31 December 2006</b>	<b>3,614,000</b>	<b>117,817</b>	<b>110,636</b>	<b>1,431</b>	<b>767,519</b>	<b>562,212</b>	<b>5,173,615</b>
Capital increase	1,275,000	0	0	0	0	0	<b>1,275,000</b>
Dividends	0	0	0	0	0	(83,090)	<b>(83,090)</b>
Allocation to reserve funds	0	0	28,111	0	0	(28,111)	<b>0</b>
Allocation to retained earnings	0	(117,817)	0	0	568,828	(451,011)	<b>0</b>
Gains and losses from revaluation of AFS	0	0	0	(1,619)	0	0	<b>(1,619)</b>
Net profit for the period	0	0	0	0	0	780,149	<b>780,149</b>
<b>At 31 December 2007</b>	<b>4,889,000</b>	<b>0</b>	<b>138,747</b>	<b>(188)</b>	<b>1,336,347</b>	<b>780,149</b>	<b>7,144,055</b>

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

## Cash Flow Statement

For the Year Ended 31 December 2007

(CZK thousand)	2007	2006
<b>Profit before tax</b>	<b>1,082,259</b>	<b>764,321</b>
<b>Adjustments for non-cash transactions</b>		
Creation/release of provisions for loans, advances and other assets	708,837	451,249
Depreciation and amortisation of assets	165,985	180,555
Creation of other provisions	69,059	68,213
Change in fair values of financial derivatives	(25,436)	(14,506)
Unrealised gain/loss on revaluation of securities	(33,230)	(17,509)
Dividends received	(16,806)	(16,821)
Gain on the sale of tangible and intangible assets	(1,370)	(1,425)
Other non-cash changes	(311,027)	131,275
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,637,911</b>	<b>1,545,352</b>
<b>Cash flows from operating activities</b>		
(Increase)/decrease in operating assets		
Minimum reserve deposits with the CNB	227,076	434,980
Loans and advances to financial institutions	3,094,785	6,742,613
Loans and advances to customers	(28,728,256)	(20,874,047)
Securities	(686,793)	278,671
Other assets	(651,551)	(90,216)
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	761,539	981,538
Amounts owed to customers	15,724,983	8,094,704
Other liabilities	(325,167)	744,133
<b>Net cash flow from operating activities before income tax</b>	<b>(8,945,473)</b>	<b>(2,142,272)</b>
Income taxes paid	(281,485)	(144,808)
<b>Net cash flow from operating activities</b>	<b>(9,226,958)</b>	<b>(2,287,080)</b>
<b>Cash flows from investing activities</b>		
Net cash flow from an equity investment in a subsidiary	(55,839)	0
Purchase of property and equipment and intangible assets	(235,854)	(144,057)
Income from the sale of fixed assets	2,746	4,167
Dividends received	16,806	16,821
<b>Net cash flow from investing activities</b>	<b>(272,141)</b>	<b>(123,069)</b>
<b>Cash flows from financing activities</b>		
Increase in the share capital	1,275,000	1,114,000
Dividends paid	(83,090)	(37,150)
Bonds in issue	6,516,365	1,443,408
Increase of subordinated loan	1,583,311	238,309
<b>Net cash flow from financing activities</b>	<b>9,291,586</b>	<b>2,758,567</b>
<b>Net increase in cash and cash equivalents</b>	<b>(207,513)</b>	<b>348,418</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,808,870</b>	<b>2,460,452</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,601,357</b>	<b>2,808,870</b>

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



# Notes to the Financial Statements

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## 1. CORPORATE DETAILS

Raiffeisenbank a.s. (henceforth the "Bank"), with its registered office address at Olbrachtova 2006/9, Prague 4, 140 21, Corporate ID 49240901, was founded as a joint stock company in the Czech Republic. The Bank was registered in the Register of Companies held at the Municipal Court in Prague on 25 June 1993, Volume B, File 2051.

### *Principal activities of the Bank according to the bank licence granted by the Czech National Bank:*

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
  - Principal investment services under Section 8 (2) (a) – (e) of Act No. 591/1992 Coll., as amended;
  - Additional investment services under Section 8 (3) (a) – (g);
- Issuance of mortgage bonds;
- Financial brokerage;
- Depositary activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes; and
- Activities directly relating to the activities listed in the bank licence.

### *In addition to the licence to pursue bank operations, the Bank:*

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider since 30 July 2005.

The performance or provision of the Bank's activities and services were not restricted or suspended by the relevant authorities.

The Bank is subject to the regulatory requirements of the Czech National Bank (henceforth the "CNB"). These regulations include those pertaining to minimum capital adequacy requirements, classification of loans and off balance sheet commitments, credit risk connected with clients of the Bank, liquidity, interest rate risk and foreign currency position.

On 24 July 2006, Raiffeisen International Bank-Holding AG, the majority shareholder of the Bank, entered into an agreement on the sale of the shares of eBanka, a.s. with Česká Pojišťovna a.s. The transaction involving the sale of 100 percent of eBanka's issued share capital was completed on 24 October 2006 following the payment of the purchase price and transfer of shares. All regulatory authorities granted their approvals. Since that date, eBanka, a.s. has been part of the Raiffeisen financial group.

In October 2006, an integration process was launched in the Bank and in eBanka a.s. with Raiffeisenbank a.s. becoming the successor company. The principal objective of this process involves merging the two banks as at 7 July 2008 or no later than 30 September 2008 (in accordance with the statutory deadline) with the effective date on 1 January 2008. Based on the above-mentioned information, both merging banks unify their accounting policies and methodologies from 1 January 2008.

## 2. BASIS OF PREPARATION

These statutory financial statements have been prepared in full compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The financial statements include a balance sheet, a profit and loss account, a statement of changes in shareholders' equity, a cash flow statement and notes to the financial statements containing accounting policies and explanatory disclosures.

The financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, and on the going concern assumption.

These financial statements have been prepared under the historical cost convention as modified by the remeasurement to fair value of financial assets and liabilities at fair value through profit or loss, all financial derivatives and available-for-sale securities through equity.

The presentation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, equity and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and their reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as of the date of the financial statements and should not markedly differ from actual results. Reasonable estimates were specifically used in the following areas: determination of impairment losses on loans and receivables; impairment losses on investment in subsidiaries, associates and joint ventures, impairment losses on tangible and intangible assets, provisioning, and measurement of fair values of financial assets and liabilities.

These financial statements and notes thereto are unconsolidated and do not include the accounts and results of those companies over which the Bank has control or significant influence. The policies of accounting for equity investments are disclosed in Note 3(g).

The Bank also prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union which present the results of the Bank's financial group.

All figures are in thousands of Czech crowns (CZK thousand), unless stated otherwise. Figures presented in brackets represent negative amounts.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

Interest income and expense are recognised in the profit and loss account lines "*Interest income and similar income*" and "*Interest expense and similar expense*" when earned or incurred, on an accruals basis. The Bank accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the cost at the maturity date.

**(b) Fees and Commissions**

Fees and commissions are recognised in the profit and loss account lines *“Fee and commission income”* and *“Fee and commission expense”* on an accruals basis, with the exception of fees that are included in the effective interest rate.

**(c) Dividends**

Income from dividends on securities is recorded as declared and included as a receivable in the balance sheet line *“Other assets”* and in *“Dividend income”* in the profit and loss account. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends reduce retained earnings in the period in which they are declared by the Annual General Meeting.

**(d) Other Income and Expenses Reported in the Profit and Loss Account**

Other income and expenses presented in the profit and loss account are recognised under the accrual basis of accounting in the period to which they relate (and not as cash or its equivalent is received or paid).

**(e) Taxation**

Tax on the profit or loss for the year comprises the current year tax charge, adjusted for deferred taxation. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rate enacted by the balance sheet date, and any adjustment of the tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. The principal temporary differences arise from certain non-tax deductible reserves and provisions, tax and accounting depreciation on tangible and intangible fixed assets and revaluation of other assets.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available to allow the asset to be recovered.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to the profit and loss account, except to the extent that it relates to items previously charged or credited directly to equity.

**(f) Financial Assets and Liabilities****Dates of Recognition and Derecognition of Financial Instruments from the Bank’s Balance Sheet**

All financial assets with normal delivery terms are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (cash payment). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its provision (collection of cash). However, if a portfolio of financial assets remeasured at fair value is involved, the acquired financial asset is revalued reflecting changes in its fair value from the purchase trade date to the sale trade date according to the categorisation into an individual portfolio, accrued interest on debt financial assets is recognised from the purchase settlement date to the sale settlement date.

All loans and receivables are recognised when funds are provided to customers. Loans and receivables are derecognised when fully repaid by the borrower. Assigned receivables are derecognised when payment is collected from the assignee, and receivables which the Bank decided to write off are derecognised at the write-off date.

The Bank remeasures derivative instruments at fair value from the trade date to the settlement date, that is, delivery of the last related cash flow.

The Bank settles and derecognises financial liabilities at the date on which all related risks and costs attributable to the specific liability are transferred.

Of the categories of financial assets and liabilities defined in IAS 39, the Bank maintains the following types of financial assets and liabilities:

- Loans and receivables;
- Financial assets and liabilities remeasured at fair value through profit or loss;
- Financial assets available for sale; and
- Other financial assets.

### *Loans and Receivables*

Loans originated by the Bank by providing money directly to a borrower are categorised as loans originated by the Bank and are stated at amortised cost. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation of discount or premium. The amortised cost is calculated using the effective interest rate method. All loans and advances are recognised when cash is advanced to borrowers (or banks). Accrued interest income is included in the carrying amount these loans.

Provisions for losses on loans and receivables are recorded when there are reasonable doubts over the recoverability of the loan balance. Provisions for losses on loans and receivables represent management's assessment of potential losses in relation to the Bank's on and off balance sheet activities.

Provisions are recognised individually in respect of specific classified loans where a debtor's default was identified or on a portfolio basis for potential losses which may be present based on portfolio performance with similar characteristics in terms of credit risk (similar individually unimpaired loans). The level of individual provisions is established by comparing the carrying amount of the loan and the present value of future expected cash flows using the effective interest rate. The level of portfolio provisions is determined on the basis of the anticipated recovery rates of the portfolio as of the financial statements date. The anticipated cash flows from individual portfolios of similar loans are estimated on the basis of previous experience. Portfolio provisions are recognised for the loans and receivables of the Corporate banking, Small and Medium Business and Private Individuals banking segments.

The amount necessary to adjust the provisions to their assessed levels, after write-offs, is charged to the profit and loss account line "*Change in provisions for credit risks*". Additional details can be found in Note 37 b.

Uncollectible loans and receivables when it can be reasonably anticipated that clients will be unable to fulfil their obligations to the Bank in respect of these loans are written off with the concurrent use of a recorded provision. These write-offs are included in "*Change in provisions for credit risks*". Subsequent recoveries are also included in this line.

### *Securities*

Securities held by the Bank are categorised into portfolios in accordance with the Bank's intent on the acquisition of the securities and pursuant to the Bank's security investment strategy. In accordance with its intent, the Bank allocates securities into three portfolios - the portfolio of securities at fair value through profit or loss, the portfolio of securities held for trading and the portfolio of securities available for sale.

### **Securities at Fair Value through Profit or Loss**

The portfolio includes debt and equity securities held for trading, that is, securities held by the Bank with the intention of reselling them, thereby generating profits on price fluctuations in the short-term, and debt and equity securities that were designated, upon initial recognition, as at fair value through profit or loss. Securities at fair value through profit or loss are recognised at cost at the acquisition date and subsequently remeasured at fair value.

Changes in the fair values of securities held for trading as well as securities not held for trading are recognised in the profit and loss account as *"Net profit or loss on financial operations"*.

For debt and equity securities traded on a public market, fair values are derived from quoted prices. The fair values of those securities not traded on a public market are estimated by the management of the Bank as the best estimation of the cash flow projection reflecting the set of economic conditions that will exist over the remaining maturity of the securities.

Transaction costs of at-fair-value-through-profit-or-loss securities are not added to the cost but are recognised through expenses and presented in the profit and loss account line *"Fee and commission expense"*.

### **Securities Available for Sale**

Securities available for sale are securities held by the Bank for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change.

Securities available for sale are carried at acquisition cost and subsequently remeasured at fair value. Changes in the fair values of available for sale securities are recognised in equity as *"Gains or losses from revaluation"*, with the exception of their impairment and interest income and foreign exchange differences on debt securities. When realised, the relevant revaluation gains or losses are taken to the profit and loss account as *"Net profit or loss on financial operations"*. Interest income on coupons, amortisation of discounts or premiums, and dividends are included in *"Interest income and similar income"*. Foreign exchange differences are reported within *"Net profit or loss on financial operations"*.

### **Repurchase Agreements**

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a pre-determined price, they remain at fair value or amortised cost within the relevant portfolio on the balance sheet and the consideration received is recorded in *"Amounts owed to financial institutions"* or *"Amounts owed to customers"*. Conversely, debt or equity securities purchased under a concurrent commitment to resell are not recognised in the balance sheet and the consideration paid is recorded in *"Loans and advances to financial institutions"* or *"Loans and advances to customers"*.

Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case ("short sales") the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability and presented in the balance sheet line *"Other liabilities"*.

Interest on debt securities transferred under repurchase transactions is accrued while interest on debt securities received under reverse repurchase transactions is not accrued. Income and expenses arising under repurchase or reverse repurchase transactions as the difference between the sale and repurchase price are accrued evenly over the term of the transaction and presented in the profit and loss account as *"Interest income and similar income"* or *"Interest expense or similar expense"* as appropriate.

### **Debt Securities Issued**

Debt securities issued by the Bank are stated at amortised costs using the effective interest rate method. Interest expense arising on the issue of the Bank's own debt securities is included in the profit and loss account line *"Interest expense and similar expense"*.

The Bank's own debt securities acquired by the Bank are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Bank's own debt securities are stated at cost which includes transaction costs. The difference between the cost of repurchased own debt securities and the accrued amount of issued securities is included in the profit and loss account line *"Net profit or loss on financial operations"* in the period of acquisition. Interest expenses of issued debt securities are decreased to reflect the gradual increase in the value of the Bank's own debt securities.

### **Financial Derivative Instruments**

In the normal course of business, the Bank enters into contracts for derivative financial instruments. Financial derivatives include foreign currency and interest rate swaps, currency forwards, forward rate agreements, foreign currency and interest rate options (both purchased and sold), futures and other derivative financial instruments. The Bank uses various types of derivative instruments in both its trading and hedging activities.

Financial derivative instruments entered into for trading or hedging purposes are initially recognised at cost (including transaction costs) at the balance sheet date and are subsequently remeasured and stated at fair value. Unrealised gains and losses are reported as *"Positive fair value of financial derivative transactions"* and *"Negative fair value of financial derivative transactions"*. Realised and unrealised gains and losses are recognised in the profit and loss account line *"Net profit or loss on financial operations"*, the only exception being unrealised gains and losses on cash flow hedges which are recognised in equity. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with gains and losses reported in the profit and loss account and the embedded instrument meets general criteria for recognition as a derivative.

A predominant portion of the Bank's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under the rules of IAS 39 and are therefore treated as derivatives held for trading with the related fair value gains and losses, as it the case with trading derivatives, reported in the profit and loss statement line *"Net profit or loss on financial operations"*.

### **Subordinated Loan**

The terms underlying the subordinated debt are as follows:

- (a) In the event that the Bank is forced into bankruptcy (A) the creditor is entitled to obtain performance under this agreement in relation to the loan by way of subordinate claim and this performance is conditional upon the aggregate recoveries from the sale of the Bank's assets being greater than the aggregate amount of claims of all the bankrupt's creditors of the Bank (conditional claim), and furthermore subject to the condition set out in (A) being met, the creditor is entitled to obtain performance under this agreement in relation to the loan solely up to the amount that would be obtained by it if the claims under this agreement in relation to the loan were satisfied proportionately and jointly with all subordinate claims that rank *pari passu* to the Bank's claims under this agreement in relation to the loan, and solely from that portion of the recoveries from the sale of the Bank's bankruptcy assets that is greater than the aggregate amount of non-subordinate claims of all bankrupt's creditors of the Bank; and



(b) With the Bank being placed into liquidation (once the bankruptcy has been completed or in any other manner), the creditor's entitlement to obtain performance under this agreement in relation to the loan is conditional upon all non-subordinate claims of all the Bank's creditors being fully settled.

The principal balance of the subordinated loan and relevant interest is recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of interest is reported as "*Subordinated loan*" on the face of the balance sheet. The amount of interest expense arising from subordinated deposits is recognised in the profit and loss account line "*Interest expense and similar expense*".

### **(g) Equity Investments**

Equity investments in subsidiary and associated undertakings and joint ventures are recorded at acquisition cost including transaction costs less provisions for any temporary diminution in value or write-offs for any permanent diminution in value.

An investment in a subsidiary is one in which the Bank holds, directly or indirectly, more than 50 percent of its share capital or in which the Bank can exercise more than 50 percent of the voting rights based on an agreement with another shareholder/owner, or where the Bank can appoint or dismiss a majority of the Board of Directors or Supervisory Board members.

An investment in an associate is one in which the Bank holds, directly or indirectly, 20 percent to 50 percent of its share capital or over which the Bank exercises significant influence through representation on the entity's statutory board, participation in the development of the entity's policy, significant transactions between the entity and the Bank, replacement of the entity's management by the Bank, and access to significant technical information of the entity.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Rights and obligations of parties to the joint venture are set out in a joint venture formation agreement. A joint venture has its own legal entity status.

At the financial statement date or interim financial statement date, the Bank assesses equity investments in subsidiary or associated undertakings and joint ventures for impairment. An equity investment is impaired if its carrying amount is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value and its value in use determined as a sum of discounted expected cash flows. Impairment of equity investments in subsidiary or associated undertakings is accounted for through the recognition of provisions.

Investments, in which the Bank has an equity interest less than 20 percent, are reported as "*Securities available for sale*" and are carried at fair value.

### **(h) Property and Equipment and Intangible Fixed Assets**

Property and equipment includes identifiable tangible assets with physical substance and with an estimated useful life exceeding one year and a cost greater than CZK 40,000.

Intangible fixed assets include identifiable assets without physical substance with an estimated useful life exceeding one year and a cost greater than CZK 60,000.

Property and equipment and intangible fixed assets are stated at historical cost less accumulated depreciation, amortisation and provisions and are depreciated or amortised when ready for use through the profit and loss account line "*General administrative expenses*" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of assets are as follows:

	<i>Depreciation period</i>	<i>Depreciation rate</i>
<i>Software</i>	<i>4 years</i>	<i>25%</i>
<i>Buildings</i>	<i>20 years</i>	<i>5%</i>
<i>Other (cars, furniture and fixtures, office equipment and computers)</i>	<i>4–5 years</i>	<i>20–25%</i>

Technical improvements on leasehold assets are depreciated on a straight line basis over the lease term or for 10 years in respect of lease arrangements for an indefinite period of time.

Land and works of art (irrespective of their cost) and assets under construction are not depreciated.

Intangible assets with a cost lower than CZK 60,000 and tangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition.

The Bank periodically reviews the utilisation of its assets and adjusts guidance on their depreciation treatment, as and when needed, in the internal guideline on asset depreciation. A change in the depreciation period is not considered a change of accounting policies but a change of accounting estimates.

The Bank's assets are regularly tested for impairment.

Repairs and maintenance are charged directly to the profit and loss account line "*General administrative expenses*" when the expenditure is incurred.

### **(i) Provisions**

Provisions are defined as liabilities of uncertain timing or amount. The Bank recognises a provision when, and only when:

- It has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

#### ***Provisions for Guarantees and Other Off Balance Sheet Credit Related Commitments***

In the normal course of business, the Bank enters into credit related commitments which are recorded in off balance sheet accounts and primarily include issued guarantees, loan commitments, undrawn loan facilities and confirmed open letters of credit, etc. Provisions are made for estimated losses on these commitments on a portfolio basis. Changes in these provisions are recognised in "*Change in provisions for credit risks*".

#### ***Other Provisions***

The recognition of other provisions (for outstanding vacation days, legal disputes, stabilisation, restructuring) is recorded in "*General administrative expenses*".

**(j) Transactions with Securities Undertaken on behalf of Clients**

Securities received by the Bank into custody, administration or safe-keeping are typically recorded at market or nominal values if the market value is not available and maintained off balance sheet. "Other liabilities" include the Bank's payables to clients arising from cash received to purchase securities or cash to be refunded to the client.

**(k) Segment Reporting**

Segment information is based on two segment formats. The primary format represents segmentation by type of customers. The customer segment format is provided in greater detail in Note 35 to the financial statements.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated to a segment. Segment assets and liabilities comprise those operating assets and liabilities that can be directly attributable to the segment or can be allocated to the segment on a reasonable basis.

**(l) Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded in the local currency at official exchange rates as announced by the CNB on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency at the CNB exchange rate prevailing at the balance sheet date. Realised and unrealised gains and losses on foreign exchange are recognised in the profit and loss account in "Net profit or loss on financial operations", with the exception of foreign exchange rate differences on equity investments denominated in foreign currencies which are reported at the historical exchange rate, foreign exchange rate differences on equity securities included in the available-for-sale portfolio which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into with a view to hedging currency risk associated with assets or liabilities whose foreign exchange rate differences are not reported in the profit and loss account.

**(m) Cash and Cash Equivalents**

The Bank considers cash and deposits with the CNB, treasury bills with a residual maturity of three months or less, nostro accounts with financial institutions and loro accounts with financial institutions to be cash equivalents. For the purposes of determining cash and cash equivalents, the minimum reserve deposit with the CNB is not included as a cash equivalent due to restrictions on its availability.

#### 4. CHANGES IN ACCOUNTING POLICIES IN 2007

In the year ended 31 December 2007, the Bank made no significant changes to its accounting policies, the only exception being the adoption of amendments to IFRS which came into effect in 2007:

*IFRS 7 Financial instruments: disclosures* (effective as of 1 January 2007) – The standard replaced the existing IAS 30 Disclosures in financial statements of banks and similar financial institutions and applies to all companies preparing their financial statements in accordance with IFRS.

*Amendments to IAS 1 - Presentation of Financial Statements on capital disclosures* (effective from 1 January 2007).

The adoption of the new accounting policies did not have a material impact on the Bank's financial statements.

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

- IFRS 8 – Operating Segments (effective 1 January 2008);
- IAS 23 (Revised) Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009;
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008); and
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).

These standards are not yet effective as of the reporting date. Endorsement by the EU is expected by the time the standards and interpretations become effective.

Management of the Bank consider that the impact of adopting the standards and interpretations that will become effective after 1 January 2008 will not have a material impact on the financial statements for the year ended 31 December 2007, including comparative information.

## 5. NET INTEREST INCOME

CZK thousand	2007	2006
<b>Interest income arising from</b>		
Loans and advances to financial institutions	663,989	568,106
Loans and advances to customers	4,490,024	2,897,051
Of which: default interest on impaired assets	56,255	61,819
Derivative financial instruments (non-trading)	0	1,388
Fixed income securities	61,894	29,388
<b>Total</b>	<b>5,215,907</b>	<b>3,495,933</b>
<b>Interest expense arising from</b>		
Deposits from financial institutions	(519,241)	(394,382)
Deposits from customers	(1,066,350)	(586,948)
Securities issued	(389,633)	(224,956)
Subordinated liabilities	(92,452)	(59,623)
Derivative financial instruments (non-trading)	0	(3,729)
<b>Total</b>	<b>(2,067,676)</b>	<b>(1,269,638)</b>
<b>Net interest income</b>	<b>3,148,231</b>	<b>2,226,295</b>

The increase in interest income arising from loans and advances to customers is attributable to the increase in the Bank's loan portfolio. The increase in interest income was predominantly due to the interest on mortgage loans of CZK 900,170 thousand (2006: CZK 471,418 thousand) and project financing loans of CZK 926,251 thousand (2006: CZK 480,258 thousand). The increase in interest expenses arising from deposits was primarily due to term deposits from customers of CZK 774,978 thousand (2006: CZK 363,120 thousand).

## 6. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

CZK thousand	2007	2006
<b>Changes in loan loss provisions</b>		
Charge for provisions	(1,370,552)	(817,450)
Release of provisions	662,755	380,870
Write-offs	(1,997)	(18,538)
Recoveries	957	1,240
<b>Provisions for off balance sheet credit risk exposures</b>		
Charge for provisions	(76,804)	(44,000)
Release of provisions	44,000	0
<b>Change in provisions for credit risk</b>	<b>(741,641)</b>	<b>(497,878)</b>

The increase in "Charge for provisions" is predominantly due to increase of loans and receivables of the Bank compared to 2006. Another impact arise from the charging of portfolio provisions for small business and corporate clients which were not recognised in the 2006 books.

## 7. NET FEE AND COMMISSION INCOME

CZK thousand	2007	2006
<b>Fee and commission income arising from</b>		
Payment transactions	579,555	479,485
Provided loans and guarantees	499,852	417,370
Securities transactions	62,894	65,344
Foreign currency transactions	490,011	354,642
Management, administration, custody and safe-keeping of assets	24,521	27,142
Other banking services	19,030	11,626
<b>Total</b>	<b>1,675,863</b>	<b>1,355,609</b>
<b>Fee and commission expense arising from</b>		
Payment transactions	(112,809)	(105,747)
Receiving of loans and guarantees	(55,277)	(19,000)
Securities transactions	(18,274)	(12,410)
Securitisation	(33,939)	(23,059)
Foreign currency transactions	(3,098)	(2,700)
Management, administration, custody and safe-keeping of assets	(2,478)	(13)
Mediation of the sale of the Bank's products	(287,618)	(132,443)
Other banking services	(31,213)	(23,678)
<b>Total</b>	<b>(544,206)</b>	<b>(319,050)</b>
<b>Net fee and commission income</b>	<b>1,131,657</b>	<b>1,036,559</b>

The increase in fee and commission income was primarily due to fees on mortgage loans of CZK 128,617 thousand (2006: CZK 57,386 thousand).

The increase in fee and commission expense was principally attributable to the commissions paid to third parties for the mediation of the sale of the Bank's products of CZK 287,618 thousand (2006: CZK 132,443 thousand), costs of using a refinancing agreement of CZK 39,209 thousand (2006: CZK 7,359 thousand) and fees paid in respect of the issuance and operation of payment cards of CZK 34,873 thousand (2006: CZK 25,604 thousand).

## 8. NET PROFIT OR LOSS ON FINANCIAL OPERATIONS

CZK thousand	2007	2006
<b>Net profit or loss on financial operations</b>		
Derivative transactions	98,841	(14,291)
Foreign currency transactions	250,630	194,332
Securities transactions	54,138	38,583
<b>Total</b>	<b>403,609</b>	<b>218,624</b>

## 9. DIVIDEND INCOME

CZK thousand	2007	2006
Income from associated undertakings	16,250	16,250
Income from other shares and participation interests	556	571
<b>Total</b>	<b>16,806</b>	<b>16,821</b>

“Income from associated undertakings” includes the income from Raiffeisen stavební spořitelna a.s.

## 10. OTHER OPERATING INCOME

CZK thousand	2007	2006
Income from non-banking activities	45,361	30,951
Gain from disposal of in-/tangible fixed assets	1,370	1,425
<b>Total</b>	<b>46,731</b>	<b>32,376</b>

## 11. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2007	2006
<b>Payroll costs (Note 12)</b>	<b>(1,650,409)</b>	<b>(1,126,188)</b>
<b>Operating expenses:</b>	<b>(1,039,970)</b>	<b>(949,856)</b>
Rental, repairs and other office management expenses	(232,236)	(206,464)
Advertising costs	(225,289)	(183,497)
Costs of legal and advisory services	(179,727)	(226,905)
IT support costs	(113,404)	(109,377)
Telecommunication, postal and other services	(76,275)	(73,402)
Deposit and transaction insurance	(63,800)	(46,735)
Training costs	(36,804)	(16,769)
Travel costs	(21,070)	(15,671)
Fuel	(16,337)	(13,567)
Security costs	(12,118)	(14,015)
Office equipment	(15,600)	(13,130)
Other administrative expenses	(47,310)	(30,324)
<b>Depreciation and amortisation of fixed assets (Notes 20 and 21)</b>	<b>(165,985)</b>	<b>(180,555)</b>
<b>Other operating expenses</b>	<b>(66,770)</b>	<b>(11,877)</b>
<b>Total</b>	<b>(2,923,134)</b>	<b>(2,268,476)</b>

The increase in general administrative expenses is predominantly attributable to the increase in payroll costs which are disclosed in greater detail in Note 12. Additionally, the Bank’s advertising costs increased to CZK 225,289 thousand (2006: CZK 183,497 thousand).

## 12. PAYROLL COSTS

CZK thousand	2007	2006
Wages and salaries	(1 201 530)	(816 447)
Social security and health insurance	(405 407)	(279 959)
Other staff costs	(43 472)	(29 782)
<b>Total</b>	<b>(1 650 409)</b>	<b>(1 126 188)</b>
<b>Of which wages and salaries paid to:</b>		
Members of the Board of Directors	(47 066)	(22 740)
Members of the Supervisory Board	(4 918)	(5 495)
Other members of management	(91 401)	(81 931)
<b>Total</b>	<b>(143 385)</b>	<b>(110 166)</b>

The average number of the Bank's employees as of 31 December 2007 and 2006 was as follows:

	2007	2006
Employees	1,627	1,336
Members of the Board of Directors	7	6
Members of the Supervisory Board	9	9
Other members of management	61	41

The financial arrangements between the Bank and members of the Board of Directors and Supervisory Board are disclosed in Notes 38b and 38c.

## 13. INCOME TAX

### (a) Income tax expense

CZK thousand	2007	2006
Current income tax payable	(305,000)	(226,180)
Tax overpayment/(underpayment) from the previous period	2,226	63,172
Provision for additional tax assessed	0	2,915
Deferred income tax credit/(charge)	664	(42,016)
<b>Total income tax</b>	<b>(302,110)</b>	<b>(202,109)</b>



The tax balance differs from the theoretical tax balance that would have been determined had the basic tax rate been used as follows:

CZK thousand	2007	2006
<b>Pre-tax profit (general tax base)</b>	<b>1,081,716</b>	<b>763,750</b>
Pre-tax profit (separate tax base)	542	571
<b>Tax calculated at the tax rate for the general tax base - 24%</b>	<b>(259,612)</b>	<b>(183,300)</b>
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(81)	(86)
Non-taxable income	61,160	32,960
Non-tax deductible expenses	(106,624)	(75,904)
Tax relief and credit	157	150
<b>Tax liability for the period</b>	<b>(305,000)</b>	<b>(226,180)</b>
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	2,226	63,172
Release of provision for additional tax assessed	0	2,915
Deferred tax	664	(42,016)
<b>Total income tax</b>	<b>(302,110)</b>	<b>(202,109)</b>
<b>Effective tax rate</b>	<b>27,91%</b>	<b>26,44%</b>

#### (b) Income tax liability

CZK thousand	2007	2006
Tax calculated at the tax rate for the general tax base – 24%	(304,919)	(226,094)
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(81)	(86)
<b>Tax liability for the period</b>	<b>(305,000)</b>	<b>(226,180)</b>
Additional current income tax assessment for previous years	0	2,915
Advances paid for current income tax	189,287	131,067
<b>Total income tax liability</b>	<b>115,713</b>	<b>92,198</b>

## 14. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2007	2006
Cash on hand and other cash equivalents	1,954,591	1,317,709
Balances with central banks	14,990	35,143
Statutory minimum reserves maintained with the CNB	103,876	330,952
<b>Total</b>	<b>2,073,457</b>	<b>1,683,804</b>

## 15. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

### (a) Types of Loans and Advances to Financial Institutions

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Placements with financial institutions</i>	631,776	1,456,018
<i>Term deposits with banks</i>	6,836,233	7,424,520
<i>Loans and other advances to financial institutions</i>	7,748,495	9,441,654
<b>Total</b>	<b>15,216,504</b>	<b>18,322,192</b>

### (b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2007 and 2006, the Bank reported no repurchase transactions.

The Bank advanced loans in the aggregate amount of CZK 3,408,020 thousand (2006: CZK 4,451,460 thousand) under reverse repurchase transactions.

## 16. LOANS AND ADVANCES TO CUSTOMERS

### (a) Classification of Loans and Advances to Customers

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Overdrafts</i>	8,528,640	5,903,275
<i>Term loans</i>	53,683,416	47,918,105
<i>Mortgage loans</i>	32,072,376	13,244,132
<i>Other</i>	2,779,896	1,186,722
<b>Total</b>	<b>97,064,328</b>	<b>68,252,234</b>

In 2007, the Bank restructured loans and advances to customers in the aggregate amount of CZK 296,112 thousand (2006: CZK 26,961 thousand).

### (b) Repurchase and reverse repurchase transactions

As of 31 December 2007 and 2006, the Bank reported no repurchase transactions. The Bank advanced loans in the aggregate amount of CZK 73,004 thousand (2006: CZK 1,500,761 thousand) under reverse repurchase transactions.

### (c) Analysis of Loans Provided to Customers by Sector

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Government sector</i>	1,023,838	527,277
<i>Loans to corporate entities</i>	58,863,115	47,115,407
<i>Loans to private individuals</i>	35,612,353	19,825,905
<i>Small and medium size enterprises (SME)</i>	1,284,046	665,008
<i>Other</i>	280,976	118,637
<b>Total</b>	<b>97,064,328</b>	<b>68,252,234</b>

**(d) Analysis of Loans Provided to Customers by Geographical Area**

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
Czech Republic	92,425,972	64,673,442
Slovakia	799,862	608,469
The Netherlands	341,259	327,383
Poland	180,999	162,392
Other EU member countries	1,974,236	1,250,939
Serbia and Montenegro	742,724	751,369
Russian Federation	162,984	21,431
Switzerland	86,055	284,785
Other (Canada, USA, Ukraine, United Arab Emirates etc. )	350,237	172,024
<b>Total</b>	<b>97,064,328</b>	<b>68,252,234</b>

**(e) Aging Analysis of Loans Provided to Customers**

Set out below is an aging analysis of loans provided to customers which are overdue but not impaired, including their collateral:

<i>CZK thousand</i>	<b>Overdue loans and receivables</b>		<b>Collateral</b>	
<b>Overdue in days</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
0 – 30	267,303	130,503	45,476	51,741
31 – 90	1,440	13,602	410	5,732
91 – 180	0	760	0	23
181 – 360	0	38,346	0	21,385
1 Year – 5 Years	3	0	0	0
Over 5 Years	0	5,783	0	2

**(f) Securitisation**

In March 2006, the Bank completed a synthetic securitisation of the Corporate Banking and SME Banking loans portfolio in the original volume of EUR 183 million (refer to Note 37). The entire transaction will mature in 2016. At the end of 2006, the loan portfolio included in this securitisation amounted to EUR 185 million and increased to EUR 212 million in December 2007.

**(g) Syndicated Loans**

Pursuant to concluded syndicated loan agreements, the Bank acted as the arranger of syndicated loans in the original aggregate amount of total credit limits of CZK 5,430,986 thousand as at 31 December 2007 (2006: CZK 6,001,589 thousand), of which the proportion of the Bank amounted to CZK 2,023,866 thousand (2006: 2,236,102 thousand) and the proportion of other syndicate members amounted to CZK 3,407,120 thousand (2006: CZK 3,765,487 thousand).

As of 31 December 2007, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 3,830,927 thousand (2006: CZK 2,532,234 thousand), of which the proportion of the Bank was CZK 1,246,623 thousand (2006: CZK 1,079,604 thousand) and the proportion of other syndicate members was CZK 2,584,304 thousand (2006: CZK 1,452,630).

The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

**(h) Analysis of Loans and Advances to Customers by Sector and Type of Collateral**

<b>2007</b>	<b>Cash collateral</b>	<b>State guarantees</b>	<b>Bank Guarantee</b>	<b>Real Estate</b>	<b>Company Guarantee</b>	<b>Bill guarantees</b>	<b>Personal guarantee</b>	<b>Movable assets</b>	<b>Uncollateralised</b>	<b>Total</b>
Agriculture, Hunting, Forestry And Fishing	7,055	361,627	72,870	77,659	36,687	182,509	367,041	66,170	34,940	<b>1,206,558</b>
Mining And Quarrying	0	51,634	2,950	1,351	0	16,324	13,220	0	618	<b>86,097</b>
Manufacturing	90,582	2,499,314	496,273	1,375,300	884,176	3,092,935	3,145,516	1,457,926	1,664,206	<b>14,706,228</b>
Electricity, Gas And Water Supply	0	83,853	17,523	4,037	0	19,597	551,766	39,429	253,636	<b>969,841</b>
Construction	0	361,908	44,047	184,701	96	225,160	279,561	0	148,981	<b>1,244,454</b>
Wholesale And Retail Trade; Repair Of Motor Vehicles, Motorcycles And Personal And Household Goods	413,677	522,600	1,033,768	890,234	824,744	1,019,017	1,197,393	413,746	541,931	<b>6,857,110</b>
Hotels And Restaurants	21,737	0	3,385	1,256,809	0	501,821	110,971	0	115,573	<b>2,010,296</b>
Transport, Storage And Communication	0	9,270	682	59,120	115,624	445,539	145,088	0	47,641	<b>822,964</b>
Financial Intermediation	1,566	83,853	683,399	10,022	7,469	46,908	13,000	0	607,950	<b>1,454,167</b>
Real Estate	862,276	1,032,045	4,008,175	10,224,290	2,628,620	2,816,206	2,427,886	645,630	5,149,855	<b>29,794,983</b>
Public Administration And Defence; Compulsory Social Security	0	0	0	125,280	0	353,187	31,003	431,845	82,523	<b>1,023,838</b>
Education	0	0	0	2,309	0	3,930	1,824	0	34,447	<b>42,510</b>
Health And Social Work	0	128,775	110,708	98,391	0	54,376	22,192	177	7,646	<b>422,265</b>
Other Community, Social And Personal Service Activities	132	83,853	70,622	130,568	0	257,995	51,789	1,775	123,412	<b>720,146</b>
Private Households With Employed Persons	73,018	0	0	30,127,513	29,600	27,912	41,543	0	5,403,285	<b>35,702,871</b>
<b>Total</b>	<b>1,470,043</b>	<b>5,218,732</b>	<b>6,544,402</b>	<b>44,567,584</b>	<b>4,527,016</b>	<b>9,063,416</b>	<b>8,399,793</b>	<b>3,056,698</b>	<b>14,216,644</b>	<b>97,064,328</b>

2006	Cash collateral	State guarantees	Bank Guarantee	Real Estate	Company Guarantee	Bill guarantees	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry And Fishing	19,632	263,384	91,872	53,955	57,527	91,998	289,912	103,055	42,880	<b>1,014,215</b>
Mining And Quarrying	0	0	0	780	0	1,293	8,009	0	114	<b>10,196</b>
Manufacturing	7,491	2,406,798	334,703	1,428,685	1,309,893	2,096,707	3,456,960	883,841	937,950	<b>12,863,028</b>
Electricity, Gas And Water Supply	633,673	86,609	43,357	2,120	2,603	13,913	607,314	71,230	34,922	<b>1,495,741</b>
Construction	2,000	253,883	29,891	140,222	74,336	256,254	348,761	15,809	36,923	<b>1,158,079</b>
Wholesale And Retail Trade; Repair Of Motor Vehicles, Motorcycles And Personal And Household Goods	441,923	543,047	556,639	979,984	788,908	681,845	1,345,537	429,756	932,688	<b>6,700,327</b>
Hotels And Restaurants	15,453	57,671	4,887	1,007,770	4,387	503,595	93,072	0	71,966	<b>1,758,801</b>
Transport, Storage And Communication	0	16,113	3,739	59,717	277,892	78,149	221,177	36	43,032	<b>699,855</b>
Financial Intermediation	15,000	173,219	1,118,477	3,894	93,901	8,228	265,620	0	422,315	<b>2,100,654</b>
Real Estate	1,593,286	790,132	3,318,836	6,682,644	1,445,504	1,343,766	1,190,771	355,154	2,591,330	<b>19,311,423</b>
Public Administration And Defence; Compulsory Social Security	265	0	0	168,168	0	344,342	22,123	0	2,728	<b>537,626</b>
Education	0	0	0	140	0	3,838	1,303	0	13,237	<b>18,518</b>
Health And Social Work	0	89,782	125,755	66,739	0	111,909	19,775	124	3,527	<b>417,611</b>
Other Community, Social And Personal Service Activities	6,776	20,738	12,002	446,488	44,853	199,986	163,097	5,118	194,023	<b>1,093,081</b>
Private Households With Employed Persons	1,925	0	0	15,669,585	30,786	987	46	6,603	3,363,147	<b>19,073,079</b>
<b>Total</b>	<b>2,737,424</b>	<b>4,701,376</b>	<b>5,640,158</b>	<b>26,710,891</b>	<b>4,130,590</b>	<b>5,736,810</b>	<b>8,033,477</b>	<b>1,870,726</b>	<b>8,690,782</b>	<b>68,252,234</b>

## 17. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

CZK thousand	2007	2006
<b>Balance at 1 January</b>	<b>(1,452,931)</b>	<b>(1,151,173)</b>
Creation of provisions	(1,370,552)	(817,450)
Release of provisions	662,755	380,870
Usage of provisions	61,428	129,272
FX gains from provisions denominated in foreign currency	4,193	5,550
<b>Balance at 31 December</b>	<b>(2,095,107)</b>	<b>(1,452,931)</b>

## 18. SECURITIES

### (a) Portfolio Classification of Securities according to the Bank's Intent

CZK thousand	2007	2006
<b>Securities held for trading</b>	<b>558,534</b>	<b>547,759</b>
of which:		
- Debt securities	539,008	540,631
- Shares and participation certificates	19,526	7,128
<b>Other securities at fair value through profit or loss</b>	<b>1,148,622</b>	<b>636,840</b>
of which:		
- Debt securities	864,317	506,610
- Shares and participation certificates	284,305	130,230
<b>Securities at fair value through profit or loss</b>	<b>1,707,156</b>	<b>1,184,599</b>
<b>Securities available for sale</b>	<b>382</b>	<b>2,734</b>
<b>Total</b>	<b>1 707 538</b>	<b>1 187 333</b>

Securities at fair value through profit or loss include State Bonds of CZK 406,389 thousand (2006: CZK 506,298 thousand) which may be used for refinancing with central banks.

### (b) Investment Securities – Available for Sale

The Bank owns minority interests in SWIFT and VISA with a carrying value of CZK 382 thousand (2006: CZK 2,734 thousand – SWIFT, MASTERCARD INTERCORPORATE and VISA). In November 2007, all of the MasterCard shares were sold and were derecognised from the Bank's books. The income from the sale of the MasterCard shares and the revaluation of the shares recognised in equity over the holding period, were recognised in the Bank's income statement as at the sale date.

### (c) Securities Pledged as Security

As of 31 December 2007 and 2006, the Bank reported no securities pledged as collateral.

## 19. EQUITY INVESTMENTS

### (a) Equity Investments

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<b>Balance at 1 January</b>	<b>304,160</b>	<b>304,160</b>
Acquisition of equity investments	55,839	-
<b>Balance at 31 December</b>	<b>359,999</b>	<b>304,160</b>

### (b) Subsidiaries (Equity Investments with Controlling Influence)

CZK thousand

<b>Name</b>	<b>Registered office</b>	<b>Equity</b>	<b>Of which Share capital</b>	<b>Share of share capital</b>	<b>Share of voting power</b>	<b>Carrying amount</b>
MB Leasing a.s.	Mladá Boleslav, T.G. Masaryka 1076	22,521	60,000	100%	100%	40,884
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	53,189	479	20%	20%	55,839
<b>Provisions</b>						<b>(20,000)</b>
<b>Total at 31 December 2007</b>						<b>76,723</b>
MB Leasing a.s.	Mladá Boleslav, T.G. Masaryka 1076	22,521	60,000	100%	100%	40 884
<b>Provisions</b>						<b>(20,000)</b>
<b>Total at 31 December 2006</b>						<b>20 884</b>

#### **MB Leasing a.s.**

As of 1 April, the company was placed into liquidation. The liquidation process is anticipated to be completed in early 2008.

#### **Czech Real Estate Fund B.V. – principal activities:**

- Real estate activities; and
- Business, financial, organisational and economic advisory

The other shareholder having a share in the equity and voting powers in Czech Real Estate Fund B.V. is NOTIC Finance B.V.

The Bank presents its investments in the real estate fund Czech Real Estate Fund B.V. as an equity investment in a subsidiary undertaking. While the Bank holds only 20 percent of the issued share capital of the fund and does not have a majority of voting rights or Board representations, the Bank receives the major part of returns. The second shareholder of Czech Real Estate Fund B.V. bears a minor part of the risks and receives a smaller part of the returns.

**(c) Associates (Equity Investments with Substantial Influence)**

CZK thousand

Name	Registered office	Equity	Of which Share capital	Share of share capital	Share of voting power	Carrying amount
Raiffeisen stavební spořitelna a.s.	Koněvova 2747/99, Praha 3	1,317,941	650,000	25%	25%	258,088
<b>Balance at 31 December 2007 &amp; 2006</b>						<b>258,088</b>

**Raiffeisen stavební spořitelna a.s. – principal activities:**

- Provision of construction savings services in terms of Section 1 of the Construction Savings and Construction Savings State Support Act No. 96/1993 Coll., and the performance of activities listed in Section 9 (1) of Act No. 96/1993 Coll.

The other shareholder having a share in the equity and voting powers in Raiffeisen stavební spořitelna a.s. is Raiffeisen Bausparkasse GmbH..

**(d) Joint Ventures**

CZK thousand

Name	Registered office	Equity	Of which Share capital	Share of share capital	Share of voting power	Carrying amount
Raiffeisen-Leasing, s.r.o.	Olbrachtova 2006/9, Praha 4	175,011	50,000	50%	50%	25,188
<b>Balance at 31 December 2007 &amp; 2006</b>						<b>25,188</b>

**Raiffeisen-Leasing, s.r.o. – principal activities:**

- Lease of movable and immovable assets;
- Real estate agent;
- Purchase of goods for resale and sale with the exception of goods listed in the Appendix to Act No. 455/91 Coll., and goods eliminated thereunder;
- Agency activities related to sale and services;
- Book-keeping;
- Provision of loans and credits from own resources; and
- Provision of software.

The other shareholder having a share in the equity and voting powers in Raiffeisen-Leasing, s.r.o. is Raiffeisen-Leasing International Gesellschaft GmbH.



## 20. INTANGIBLE FIXED ASSETS

CZK thousand	Software	Intangible assets under construction	Total
<b>Cost</b>			
1 January 2006	298,866	41,981	340,847
Additions	39,109	38,287	77,396
Transfers	38,044	(38,100)	(56)
Disposals	(76,903)	(289)	(77,192)
<b>31 December 2006</b>	<b>299,116</b>	<b>41,879</b>	<b>340,995</b>
1 January 2007	299,116	41,879	340,995
Additions	52,525	70,853	123,378
Transfers	36,954	(36,954)	0
<b>31 December 2007</b>	<b>388,595</b>	<b>75,778</b>	<b>464,373</b>
<b>Accumulated amortisation and provisions</b>			
1 January 2006	(188,821)	0	(188,821)
Additions	(66,460)	0	(66,460)
Disposals	75,288	0	75,288
<b>31 December 2006</b>	<b>(179,993)</b>	<b>0</b>	<b>(179,993)</b>
1 January 2007	(179,993)	0	(179,993)
Additions	(68,266)	0	(68,266)
<b>31 December 2007</b>	<b>(248,259)</b>	<b>0</b>	<b>(248,259)</b>
<b>Net book value</b>			
<b>31 December 2006</b>	<b>119,123</b>	<b>41,879</b>	<b>161,002</b>
<b>31 December 2007</b>	<b>140,336</b>	<b>75,778</b>	<b>216,114</b>

## 21. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
<b>Cost</b>					
1 January 2006	266,739	125,593	556,999	29,930	<b>979,261</b>
Additions	809	3,080	47,961	25,551	<b>77,401</b>
Transfers	757	3,308	9,468	(13,478)	<b>55</b>
Disposals	(5,461)	(669)	(33,374)	(10,452)	<b>(49,956)</b>
<b>31 December 2006</b>	<b>262,844</b>	<b>131,312</b>	<b>581,054</b>	<b>31,551</b>	<b>1,006,761</b>
1 January 2007	262,844	131,312	581,054	31,551	<b>1,006,761</b>
Additions	7,542	5,673	50,874	48,388	<b>112,477</b>
Transfers	13,265	4,142	8,669	(26,076)	<b>0</b>
Disposals	(3,171)	(6,374)	(31,215)	(5,549)	<b>(46,309)</b>
<b>31 December 2007</b>	<b>280,480</b>	<b>134,753</b>	<b>609,382</b>	<b>48,314</b>	<b>1,072,929</b>
<b>Accumulated depreciation and provisions</b>					
1 January 2006	(118,068)	(101,606)	(435,537)	0	<b>(655,211)</b>
Additions	(20,465)	(12,362)	(81,268)	0	<b>(114,095)</b>
Disposals	2,802	669	31,693	0	<b>35,164</b>
<b>31 December 2006</b>	<b>(135,731)</b>	<b>(113,299)</b>	<b>(485,112)</b>	<b>0</b>	<b>(734,142)</b>
1 January 2007	(135,731)	(113,299)	(485,112)	0	<b>(734,142)</b>
Additions	(23,633)	(9,403)	(64,683)	0	<b>(97,719)</b>
Disposals	1,662	6,174	29,060	0	<b>36,896</b>
<b>31 December 2007</b>	<b>(157,702)</b>	<b>(116,528)</b>	<b>(520,735)</b>	<b>0</b>	<b>(794,965)</b>
<b>Net book value</b>					
<b>31 December 2006</b>	<b>127,113</b>	<b>18,013</b>	<b>95,942</b>	<b>31,551</b>	<b>272,619</b>
<b>31 December 2007</b>	<b>122,778</b>	<b>18,225</b>	<b>88,647</b>	<b>48,314</b>	<b>277,964</b>

The figures presented under "Transfers" represent reclassifications between individual classes of assets.

### (b) Property and Equipment Acquired under Finance Leases

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2007 and 2006.

## 22. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 21 percent (tax rate of 2008), deferred taxation on certain provisions was calculated using the tax rate of 2009 and 2010, i.e. 20 percent and 19 percent (2006: 24 percent), respectively, on the grounds of prudence.

Deferred income tax assets are as follows:

CZK thousand	2007	2006
Unpaid interest and health insurance	20,447	13,329
Outstanding vacation days	5,424	5,234
Other provisions	27,218	17,864
Differences between accounting and tax carrying amounts of tangible and intangible assets	0	1,643
<b>Total deferred tax asset</b>	<b>53,089</b>	<b>38,070</b>

Deferred income tax liabilities are as follows::

CZK thousand	2007	2006
Outstanding default interest	0	(3,211)
Differences between accounting and tax carrying amounts of tangible and intangible assets	(17,566)	0
Change in revaluation of securities available for sale	0	(452)
<b>Total deferred tax liability</b>	<b>(17,566)</b>	<b>(3,663)</b>

Set out below is the calculation of a net deferred tax asset/(liability):

CZK thousand	2007	2006
Balance at 1 January	38,070	76,875
Movement for the year - income/(expense)	15,019	(38,805)
<b>Total deferred tax asset</b>	<b>53,089</b>	<b>38,070</b>
Balance at 1 January	(3,663)	0
Movement for the year - income/(expense)	(14,355)	(3,211)
Movement for the year - equity	452	(452)
<b>Total deferred tax liability</b>	<b>(17,566)</b>	<b>(3,663)</b>
<b>Net deferred tax asset/(liability)</b>	<b>35,523</b>	<b>34,407</b>

The deferred tax (charge)/credit in the profit and loss account comprises the following temporary differences:

CZK thousand	2007	2006
Basis for deferred tax asset/(liability)	173,180	143,362
Deferred tax asset/(liability)	35,523	34,407
Recognition of a year-on-year difference due to the change of tax rate	(4,909)	0
Recognition of a year-on-year difference due to temporary differences in profit or loss	5,573	(42,016)
Recognition of a year-on-year difference due to temporary differences in equity	452	(452)
<b>Total year-on-year difference for recognition</b>	<b>1,116</b>	<b>(42,468)</b>

## 23. OTHER ASSETS

CZK thousand	2007	2006
Indirect tax assets	475	1,826
Receivables arising from non-banking activities	103,300	99,554
Deferred expenses and accrued income	23,679	29,149
Settlement of cash transactions with other banks	666,518	37,636
Other	96,948	71,204
<b>Total</b>	<b>890,920</b>	<b>239,369</b>

“Receivables arising from non-banking activities” as of 31 December 2007 include prepayments from operating activities in the amount of CZK 24,731 thousand (2006: CZK 86,663 thousand). The increase in the balance presented as “Other” is due to the increase in settlement of payments by cards, CZK 28,221 thousand (2006: CZK 10,994 thousand), and other operating receivables..

## 24. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2007	2006
<b>Repayable on demand</b>	<b>1,067,430</b>	<b>1,107,150</b>
<b>Term deposits at banks</b>	<b>13,006,616</b>	<b>12,212,622</b>
Within 3 months	7,370,507	6,808,143
From 3 months to 1 year	4,518,348	983,310
From 1 to 5 years	1,117,761	4,421,169
<b>Total</b>	<b>14,074,046</b>	<b>13,319,772</b>

## 25. AMOUNTS OWED TO CUSTOMERS

### (a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2007	2006
Repayable on demand	43,307,378	34,649,588
Term deposits with maturity	28,955,427	21,632,866
Repayable on notice	0	189,705
Other	2,267	2,483
<b>Total</b>	<b>72,265,072</b>	<b>56,474,642</b>

### (b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2007	2006
Public sector	10,997,128	7,751,717
Deposits from corporate clients	35,143,777	25,605,388
Deposits to private individuals	22,584,174	22,259,311
Small and medium size enterprises (SME)	2,998,503	517,634
Other	541,490	340,592
<b>Total</b>	<b>72,265,072</b>	<b>56,474,642</b>

## 26. DEBT SECURITIES ISSUED

### (a) Analysis of Issued Debt Securities by Type

CZK thousand	2007	2006
Deposit certificates and deposit bills of exchange	7,726,664	5,096,016
Bonds in issue	1,212,118	556,692
Mortgage bonds	8,244,355	4,623,071
<b>Total</b>	<b>17,183,137</b>	<b>10,275,779</b>

**(b) Analysis of Mortgage Bonds**

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2007	2006	2006	2005
18.2.2004	18.2.2009	CZ0002000326	CZK	499,500	500,000	515,770	516,465
23.8.2004	23.8.2009	CZ0002000417	CZK	370,000	500,000	381,291	519,116
23.3.2005	23.3.2010	CZ0002000482	CZK	499,350	500,000	533,244	541,369
21.11.2005	21.11.2010	CZ0002000698	CZK	339,850	600,000	352,472	629,103
24.5.2006	24.5.2011	CZ0002000805	CZK	403,170	498,210	429,649	538,106
4.10.2006	4.10.2011	CZ0002000888	CZK	965,000	1,800,000	1,001,188	1,878,912
16.2.2007	16.2.2012	CZ0002000946	CZK	1,300,000	0	1,421,815	0
12.9.2007	12.9.2012	CZ0002001175	CZK	1,814,500	0	1,908,066	0
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	0	1,560,820	0
20.12.2007	20.12.2017	CZ0002001928	CZK	130,000	0	140,040	0
<b>Total</b>				<b>7,839,170</b>	<b>4,398,210</b>	<b>8,244,355</b>	<b>4,623,071</b>

In 2007, the number of issued pieces of the following issues of mortgage bonds decreased:

- 1) CZ0002000417 - the original number of 50,000 securities decreased to 37,000 securities
- 2) CZ0002000698 – the original number of 60,000 securities decreased to 34,000 securities
- 3) CZ0002000805 - the original number of 50,000 securities decreased to 40,500 securities
- 4) CZ0002000888 – the original number of 180,000 securities decreased to 96,500 securities

**27. PROVISIONS**

CZK thousand

	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for outstanding vacation days	Provision for restructuring	Other provisions	Total
1 January 2006	6,646	0	17,104	0	9,296	33,046
Charge for provisions	2,295	44,000	21,807	19,000	1,782	88,884
Use of provisions	(1,067)	0	(17,104)	0	0	(18,171)
Release of redundant provisions	0	0	0	0	(2,500)	(2,500)
<b>31 December 2006</b>	<b>7,874</b>	<b>44,000</b>	<b>21,807</b>	<b>19,000</b>	<b>8,578</b>	<b>101,259</b>
1 January 2007	7,874	44,000	21,807	19,000	8,578	101,259
Charge for provisions	7,826	76,804	25,826	0	40,359	150,815
Use of provisions	0	0	(21,807)	(237)	(4,750)	(26,794)
Release of redundant provisions	(75)	(44,000)	0	(12,000)	(270)	(56,345)
<b>31 December 2007</b>	<b>15,625</b>	<b>76,804</b>	<b>25,826</b>	<b>6,763</b>	<b>43,917</b>	<b>168,935</b>

The provision for restructuring was created for severance payments related to re-organisation of the risk management area as a consequence of integration with eBanka a.s. This process has not yet been completed. The provision will be fully released when the process of integration is finished.

## 28. SUBORDINATED LOAN

CZK thousand	2007	2006
<i>Raiffeisen Zentralbank Österreich</i>	1,164,050	1,635,578
<i>Raiffeisenlandesbank Oberösterreich</i>	789,798	0
<i>Raiffeisenlandesbank Niederösterreich</i>	527,757	0
<i>Raiffeisen Malta Bank Plc</i>	757,450	0
<b>Total</b>	<b>3,239,055</b>	<b>1,635,578</b>

During 2007, the subordinated loan increased by CZK 1,603,477 thousand. As of 31 December 2007, the aggregate amount of the principal of the subordinated loan was CZK 3,190,780 thousand (2006: CZK 1,607,495 thousand).

## 29. OTHER LIABILITIES

CZK thousand	2007	2006
<i>Liabilities arising from non-banking activities</i>	420,485	282,807
<i>Estimated payables for bonuses</i>	375,566	201,903
<i>Accrued expenses</i>	232	7,746
<i>Deferred income</i>	18,605	16,838
<i>Settlement and suspense clearing account</i>	472,326	986,094
<i>Other</i>	145,210	285,710
<b>Total</b>	<b>1,432,415</b>	<b>1,781,098</b>

The aggregate decrease in other liabilities is due to the balance of the settlement and suspense clearing account of CZK 472,326 thousand (2006: CZK 986,094 thousand). Liabilities arising from non-banking activities primarily represent an estimate for the insurance fund of CZK 63,800 thousand (2006: CZK 44,000 thousand) and estimates for undelivered operating invoices.

## 30. SHARE CAPITAL

On 26 October 2007, an extraordinary General Meeting of the Bank approved an increase in the share capital from CZK 3,614,000 thousand to CZK 4,889,000 thousand through an issue and subscription of new shares. The shareholder structure did not change during 2007. The aggregate nominal value of all the shares was fully paid before the end of 2007. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital to CZK 4,889,000 thousand was recorded in the Register of Companies in Prague following the resolution of the court dated 26 November 2007. The resolution came into legal effect on 26 November 2007.

The shareholder structure as of 31 December 2007:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership percentage (in %)
Raiffeisen International Bank-Holding AG	Austria	249,339	2,493,390	51
RB Prag Beteiligungs GmbH	Austria	122,225	1,222,250	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	117,336	1,173,360	24
<b>Celkem</b>		<b>488,900</b>	<b>4,889,000</b>	<b>100</b>

In 2007, the General Meeting approved the reallocation of the full amount of capital funds to retained earnings of CZK 117,817 thousand and approved distribution of the 2006 profit as follows:

<b>2006 net profit after tax</b>	<b>562,212</b>
Approved distribution:	
Transfer to statutory reserve funds	28,111
Dividends to be paid to shareholders	83,090
of which:	
- Raiffeisen International Bank-Holding AG	42,376
- RB Prag Beteiligungs GmbH	20,772
- Raiffeisenlandesbank Niederösterreich – Wien AG	19,942
Transfer to retained earnings	451,011

### 31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year as shown in the statements of cash flows are composed of the following balances:

CZK thousand	2007	2006
Cash and balances with central banks (Note 14)	2,073,457	1,683,804
Required minimum reserves (Note 14)	(103,876)	(330,952)
Nostro accounts with financial institutions (Note 15)	631,776	1,456,018
<b>Total cash and cash equivalents</b>	<b>2,601,357</b>	<b>2,808,870</b>

### 32. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

#### (a) Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2007. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Bank recognised provisions (Note 27) for these litigations in the aggregate amount CZK 15,625 thousand (2006: CZK 7,874 thousand).



As of 31 December 2007, the Bank assessed lawsuits filed against other entities. The review of significant litigation matters in respect of third parties indicates that these will not materially affect the Bank's financial position.

The Bank does not disclose the details of individual ongoing disputes, as the disclosure may impact the final result of the disputes and damage the interests of the Bank.

### (b) Irrevocable Commitments, Guarantees and Issued Letters of credit

CZK thousand	2007	2006
<b>Banks</b>		
Provided commitments	102,108	6,170
Guarantee issued	4,847	9,123
Letters of credit issued	420	0
<b>Total</b>	<b>107,375</b>	<b>15,293</b>
<b>Customers</b>		
Provided commitments	16,308,164	11,201,330
Guarantee issued	3,144,205	1,384,058
Letters of credit issued	959,280	218,848
<b>Total</b>	<b>20,411,649</b>	<b>12,804,236</b>
<b>Total</b>	<b>20,519,024</b>	<b>12,819,529</b>

### (c) Refinancing Agreements

As of 31 December 2007, the Bank is provided with a stand-by credit line facility of CZK 13,310,000 (EUR 500,000 thousand) (2006: CZK 1,429,740 thousand, EUR 52,000 thousand) by Raiffeisen Zentralbank Österreich Aktiengesellschaft.

## 33. OFF BALANCE SHEET COMPONENTS – FINANCIAL INSTRUMENTS

### (a) Analysis of Derivative Financial Instruments – Contractual Amounts

CZK thousand	Contractual amounts	
	2007	2006
<b>Trading instruments</b>		
Cross-currency swaps	102,159	345,929
Currency forwards and swaps	36,593,562	16,172,473
Interest rate swaps (IRS)	43,856,934	38,735,169
Forward rate agreements (FRA)	200,500,000	171,045,000
Option contracts (purchase)	10,201,915	9,691,820
Option contracts (sale)	10,092,095	9,679,429
<b>Total trading instruments</b>	<b>301,346,665</b>	<b>245,669,820</b>
<b>Financial derivatives - total contractual amount</b>	<b>301,346,665</b>	<b>245,669,820</b>

The Bank reported no hedging instruments in 2007 and 2006.

**(b) Analysis of Derivative Financial Instruments – Fair Value**

CZK thousand	Fair value in 2007		Fair value in 2006	
	Positive	Negative	Positive	Negative
<b>Trading instruments</b>				
Cross-currency swaps	2,649	(2,759)	9,372	(9,260)
Currency forwards and swaps	390,631	(541,343)	128,348	(245,449)
Interest rate swaps (IRS)	173,538	(168,739)	194,820	(241,545)
Forward rate agreements (FRA)	117,381	(106,607)	133,531	(123,884)
Option contracts (purchase)	331,116	0	206,855	0
Option contracts (sale)	0	(320,679)	0	(203,036)
<b>Total trading instruments</b>	<b>1,015,315</b>	<b>(1,140,127)</b>	<b>672,926</b>	<b>(823,174)</b>
<b>Financial derivatives - total fair value</b>	<b>1,015,315</b>	<b>(1,140,127)</b>	<b>672,926</b>	<b>(823,174)</b>

The Bank reported no hedging instruments in 2007 and 2006.

**(c) Remaining Maturity of Financial Derivative Instruments – Contractual Amounts**

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
	<b>At 31 December 2007</b>			
<b>Trading instruments</b>				
Cross-currency swaps	102,159	0	0	102,159
Currency forwards and swaps	33,400,738	3,192,824	0	36,593,562
Interest rate swaps (IRS)	17,184,243	23,222,042	3,450,649	43,856,934
Forward rate agreements (FRA)	124,000,000	76,500,000	0	200,500,000
Option contracts (purchase)	7,313,947	2,887,968	0	10,201,915
Option contracts (sale)	7,309,243	2,782,852	0	10,092,095
<b>Total trading instruments</b>	<b>189,310,330</b>	<b>108,585,686</b>	<b>3,450,649</b>	<b>301,346,665</b>
<b>Total financial derivatives</b>	<b>189,310,330</b>	<b>108,585,686</b>	<b>3,450,649</b>	<b>301,346,665</b>
<b>At 31 December 2006</b>				
<b>Trading instruments</b>				
Cross-currency swaps	0	345,929	0	345,929
Currency forwards and swaps	15,890,886	281,587	0	16,172,473
Interest rate swaps (IRS)	20,041,291	16,981,964	1,711,914	38,735,169
Forward rate agreements (FRA)	105,195,000	65,850,000	0	171,045,000
Option contracts (purchase)	5,329,407	4,362,413	0	9,691,820
Option contracts (sale)	5,363,329	4,316,100	0	9,679,429
<b>Total trading instruments</b>	<b>151,819,913</b>	<b>92,137,993</b>	<b>1,711,914</b>	<b>245,669,820</b>
<b>Total financial derivatives</b>	<b>151,819,913</b>	<b>92,137,993</b>	<b>1,711,914</b>	<b>245,669,820</b>

The Bank reported no hedging instruments in 2007 and 2006.

**(d) Summary of Future Cash Flows of Net Settled Derivatives**

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>Trading instruments</b>						
Interest rate swaps (IRS)	82,121	67,675	23,742	(88,586)	(73,419)	(6,734)
Forward rate agreements (FRA)	72,218	45,163	0	(67,174)	(39,433)	0
<b>Total trading instruments</b>	<b>154,339</b>	<b>112,838</b>	<b>23,742</b>	<b>(155,760)</b>	<b>(112,852)</b>	<b>(6,734)</b>
<b>Financial derivatives – total contractual cash flows</b>	<b>154,339</b>	<b>112,838</b>	<b>23,742</b>	<b>(155,760)</b>	<b>(112,852)</b>	<b>(6,734)</b>

**(e) Summary of Future Cash Flows of Gross Settled Derivatives**

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>Trading instruments</b>						
Cross-currency swaps	102,159	0	0	(102,159)	0	0
Currency forwards and swaps	33,400,738	3,192,824	0	(33,547,301)	(3,181,225)	0
Option contracts (purchase)	7,313,947	2,887,968	0	(7,280,493)	(2,481,247)	0
Option contracts (sale)	7,278,314	2,481,247	0	(7,309,243)	(2,782,852)	0
<b>Total trading instruments</b>	<b>48,095,158</b>	<b>8,562,039</b>	<b>0</b>	<b>(48,239,196)</b>	<b>(8,445,324)</b>	<b>0</b>
<b>Financial derivatives – total contractual cash flows</b>	<b>48,095,158</b>	<b>8,562,039</b>	<b>0</b>	<b>(48,239,196)</b>	<b>(8,445,324)</b>	<b>0</b>

**34. OTHER OFF BALANCE SHEET ASSETS****(a) Assets Provided for Management, Administration and Custody**

In the years ended 31 December 2007 and 2006, the Bank provided no assets for management, administration and custody.

**(b) Assets Accepted for Management, Administration and Custody**

CZK thousand	2007	2006
Assets accepted for management	3,128,364	2,585,395
Assets accepted for administration	9,282,698	10,052,702
Assets accepted for custody	50	50
<b>Total</b>	<b>12,411,112</b>	<b>12,638,147</b>

### 35. SEGMENT ANALYSIS

#### (a) Geographic Segments

The Bank carries out activities solely on the territory of the Czech Republic and pursues no activities abroad.

#### (b) Segments by Type of Client

Primary reporting under IAS 14 is based on the internal management system, provided by Raiffeisen International Bank-Holding AG whose primary reporting format is principally client-oriented. Business segments are represented as follows:

- Retail banking;
- SME banking;
- Corporate banking; and
- Other.

The Retail banking segment generally includes all private individuals including VIP clients and own employees. This segment mainly involves standardised products, such as savings accounts, deposit and current accounts, client loans and mortgages, overdraft facilities, credit cards and other credit and deposit products.

The SME banking segment entails all medium-sized entities with an annual turnover of up to CZK 250 million. The Corporate banking segment involves transactions with corporate clients, public sector and financial institutions. This segment also includes small subsidiaries of large companies.

The "Other" segment mainly includes Treasury and Investment Banking, as well as other positions, such as profit sharing, and other non-interest companies constituting assets and liabilities which cannot be allocated to the above segments.

Treasury includes own positions in on-balance sheet products and also in interest rates of off balance sheet currency products (derivatives). All of this includes interest rate transactions, foreign FX transactions, liquidity management, and asset and liability management.

CZK thousand	<b>Retail banking</b>	<b>SME banking</b>	<b>Corporate banking</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2007</b>					
Income generated outside segments (external income)	1,252,633	876,302	1,875,145	696,222	4,700,302
<b>Total gross income</b>	<b>1,252,633</b>	<b>876,302</b>	<b>1,875,145</b>	<b>696,222</b>	<b>4,700,302</b>
Segment profit	(138,616)	107,285	845,356	222,872	1,036,897
Other income	0	0	0	45,361	45,361
Tax				(302,110)	(302,110)
<b>Profit or loss</b>					<b>780,149</b>
<i>Other information</i>					
Average assets by segment	23,784,491	6,503,914	55,461,164	19,330,447	105,080,016
Average liabilities by segment	24,651,962	12,644,665	39,546,682	28,236,707	105,080,016
Reserves and provisions for credit risks	205,726	74,787	433,837	27,291	741,641

CZK thousand	<b>Retail banking</b>	<b>SME banking</b>	<b>Corporate banking</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2006</b>					
Income generated outside segments (external income)	954,705	600,151	1,494,919	448,524	3,498,299
<b>Total gross income</b>	<b>954,705</b>	<b>600,151</b>	<b>1,494,919</b>	<b>448,524</b>	<b>3,498,299</b>
Segment profit	(157,647)	9,127	687,988	193,901	733,369
Other income				30,952	30,952
Tax				(202,109)	(202,109)
<b>Profit or loss</b>					<b>562,212</b>
<i>Other information</i>					
Average assets by segment	14,180,903	4,494,286	44,212,558	18,403,754	81,291,501
Average liabilities by segment	20,799,842	9,979,401	29,121,745	21,390,513	81,291,501
Reserves and provisions for credit risks	144,799	84,205	262,398	6,476	497,878

### 36. FINANCIAL INSTRUMENTS – MARKET RISK

The Bank takes on exposure to market risks arising from open positions of transactions with interest rate, equity and currency instruments which are sensitive to the changes of conditions on financial markets.

#### (a) Trading

The Bank holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Bank's trading activities are conducted on the basis of the requirements of the Bank's clients. The Bank maintains the admission to the financial markets through the quoting of bid and ask prices and by trading with other market makers. The Bank's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Bank manages risks associated with its trading activities on the level of individual risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 36 (c).

#### (b) Risk Management

The selected risks exposures resulting from the Bank's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 36 (c).

#### Liquidity Risk

Liquidity risk arises from the type of funding of the Bank's activities and the management of its positions. It includes both the risk of inability to raise funds to cover the Bank's assets using instruments with appropriate maturity and the Bank's ability to dispose of/sell assets at a reasonable price within a reasonable time frame.

The Bank has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Bank's equity. This diversification makes the Bank flexible and reduces its dependency on one source of funding. The Bank regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Bank's liquidity risk management strategy, which is approved by the Bank's Board of Directors. As part of its liquidity risk management strategy, the Bank also holds a portion of its assets in highly liquid funds, such as government treasury bills and similar bonds and/or repurchase transactions with the Czech National Bank. The Bank uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 33 (d) and 33 (e).

### Analysis of financial liabilities according to residual maturity

CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
<b>2007</b>					
Amounts owed to financial institutions	15,888,171	9,477,897	5,074,270	1,336,004	0
Amounts owed to customers	72,308,508	70,183,479	2,063,308	58,004	3,717
Debt securities issued	18,939,533	7,801,866	283,706	8,494,202	2,359,759
Subordinated loan	4,372,362	15,539	93,235	745,877	3,517,712
Other liabilities	1,432,415	1,432,415	0	0	0
Provided loan commitments to customers	16,410,272	16,410,272	0	0	0
<b>2006</b>					
Amounts owed to financial institutions	15,036,672	8,969,945	4,802,324	1,264,403	0
Amounts owed to customers	56,508,586	54,847,892	1,612,460	45,330	2,905
Debt securities issued	11,326,131	4,665,635	169,660	5,079,663	1,411,172
Subordinated loan	1,635,578	5,813	34,876	279,012	1,315,877
Other liabilities	1,781,098	1,781,098	0	0	0
Provided loan commitments to customers	11,207,501	11,207,501	0	0	0

### Interest Rate Risk

The Bank is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Bank is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The Bank's interest rate risk management activities are aimed at optimising the Bank's net interest income in accordance with its strategy approved by the Board of Directors, and hedge the Bank's position against the fluctuations of interest rates. In managing the interest rate risk, the Bank uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates (for example on current accounts).

The Bank mostly uses interest rate derivatives to manage the mismatch between the rate-sensitivity of assets and liabilities. These derivative transactions are entered into in accordance with the asset and liability management strategy as approved by the Board of Directors of the Bank.

Part of the Bank's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. The table below presents the mismatch in individual currencies expressed in terms of sensitivity to interest rate curve shifts (BPV – refer to "Risk Management Methods" in Note 36 (c)). The carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are recorded either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

### Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Bank's portfolio and financial derivatives related to these instruments. This risk predominantly arises from trading with equity instruments although a portion of equity exposure is also attributable to non-trading activities of the Bank. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 36 (c).

### Fair Values of Financial Instruments

CZK thousand	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Loans and advances to financial institutions	15,216,504	15,226,567	18,322,192	18,318,318
Loan and advances to customers	97,064,328	98,719,307	68,252,234	69,439,354
<b>Liabilities</b>				
Amounts owed to financial institutions	14,074,046	13,968,759	13,319,772	13,177,927
Amounts owed to customers	72,265,072	72,246,613	56,474,642	56,459,388
Debt securities issued	17,183,137	16,944,966	10,275,779	10,282,530
Subordinated loan	3,239,055	3,550,236	1,635,578	1,790,157

### (c) Risk Management Methods

The Bank's risk management concentrates on the management of overall net exposure resulting from the Bank's assets and liabilities structure. The Bank monitors interest rate risk by observing excess rate-sensitive assets or rate-sensitive liabilities in individual time buckets. For hedge accounting purposes, the Bank identifies specific assets/liabilities causing this mismatch in order to meet the hedge accounting criteria. The Bank uses a set of limits for individual positions and portfolios to facilitate effective market risk management. These limits consist of limits set by the Bank in a standardised way for the whole CEE region and internal limits that reflect the specifications of local markets to which the Bank is exposed.

The Bank monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates and equity market prices).

CZK thousand	At 31 December 2007	Average in 2007	At 31 December 2006	Average in 2006
<b>Total market risk VaR</b>	6,387	6,566	4,777	5,878

### Interest Rate Risk

The Bank monitors interest rate risk of the banking book and the trading book separately, at the level of individual currencies. The interest rate position is monitored based on a gap analysis method, in combination with the sensitivity of the overall position to the shift in the interest rate curve (BPV). The gap analysis is based on the net position of notional values presented in a yearly equivalent (that is, the position converted to the risk of the yearly interest rate instrument using a duration coefficient). The BPV technique (basis point value) involves determining the change of the present value of the portfolio when interest rates shift by one basis point (0.01 percent). These techniques are complemented by monitoring interest rate risks using Value at Risk.

CZK thousand	At 31 December 2007	Average in 2007	At 31 December 2006	Average in 2006
<b>Total interest rate risk VaR</b>	6,157	6,563	4,771	5,806
Interest rate risk VaR – banking book	5,334	5,854	5,021	5,253
Interest rate risk VaR – trading book	3,247	3,234	1,054	1,922

### Currency Risk

The Bank uses a set of limits established by reference to the standards of the Raiffeisen Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulatory body. These techniques are complemented by monitoring currency risks using Value at Risk.

CZK thousand	At 31 December 2007	Average in 2007	At 31 December 2006	Average in 2006
<b>Currency risk VaR</b>	656	855	400	519

### Equity Risk

Market risks arising from the Bank's equity trading activities are managed using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level.

CZK thousand	At 31 December 2007	Average in 2007	At 31 December 2006	Average in 2006
<b>Equity risk VaR</b>	270	298	104	599

### Stress Testing

The Bank performs regular stress testing of interest rate risk inherent in the banking and trading portfolios, the currency risk and the equity risk. The results of stress tests are submitted to the Assets and Liabilities Committee (ALCO) on a regular basis.

### Operational Risk

In accordance with Basel II requirements, operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Bank assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimisation of these risks. In 2007, operational risk management activities predominantly focused on the implementation of a group-wide Basel II project. While the Bank intends to apply the standardised approach to calculating capital adequacy, it also strives to investigate the possible way of implementing the advanced (AMA) approach.



The Bank has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

Operational risk management primarily draws upon collection of data on losses caused by operational risks, risk self-assessment and key risk indicators.

The objective of collecting data on operational risk events is not just to accumulate information but, in more complex cases, to analyse the causes of such events, and also propose and implement measures aimed at preventing further occurrence of such events.

Risk self-assessment is designed to identify areas with a high operational risk within the Bank. The Bank (as well as the whole Raiffeisen Group) is part of the KRI initiative organised by the Risk Management Association. This initiative involves, among others, the standardised methodology for risk self-assessment and reporting of results thereof.

In respect of areas with an identified significant risk the Bank has implemented a set of key risk indicators that serve as an early warning system and as a measure of operational risk taken.

As part of further procedures, the Bank plans to implement a set of key risk indicators, particularly for segments where high risk is involved, which will serve as an early warning system and criteria for evaluating operational risk exposure.

### **37. FINANCIAL INSTRUMENTS – CREDIT RISK**

The Bank takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities are managed using the methods and instruments applied by the Bank in managing its market risk exposures.

#### **(a) Assessment and Classification of Receivables**

The Bank assesses its receivables in accordance with the principles determined by the CNB's Regulation dated 15 May 2007 on the rules of prudent business of banks, savings and lending associations and securities traders (Collection of Laws No. 123/2007), and also in accordance with IFRS and IAS 39 standards and internal regulations.

The Bank assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to Regulation of the Czech National Bank No. 123. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard ("A"), watch ("B"), substandard ("C"), doubtful ("D"), and loss ("E"). Substandard, doubtful and loss receivables are aggregately designated as bad receivables. If the Bank records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating

The classification is performed on a monthly basis, with the key criteria being:

- Number of days past maturity;
- Financial position of the debtor– client rating;
- Restructuring of the repayment schedule;
- Declaration of bankruptcy, placement in the settlement proceedings, filing a criminal complaint by the Bank against individuals; and
- Other individually assessed events relating to the anticipated customer’s compliance with contractual obligations

### **(b) Provisioning for Receivables**

For provisioning purposes, receivables from non-retail clients, that is, clients of the corporate and SME segments, are assessed on an individual basis and the Bank creates the so-called individual provisions. All significant exposures are assessed individually on a monthly basis by the Problem Loan Committee and the assessment takes into account expected cashflows as analysed by internal experts. Provisions are made after all available information, including the estimated value of collateral and expected duration of recovery process, is considered.

Provisions for retail loans are recognised on a portfolio basis for receivables included in the A category and individually for loans classified as B – E. Provisioning levels are determined according to the statistically estimated cash flows. For this purpose, receivables are split into portfolios by product and the number of overdue days.

The level of individual provisions is determined as equal to the difference between the carrying amount of a receivable and the present value of future cash flows of the receivable discounted using the original effective interest rate. The value of the future cash flows is derived from the anticipated repayment schedule of the loan established either on the basis of the data entered in the banking system (‘contractual cash flow’) or on the basis of an expert assessment of the current financial health of the client (including the cash flows arising from a possible realisation of collateral, repayment of the outstanding balance using the proceeds from the bankruptcy or settlement proceedings or gains on the sale of receivables). The individual approach is additionally reflected in the probability of default by the client depending on its rating and in the anticipated amount of the loss arising on the realisation of collateral upon the client’s default (loss given default).

The Bank determines provisions for receivables on a monthly basis.

### **(c) Evaluation of Collateral**

Generally, the Bank requires collateral for loans granted to certain debtors prior to the issuance of the loan. For the purpose of calculating provisioning levels, the Bank considers the following types of collateral as eligible collateral which reduces gross credit exposure:

- Cash;
- Real estate;
- First-class receivables;
- Bank guarantee;
- Guarantee provided by a reputable third party;
- Machinery and equipment – movable assets;
- First-class securities; and
- Inventory and commodities.

In arriving at the realisable value of collateral, the Bank refers to expert valuation reports and/or internal assessments prepared by a specialised department of the Bank. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Bank’s ability to realise the collateral as

and when required. The Bank regularly reviews and updates collateral values and correction coefficients depending on the type and quality of the collateral, but at least on an annual basis.

#### **(d) Credit Risk Measurement Methods**

The principal credit risk management methods in retail banking include application and behavioural scoring and/or rating. The risks are managed on a portfolio level through the portfolio management approach, regular monitoring of the portfolio quality development, and prediction of potential future loss development.

#### **(e) Concentration of Credit Risk**

The Bank maintains a system of internal limits for individual countries, sectors and clients in order to prevent significant concentration of credit risk. As of the balance sheet date, the Bank recorded no significant credit risk concentration exposure to an individual client or an economically connected entity.

Credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Note 16 d.

#### **(f) Recovery of Receivables**

The Bank has special functions in place which are responsible for the recovery and administration of distressed receivables. These functions undertake legal steps, perform the restructuring of receivables, communicate with problematic clients etc. in order to achieve maximum recovery, including collateral recovery, and representing the Bank in creditors' committees if clients are declared bankrupt.

#### **(g) Securitisation**

In 2006, the Bank undertook a synthetic securitisation of its loan portfolio from the Corporate Banking and SME Banking segments.

The Bank entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. Kreditanstalt für Wiederaufbau (KfW), with the involvement of European Investment Fund, became the investor. Dresdner Bank AG acted as the arranger and Clifford Chance acted as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction will mature in 2016 and its original volume is EUR 450 million, of which EUR 183 million and EUR 267 million relate to the Group and Raiffeisen Bank Polska S.A., respectively.

#### **(h) Portfolio quality**

In year 2007 the bank started to review information about quality of Bank's portfolio. This information are provided to Board of the Bank.

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group in the interval from 1 to 5, where 1 represents excellent credit standing and 5 represents default.

CZK thousand

Rating	2007	2006
1,0	276,789	207,247
1,5	1,975,062	1,736,221
2,0	9,923,814	7,837,469
2,5	8,363,895	5,841,908
3,0	19,819,323	11,354,738
3,5	11,952,955	9,482,137
4,0	5,376,391	8,276,701
4,5	2,433,581	3,156,126
5,0	1,477,799	372,184
UNRATED	1,467,007	986,267
Retail	33,997,712	19,001,235
<b>Total</b>	<b>97,064,328</b>	<b>68,252,234</b>

The UNRATED category consists of zero risk transactions where the whole exposition is secured by collateralised securities or cash deposits. Since 1 January 2008 all exposures without any exceptions have proper ratings assigned.

#### (i) Credit quality of undue and unimpaired loans to customers

The Bank has following undue and unimpaired financial assets according to its rating:

CZK thousand

Rating	2007	2006
1,0	267,145	201,154
1,5	1,972,850	1,711,672
2,0	9,858,051	7,802,725
2,5	8,158,702	5,569,811
3,0	19,712,723	10,587,282
3,5	11,254,085	7,550,763
4,0	4,387,109	5,246,419
4,5	393,724	1,089,605
5,0	63,945	0
UNRATED	1,177,901	809,529
Retail	29,040,393	14,584,151
<b>Total of unimpaired and undue loans to customers</b>	<b>86,286,628</b>	<b>55,153,112</b>
<b>Total of impaired and overdue loans to customers</b>	<b>10,777,700</b>	<b>13,099,122</b>
<b>Total of loans to customers</b>	<b>97,064,328</b>	<b>68,252,234</b>

## 38. RELATED PARTY TRANSACTIONS

### (a) Related Party Transactions

31 December 2007

CZK thousand	Equity investments	Shareholders and controlling entities	Other	Total
Receivables	585,680	2,116,574	4,665,577	7,367,831
Payables	380,416	6,079,954	2,852,930	9,313,300
Subordinated loan	0	2,481,605	757,450	3,239,055
Guarantees issued	0	34,962	4,000	38,962
Guarantees received	0	5,954,597	0	5,954,597
Dividend income	16,250	0	0	16,250
Interest income	20,707	77,794	201,502	300,003
Interest expense	(11,602)	(243,856)	(42,899)	(298,353)
Fee and commission income	2,489	688	8,467	11,644
Fee and commission expense	0	(13,346)	(47,064)	(60,410)
Net profit or loss on financial operations	(14,977)	(11,996)	(2,127)	(29,100)

The receivables are principally composed of the following deposits with:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,114,335 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 2,140 thousand;
- Tatra banka a.s. in the total amount of CZK 580,797 thousand;
- eBanka, a.s. in the amount of CZK 11,659 thousand; and
- Raiffeisen Banka d.d. in the amount of CZK 3,868,824 thousand.

The payables are mainly composed of the following short-term deposits of:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 5,658,451 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 347,647 thousand;
- eBanka, a.s. in the amount of CZK 2,603,268 thousand; and
- Tatra banka a.s. in the amount of CZK 100,173 thousand.

Subordinated loans from:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,164,050 thousand;
- Raiffeisen Malta Bank in the amount of CZK 757,450 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 527,757 thousand; and
- Raiffeisenlandesbank Österreich in the amount of CZK 789,798 thousand.

Dividend income from:

- Raiffeisen stavební spořitelna a.s. in the amount of CZK 16,250 thousand.

**31 December 2006**

CZK thousand	<i>Equity investments</i>	<i>Shareholders and controlling entities</i>	<i>Other</i>	<i>Total</i>
<i>Receivables</i>	9,636	856,221	5,972,241	<b>6,838,098</b>
<i>Payables</i>	416,146	6,685,012	1,191,155	<b>8,292,313</b>
<i>Subordinated loan</i>	0	1,635,578	0	<b>1,635,578</b>
<i>Guarantees issued</i>	0	0	8,249	<b>8,249</b>
<i>Guarantees received</i>	0	5,665,577	550,070	<b>6,215,647</b>
<i>Dividend income</i>	16,250	0	0	<b>16,250</b>
<i>Interest income</i>	1,195	24,791	141,949	<b>167,935</b>
<i>Interest expense</i>	(344)	(207,121)	(21,432)	<b>(228,897)</b>
<i>Fee and commission income</i>	367	19,679	4,132	<b>24,178</b>
<i>Fee and commission expense</i>	0	(7,359)	(7,386)	<b>(14,745)</b>
<i>Net profit or loss on financial operations</i>	579	35,823	6,420	<b>42,822</b>

The receivables are composed of the following balances:

1. Short-term term deposits with
  - Raiffeisen Zentralbank Österreich AG in the amount of CZK 472,946 thousand;
  - Raiffeisenlandesbank Niederösterreich – Wien AG (shareholder) in the amount of CZK 335,000 thousand; and
  - Tatra banka a.s. in the total amount of CZK 764,716 thousand.
2. Blocked account with
  - eBanka, a.s. in the amount of CZK 1,114,221 thousand.
3. Long-term loan to
  - Raiffeisen Krekova banka d.d. in the amount of CZK 3,986,775 thousand.

The payables are composed of the following short-term deposits of:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 5,677,332 thousand;
- Raiffeisenbank Austria, Moscow branch, in the amount of CZK 160,745 thousand;
- Raiffeisen Bank Rt. in the amount of CZK 30,000 thousand;
- eBanka, a.s. in the amount of CZK 1,150,000 thousand;
- Raiffeisen stavební spořitelna a.s. in the amount of CZK 350,000 thousand; and
- MB Leasing a.s. in the amount of CZK 16,500 thousand.

Subordinated loan from:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,635,578 thousand.

Dividend income from:

- Raiffeisen stavební spořitelna a.s. in the amount of CZK 16,250 thousand.

**(b) Receivables from Parties with a Special Relation to the Bank**

CZK thousand	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
<i>At 31 December 2006</i>	5,102	3,788	28,463
<b><i>At 31 December 2007</i></b>	<b>9,163</b>	<b>9,520</b>	<b>63,619</b>

This amounts presented in the table mainly involve consumer and mortgage loans. The loans are provided under arm's length conditions.

**(c) Payables to Parties with a Special Relation to the Bank**

CZK thousand	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
<i>At 31 December 2006</i>	5,299	878	20,311
<b><i>At 31 December 2007</i></b>	<b>2,367</b>	<b>3,491</b>	<b>27,352</b>

Members of Board of Directors held no shares of the Bank. Remuneration of the members of the Board of Directors is disclosed in Note 12.

**39. POST BALANCE SHEET EVENTS**

No significant events that would have a material impact on the financial statements for the year ended 31 December 2007 occurred subsequent to the balance sheet date.

## Information about capital

	<i>individual</i>	<i>consolidated</i>
<b>Information about capital (CZK thousand)</b>	<b>31. Dec. 2007</b>	<b>31. Dec. 2007</b>
a) aggregate amount of original capital (tier 1)	6,147,978	8,021,333
b) aggregate amount of additional capital (tier 2)	2,165,531	3,585,770
c) aggregate amount of capital designed to cover market risks (tier 3)	0	0
d) aggregate amount of all deductible items	216,114	517,244
e) aggregate amount of capital after the consideration of deductible items and stipulated limits applicable to additional capital	8,313,509	11,607,103

<b>Information about capital requirements (CZK thousand)</b>	<b>31. Dec. 2007</b>	<b>31. Dec. 2007</b>
Amount of capital requirements		
Aggregate amount of capital requirements	7,669,497	9,866,814
a1) related to credit risks based on BASEL1	7,320,639	8,597,485
a2) related to standardized credit risks		834,604
b) related to settlement risk	0	0
c) related to position, foreign exchange and commodity risks	348,858	356,198
d) related to operational risks	0	78,527
e) related to exposure risk in trading portfolio	0	0
f) related to other instruments in the trading portfolio	0	0
g) temporary capital adequacy	0	0

<b>Ratio indicators</b>	<i>individual</i>
a) capital adequacy ratio	8.67
b) return on average assets (ROAA)	0.74
c) return on average equity (ROAE)	16.16
d) assets per one employee	50,722.19
e) administrative expenses per one employee	1,252.50
f) net profit or loss per one employee	338.90



## **Raiffeisenbank a.s.**

Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2007

### **Components of the consolidated financial statements:**

- Consolidated profit and loss accounts
- Consolidated balance sheets
- Consolidated statements of changes in equity
- Consolidated cash flow statements
- Notes to the consolidated financial statements

These consolidated financial statements were prepared and approved by the Board of Directors of the Bank on 31 March 2007.

### **Statutory body of the reporting entity**



Lubor Žalman  
Chairman of the Board of Directors  
and Chief Executive Officer



Rudolf Rabiňák  
Member of the Board of Directors

## Consolidated Profit and Loss Account

For the Year Ended 31 December 2007

CZK thousand	Note	2007	2006
Interest income and similar income	7	5,337,718	3,627,533
Interest expense and similar expense	7	(2,144,866)	(1,323,327)
<b>Net interest income</b>		<b>3,192,852</b>	<b>2,304,206</b>
Change in provisions for credit risks	8	(745,005)	(512,925)
<b>Net interest income after provisions for credit risks</b>		<b>2,447,847</b>	<b>1,791,281</b>
Fee and commission income	9	1,684,196	1,367,211
Fee and commission expense	9	(554,422)	(329,805)
<b>Net fee and commission income</b>		<b>1,129,774</b>	<b>1,037,406</b>
Net profit on financial operations	10	406,281	212,258
Dividend income	11	556	571
Other operating income	12	240,312	111,741
General administrative expenses	13	(3,152,961)	(2,381,911)
<b>Operating profit</b>		<b>1,071,809</b>	<b>771,346</b>
Share in income of associated undertakings	21	49,902	33,692
<b>Profit/loss before income tax</b>		<b>1,121,711</b>	<b>805,038</b>
Income tax	15	(303,681)	(212,774)
<b>Net profit for the year attributable to the Group's shareholders</b>		<b>818,030</b>	<b>592,264</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Balance Sheet

As of 31 December 2007

CZK thousand	Note	2007	2006
<b>ASSETS</b>			
Cash and balances with central banks	16	2,073,583	1,683,989
Loans and advances to financial institutions	17	14,697,511	18,350,164
Loans and advances to customers	18	99,826,005	70,402,628
Provisions for losses on loans and advances to customers	19	(2,252,679)	(1,620,110)
Positive fair value of financial derivative transactions	35	1,015,169	671,040
Securities at fair value through profit or loss	20	1,707,156	1,184,599
Securities available for sale	20	407	2,734
Equity investments in associates and unconsolidated entities	21	346,745	329,685
Intangible fixed assets	22	236,990	166,071
Property and equipment	23	990,138	377,869
Investment property	23	54,822	51,328
Deferred tax asset	24	36,385	35,325
Other assets	25	1,151,015	415,918
<b>TOTAL ASSETS</b>		<b>119,883,247</b>	<b>92,051,240</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Amounts owed to financial institutions	26	16,694,909	15,365,517
Amounts owed to customers	27	72,252,313	56,528,944
Negative fair value of financial derivative transactions	35	1,131,601	821,659
Issued debt securities	28	17,183,137	10,275,779
Income tax liability	15	115,967	93,030
Deferred tax liability	24	33,425	3,912
Provisions	29	181,409	106,994
Subordinated debt	30	3,239,055	1,635,578
Other liabilities	31	1,700,382	1,861,756
<b>TOTAL LIABILITIES</b>		<b>112,532,198</b>	<b>86,693,169</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	32	4,889,000	3,614,000
Other capital funds		0	117,817
Foreign exchange rate gains or losses		(3,692)	0
Statutory reserve fund		200,989	163,163
Valuation gains or losses		(19,523)	(2,561)
Retained earnings		1,462,553	873,388
<b>Profit for the year</b>		<b>818,030</b>	<b>592,264</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>7,351,049</b>	<b>5,358,071</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>119,883,247</b>	<b>92,051,240</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2007

CZK thousand	Share capital	Other capital funds	Statutory reserve fund	Gains and losses from revaluation	Retained earnings	Profit for the period	Total equity
<b>Balance at 1 Jan 2006</b>	<b>2,500,000</b>	<b>117,817</b>	<b>121,601</b>	<b>(1,707)</b>	<b>548,843</b>	<b>403,257</b>	<b>3,689,811</b>
Increase in the capital	1,114,000	0	0	0	0	0	1,114,000
Dividends	0	0	0	0	0	(37,150)	(37,150)
Allocation to reserve funds	0	0	41,562	0	0	(41,562)	0
Allocation to retained earnings	0	0	0	0	324,545	(324,545)	0
Gains/(losses) from the revaluation of securities available for sale	0	0	0	(854)	0	0	(854)
Net profit for the period	0	0	0	0	0	592,264	592,264
<b>Balance at 31 Dec 2006</b>	<b>3,614,000</b>	<b>117,817</b>	<b>163,163</b>	<b>(2,561)</b>	<b>873,388</b>	<b>592,264</b>	<b>5,358,071</b>
Increase in the capital	1,275,000	0	0	0	0	0	1,275,000
Dividends	0	0	0	0	0	(83,090)	(83,090)
Allocation to reserve funds	0	0	37,826	0	0	(37,826)	0
Allocation to retained earnings	0	(117,817)	0	0	589,165	(471,348)	0
Gains/(losses) from the revaluation of securities available for sale	0	0	0	(16,962)	0	0	(16,962)
Net profit for the period	0	0	0	0	0	818,030	818,030
<b>Balance at 31 Dec 2007</b>	<b>4,889,000</b>		<b>200,989</b>	<b>(19,523)</b>	<b>1,462,553</b>	<b>818,030</b>	<b>7,351,049</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Consolidated Cash Flow Statement

For the Year Ended 31 December 2007

CZK thousand

	2007	2006
<b>Profit before tax</b>	<b>1,121,711</b>	<b>805,038</b>
<b>Adjustments for non-cash transactions</b>		
Creation of provisions for loans, advances and other assets	712,201	487,677
Depreciation and amortisation of assets	191,616	188,600
Creation of other provisions	134,023	71,426
Change in fair values of financial derivatives	(34,188)	(16,418)
Unrealised gain/loss on revaluation of securities	(33,230)	(17,509)
Dividends received	(556)	(571)
Gain on the sale of tangible and intangible assets	(683)	(2,728)
Gain on the sale of business	(1,060)	(18,075)
Gain on associates	(49,902)	(33,692)
Other non-cash changes	(97,411)	174,267
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,942,521</b>	<b>1,638,015</b>
<b>Cash flows from operating activities</b>		
(Increase)/decrease in operating assets		
Mandatory minimum reserve deposits with the CNB	227,076	434,980
Loans and advances to financial institutions	2,271,181	6,730,710
Loans and advances to customers	(29,045,954)	(22,111,511)
Securities	(686,793)	279,974
Other assets	(736,514)	18,881
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	1,336,657	2,164,936
Amounts owed to customers	15,657,922	8,086,184
Other liabilities	(161,369)	683,997
<b>Net cash flow from operating activities before income tax</b>	<b>(9,195,273)</b>	<b>(2,073,834)</b>
Income taxes paid	(282,995)	(154,865)
<b>Net cash flow from operating activities</b>	<b>(9,478,268)</b>	<b>(2,228,699)</b>
<b>Cash flows from investing activities</b>		
Net cash flow from the purchase of business	(18,639)	10,347
Net cash flow from the sale of part of business	(1,274)	2,293
Dividends received from associates	16,250	16,250
Purchase of property and equipment and intangible assets	(568,910)	(237,074)
Income from the sale of fixed assets	3,471	7,006
Other dividends received	556	571
<b>Net cash flow from investing activities</b>	<b>(568,546)</b>	<b>(200,607)</b>

## Cash Flow Statement

For the Year Ended 31 December 2006

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<b>Cash flows from financing activities</b>		
<i>Share capital increase</i>	1,275,000	1,114,000
<i>Dividends paid</i>	(83,090)	(37,150)
<i>Bonds in issue</i>	6,516,365	1,443,408
<i>Increase of subordinated loan</i>	1,583,311	238,309
<b>Net cash flow from financing activities</b>	<b>9,291,586</b>	<b>2,758,567</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(755,228)</b>	<b>329,261</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,837,027</b>	<b>2,507,766</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,081,799</b>	<b>2,837,027</b>

The accompanying notes are an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

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## 1. PARENT COMPANY INFORMATION

Raiffeisenbank a.s. (henceforth the "Bank"), having its registered office address at Olbrachtova 2006/9, Prague 4, 140 21, corporate ID (IČ): 49240901, was established as a joint stock company in the Czech Republic. The Bank was entered in the Register of Companies maintained at the Municipal Court in Prague on 25 June 1993, Section B, File No. 2051.

### *Principal activities of the Bank according to the bank licence granted by the Czech National Bank:*

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
  - Main investment services under Section 8 (2) (a) – (e) of Act No. 591/1992 Coll., as amended;
  - Additional investment services under Section 8 (3) (a) – (g);
- Issuance of mortgage bonds;
- Financial brokerage;
- Depositary activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes; and
- Activities directly relating to the activities listed in the bank licence.

### *In addition to the licence to pursue bank operations, the Bank:*

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider since 30 July 2005.

The performance or provision of the Bank's activities and services were not restricted or suspended by the relevant authorities.

The Bank is subject to the regulatory requirements of the Czech National Bank (henceforth the "CNB"). These regulations include those pertaining to minimum capital adequacy requirements, classification of loans and off balance sheet commitments, credit risk connected with clients of the Bank, liquidity, interest rate risk and foreign currency position.

On 24 July 2006, Raiffeisen International Bank-Holding AG, the majority shareholder of the Bank, entered into an agreement on the sale of the shares of eBanka, a.s. with Česká Pojišťovna a.s. The transaction involving the sale of 100 percent of eBanka's issued share capital was completed on 24 October 2006 following the payment of the purchase price and transfer of shares. While eBanka, a.s. is not included in the consolidation group of the Bank as of 31 December 2007, eBanka, a.s. became part of the Raiffeisen financial group as of 24 October 2006.

Pursuant to the acquisition of the Bank, an integration process was launched in the Bank and in eBanka a.s. with Raiffeisenbank a.s. becoming the successor company. The principal objective of this process involves merging the two banks as of 7 July 2008 or no later than 30 September 2008 (in accordance with the statutory deadline) with the effective date on 1 January 2008. Based on the above-mentioned information, both merging banks have unified their accounting policies and methodologies since the effective date.

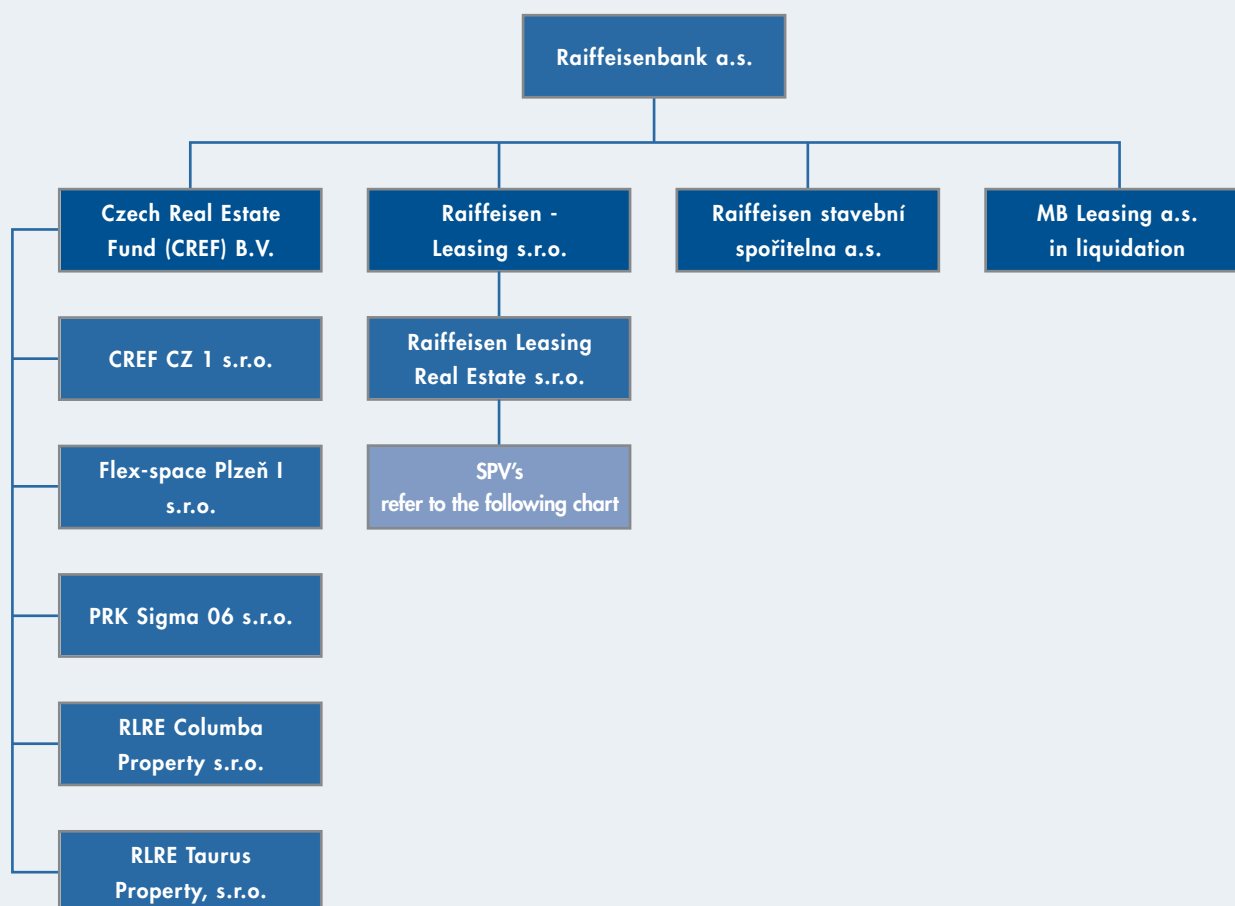
## 2. SHAREHOLDERS OF THE PARENT COMPANY

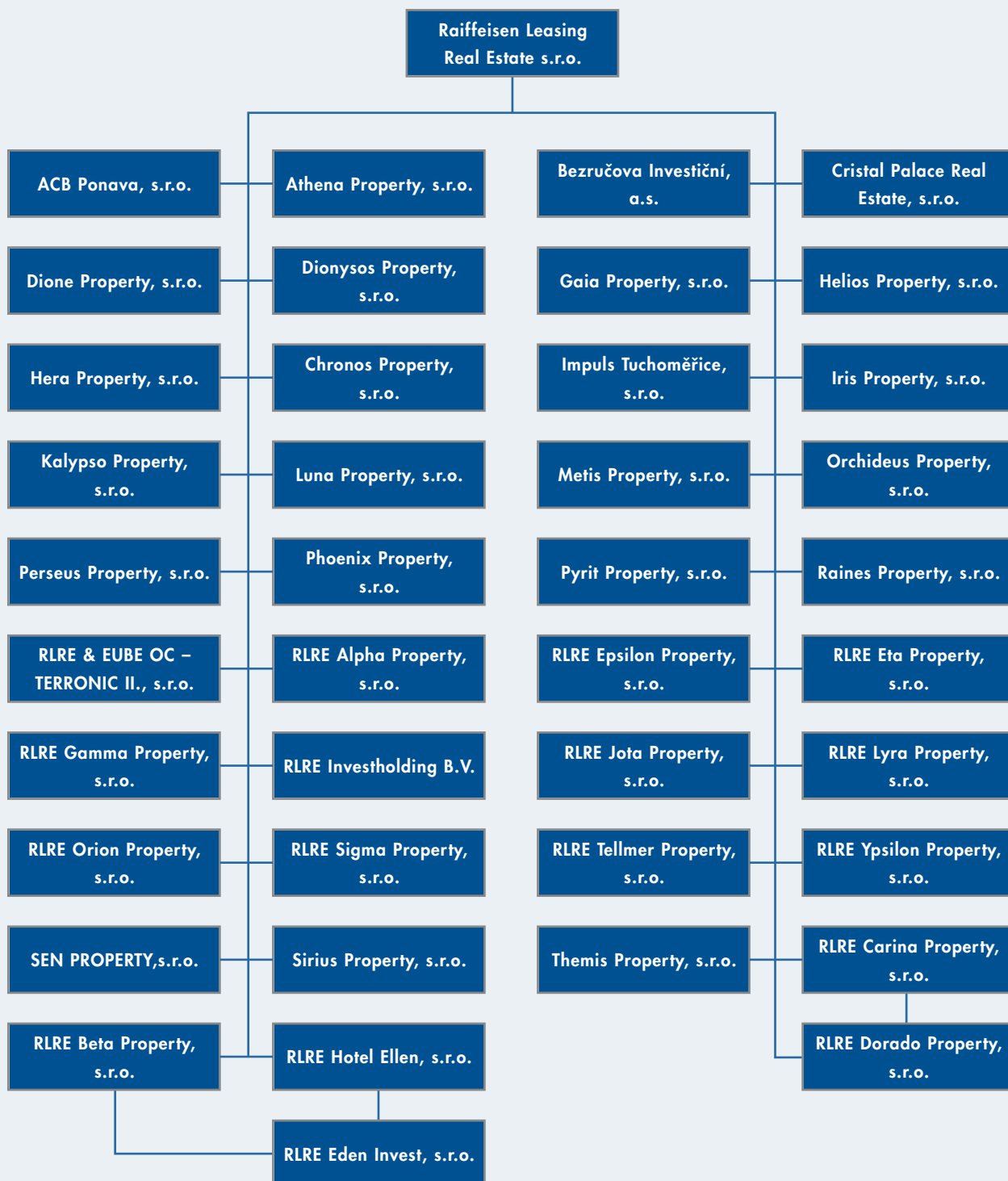
Name, address	Voting power in %	
	2007	2006
Raiffeisen International Bank - Holding AG, Am Stadtpark 9, Vienna, Austria	51 %	51 %
RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria	25 %	25 %
Raiffeisenlandesbank Niederösterreich – Wien AG, Raiffeisen Platz 1, 1020 Vienna, Austria	24 %	24 %

The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of the Banking Act No. 21/1992 Coll., as amended.

## 3. DEFINITION OF THE CONSOLIDATED GROUP

### (a) Group Chart





**(b) Group companies included in the consolidation**

As of 31 December 2007, the Group comprised the following entities:

Company	The Bank's effective holding in %, 2006	The Bank's effective holding in %, 2007	Indirect holding through	External Auditor	Consolidation method	Registered office
Raiffeisen stavební spořitelna a.s.	25%	25%	–	KPMG s.r.o.	Equity method	Prague
Raiffeisen Leasing s.r.o.	50%	50%	–	Deloitte Audit s.r.o.	Proportionate method	Prague
MB Leasing a.s., v likvidaci	100%	100%	–	Deloitte Audit s.r.o.	Full consolidation	Mladá Boleslav
Czech Real Estate Fund B.V.	0%	100%	–	Deloitte Audit s.r.o.	Full consolidation	Amsterdam
CREF CZ 1, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full consolidation	Prague
Flex-space Plzeň I., s.r.o.	0%	51%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full consolidation	Prague
PRK Sigma 06, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full consolidation	Prague
RLRE Columba Property s.r.o.	25%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full consolidation	Prague
RLRE Taurus Property s.r.o.	25%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full consolidation	Prague
Raiffeisen Leasing Real Estate s.r.o.	25%	25%	Raiffeisen Leasing s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
ACB Ponava, s.r.o.	25%	12,5%	Raiffeisen Leasing Real Estate s.r.o.	none	Equity method	Prague
Athena Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Bezručova Investiční, a.s.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Cristal Palace Real Estate, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Dione Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Dionysos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Gaia Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Helios Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Hera Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Chronos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Impuls Tuchoměřice s.r.o.	12,5%	12.5%	Raiffeisen Leasing Real Estate s.r.o.	none	Equity method	Prague
Iris Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Kalypso Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Luna Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Metis Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Orchideus Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague

<b>Company</b>	<b>The Bank's effective holding in %, 2006</b>	<b>The Bank's effective holding in %, 2007</b>	<b>Indirect holding through</b>	<b>External Auditor</b>	<b>Consolidation method</b>	<b>Registered office</b>
Perseus Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Phoenix Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Pyrit Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Raines Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE & EUBE OC - TERRONIC II. s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
RLRE Alpha Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Beta Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Carina Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Dorado Property s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Eden Invest s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
RLRE Epsilon Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Eta Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Gamma Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Hotel Ellen s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Investholding B.V.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Arnhem
RLRE Jota Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Lyra Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Orion Property s.r.o.	23,93%	23.93%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Sigma Property s.r.o.	0%	12,5%	Raiffeisen Leasing Real Estate s.r.o.	none	Equity method	Prague
RLRE Tellmer Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
RLRE Ypsilon Property s.r.o.	12,5%	12.5%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Equity method	Prague
SEN PROPERTY, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	none	Proportionate method	Prague
Sirius Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Themis Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague

**(c) Companies included in the consolidation starting from 2007**

<b>Company</b>	<b>Direct holding in %</b>	<b>The Bank's effective holding in %</b>	<b>Indirect holding through</b>	<b>Date of acquisition</b>
Czech Real Estate Fund B.V.	20%	100%	Raiffeisenbank a.s.	19 Jan 2007
CREF CZ 1, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	5 Oct 2007
Flex-space Plzeň I., s.r.o.	0%	51%	Czech Real Estate Fund B.V.	20 Nov 2007
PRK Sigma 06, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	19 Feb 2007
Athena Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	12 Sept 2007
Bezručova Investiční, a.s.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	19 July 2007
Cristal Palace Real Estate, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	9 Oct 2007
Dione Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	12 Sept 2007
Dionysos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	21 Nov 2007
Gaia Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 June 2007
Helios Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	5 Oct 2007
Hera Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	23 July 2007
Chronos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	6 Nov 2007
Iris Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	8 Aug 2007
Kalypto Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	13 Aug 2007
Luna Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	23 July 2007
Metis Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	6 Nov 2007
Orchideus Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	21 Nov 2007
Pyrit Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	7 Nov 2007
RLRE Sigma Property s.r.o.	0%	12.5%	Raiffeisen Leasing Real Estate s.r.o.	14 Dec 2007
SEN PROPERTY, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	30 Nov 2007
Sirius Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	5 June 2007
Themis Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 June 2007

For a detailed description of the acquisitions refer to Note 40.

**(d) Companies which changed the owner within the Group in 2007**

<b>Company</b>	<b>The Bank's effective holding in %, 2006</b>	<b>The Bank's effective holding in %, 2007</b>	<b>Indirect holding through</b>	<b>Date of change</b>
RLRE Columba Property, s.r.o.	25%	100%	Czech Real Estate Fund B.V.	30 Jan 2007
RLRE Taurus Property, s.r.o.	25%	100%	Czech Real Estate Fund B.V.	2 May 2007

**(e) Unconsolidated Equity Investments**

In the year ended 31 December 2007, all Group companies were included in consolidation (refer to Note 3b).

Due to immateriality of their impact on the Group's financial statements, the following joint ventures have not been included in consolidation in the year ended 31 December 2006:

- Perseus Property s.r.o.
- RLRE Carina Property s.r.o.
- RLRE Columba Property s.r.o.
- RLRE Pegasus Property s.r.o.

## 4. BASIS OF PREPARATION

### (a) Accounting Policies

These consolidated financial statements were prepared in full compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements include a consolidated balance sheet, a consolidated profit and loss account, a consolidated statement of changes in shareholders' equity, a consolidated cash flow statement and notes to the consolidated financial statements containing accounting policies and explanatory disclosures.

The consolidated financial statements were prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, and on the going concern assumption.

These consolidated financial statements have been prepared under the historical cost convention as modified by the remeasurement to fair value of financial assets and liabilities at fair value through profit or loss, all financial derivatives and available-for-sale securities through equity.

Some companies within the Group maintain the books and prepare the financial statements under Czech Accounting Standards or accounting standards applicable in other countries in which the Group operates; the Group performs reclassifications and adjustments of figures to ensure compliance with IFRS.

The presentation of consolidated financial statements in conformity with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets, equity and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and their reported amounts of revenues and expenses during the reporting period. These estimates are based on the information available as of the date of the consolidated financial statements and should not markedly differ from actual results. The use of reasonable estimates specifically relates to the following areas: determination of impairment losses on loans and advances, determination of impairment losses on investments in associates and/or unconsolidated entities, determination of impairment losses on property and equipment and intangible fixed assets, determination of provisioning levels, and determination of fair values of financial assets and liabilities.

All figures are in thousands of Czech crowns (CZK thousand), unless stated otherwise. Figures presented in brackets represent negative amounts.

### (b) Principles of Consolidation

Subsidiary undertakings (that is, entities in the which the Bank holds, directly or indirectly, more than 50 percent of voting rights or in which the Bank otherwise exercises control over their activities) were consolidated using the full consolidation method. Subsidiaries are included in the consolidation from the date as of which the control over the companies is transferred to the Bank until the date when the Bank ceases to exercise this control. Consolidation does not include any significant intercompany transactions. All significant mutual receivables, payables, expenses and revenues, including profit, within the Group were excluded from consolidation.

Associate undertakings are accounted for under the equity method of accounting. An investment in an associate is one in which the Bank holds, directly or indirectly, 20 percent to 50 percent of its share capital and over which the Bank exercises significant influence, but which it does not control. In accordance with the equity method of consolidation, the profit and loss account reflects the Group's share in the profit or loss of the associate for the period. The share of the Group in associated undertakings is reported in the balance sheet in an amount that reflects the Group's share in the net capital of the associates and includes goodwill arising on consolidation. The recognised net investment is regularly tested for impairment. If impairment is identified, the Group recognises an impairment loss on equity investments in associates.



Joint ventures were included in the Group's consolidation using the proportionate method of accounting, under which the participants' share in the assets, liabilities, expenses and revenue of the joint venture are combined, by item, with the financial statements of the participant. A joint venture is an entity in which two and more participants exercise joint control over economic activities of the entity. Rights and obligations of individual participants are stipulated by a contract defining provisions of joint control. The Group has decided that joint ventures which have been formed but were dormant at the consolidated financial statements date will not be reflected in the consolidated financial statements using the proportionate consolidation method but will be presented as an investment in joint ventures.

Equity investments where the Bank's shareholding interest is lower than 20 percent are presented as "Securities available for sale" (Note 21) and are reported at fair value.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

Interest income and expense are recognised in the profit and loss account lines “Interest income and similar income” and “Interest expense and similar expense” on an accruals basis. The Group accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the present value at the maturity date.

### (b) Fees and Commissions

Fees and commissions are recognised in the profit and loss account lines “Fee and commission income” and “Fee and commission expense” on an accruals basis, with the exception of fees that are included in the effective interest rate.

### (c) Dividends

Income from dividends on securities is recorded as declared and included as a receivable in the balance sheet line “Other assets” and in “Dividend income” in the profit and loss account. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends paid reduce retained earnings in the period in which they are declared by the Annual General Meeting.

### (d) Other Income and Expenses Reported in the Profit and Loss Account

Other income and expenses presented in the profit and loss account are recognised under the accruals basis of accounting in the period to which they relate (and not as cash or its equivalent is received or paid).

### (e) Taxation

Tax on the profit or loss for the year comprises the current year tax charge, adjusted for deferred taxation. Current tax comprises the tax payable calculated on the basis of the taxable income for the year, using the tax rate enacted by the balance sheet date, and any adjustment of the tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. The principal temporary differences arise from certain non-tax deductible reserves and provisions, tax and accounting depreciation on tangible and intangible fixed assets and revaluation of other assets.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available to allow the asset to be recovered.

Deferred tax is calculated on the basis of the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged to the profit and loss account, except to the extent that it relates to items previously charged or credited directly to equity.

## (f) Financial Assets and Liabilities

### *Dates of Recognition and Derecognition of Financial Instruments from the Group's Balance Sheet*

All financial assets with normal delivery terms are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (cash payment). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its provision (collection of cash). However, if a portfolio of financial assets remeasured at fair value is involved, the acquired financial asset is revalued reflecting changes in its fair value from the purchase trade date to the sale trade date according to the categorisation into an individual portfolio, accrued interest on debt financial assets is recognised from the purchase settlement date to the sale settlement date.

All loans and receivables are recognised when funds are provided to customers. Loans and receivables are derecognised when fully repaid by the borrower. Assigned receivables are derecognised when payment is collected from the assignee, and receivables which the Group decided to write off are derecognised at the write-off date.

The Group remeasures derivative instruments at fair value from the trade date to the settlement date, that is, delivery of the last related cash flow.

The Group settles and derecognises financial liabilities at the date on which all related risks and costs attributable to the specific liability are transferred.

Of the categories of financial assets and liabilities defined in IAS 39, the Group maintains the following types of financial assets and liabilities:

- Loans and receivables;
- Financial assets and liabilities remeasured at fair value through profit or loss;
- Financial assets available for sale; and
- Other financial assets and liabilities.

### *Loans and Receivables*

Loans originated by the Group by providing money directly to a borrower are categorised as loans originated by the Group and are stated at amortised cost. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation of discount or premium. In determining the amortised cost the Group uses the effective interest rate method. All loans and advances are recognised when cash is advanced to borrowers (or banks). Accrued interest income is included in the carrying amount these loans.

Provisions for losses on loans and receivables are recorded when there are reasonable doubts over the recoverability of the loan balance. Provisions for losses on loans and receivables represent management's assessment of potential losses in relation to the Group's on and off balance sheet activities.

Provisions are recognised individually in respect of specific classified loans where a debtor's default was identified or on a portfolio basis for potential losses which may be present based on portfolio performance with similar characteristics in terms of credit risk (similar individually unimpaired loans). The level of individual provisions is established by comparing the carrying amount of the loan and the present value of future expected cash flows using the effective interest rate. The level of portfolio provisions is determined on the basis of the anticipated recovery rates of the portfolio as of the financial statements date. The anticipated cash flows from individual portfolios of similar loans are estimated on the basis of previous experience. Portfolio provisions are recognised for the loans and receivables of the Corporate banking, Small and Medium Business and Private Individuals banking segments.

The amount necessary to adjust the provisions to their assessed levels, after write-offs, is charged to the profit and loss account line "Change in provisions for credit risks". Additional details can be found in Note 39 b.

Uncollectible loans and receivables when it can be reasonably anticipated that clients will be unable to fulfil their obligations to the Group in respect of these loans are written off with the concurrent use of a recorded provision. These write-offs are included in "Change in provisions for credit risks". Subsequent recoveries are also included in this line.

### **Securities**

Securities held by the Group are categorised into portfolios in accordance with the Group's intent on the acquisition of the securities and pursuant to the Group's security investment strategy. In accordance with its intent, the Group allocates securities into three portfolios - the portfolio of securities at fair value through profit or loss, the portfolio of securities held for trading and the portfolio of securities available for sale.

#### **Securities at Fair Value through Profit or Loss**

The portfolio includes debt and equity securities held for trading, that is, securities held by the Group with the intention of reselling them, thereby generating profits on price fluctuations in the short-term, and debt and equity securities that were designated, upon initial recognition, as at fair value through profit or loss. Securities at fair value through profit or loss are recognised at cost at the acquisition date and subsequently remeasured at fair value.

Changes in the fair values of securities held for trading as well as securities not held for trading are recognised in the profit and loss account as "Net profit or loss on financial operations".

For debt and equity securities traded on a public market, fair values are derived from quoted prices. The fair values of those securities not traded on a public market are estimated by the management of the Group as the best estimation of the cash flow projection reflecting the set of economic conditions that will exist over the remaining maturity of the securities.

Transaction costs of at-fair-value-through-profit-or-loss securities are not added to the cost but are recognised through expenses and presented in profit and loss account as "Fee and commission expense".

#### **Securities Available for Sale**

Securities available for sale are securities held by the Group for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change.

Securities available for sale are carried at acquisition cost and subsequently remeasured at fair value. Changes in the fair values of available for sale securities are recognised in equity as "Gains or losses from revaluation", with the exception of their impairment and interest income and foreign exchange differences on debt securities. When realised, the relevant revaluation gains or losses are taken to the profit and loss account as "Net profit or loss on financial operations". Interest income on coupons, amortisation of discounts or premiums, and dividends are included in "Interest income and similar income". Foreign exchange differences are reported within "Net profit or loss on financial operations".

#### **Repurchase Agreements**

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a pre-determined price, they remain at fair value or amortised cost within the relevant portfolio on the balance sheet and the consideration received is recorded in "Amounts owed to financial institutions" or "Amounts owed to customers". Conversely, debt or equity securities purchased under a concurrent commitment to resell are not recognised in the balance sheet and the consideration paid is recorded in "Loans and advances to financial institutions" or "Loans and advances to customers".

Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case ("short sales") the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability and presented in the balance sheet line "Other liabilities".

Interest on debt securities transferred under repurchase transactions is accrued while interest on debt securities received under reverse repurchase transactions is not accrued. Income and expenses arising under repurchase or reverse repurchase transactions as the difference between the sale and repurchase price are accrued evenly over the term of the transaction and presented in the profit and loss account as "Interest income and similar income" or "Interest expense and similar expense" as appropriate.

### ***Debt Securities Issued***

Debt securities issued by the Group are stated at amortised cost using the effective interest rate method. Interest expense arising on the issue of the Group's own debt securities is included in the profit and loss statement line "Interest expense and similar expense".

The Group's own debt securities acquired by the Group are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Group's own debt securities are stated at cost which includes transaction costs. The difference between the cost of repurchased own debt securities and the accrued amount of issued securities is included in the profit and loss account line "Net profit or loss on financial operations" in the period of acquisition. Interest expenses of issued debt securities are decreased to reflect the gradual increase in the value of the Group's own debt securities.

### ***Financial Derivative Instruments***

In the normal course of business, the Group enters into contracts for derivative financial instruments. Financial derivatives include foreign currency and interest rate swaps, currency forwards, forward rate agreements, foreign currency and interest rate options (both purchased and sold) and other derivative financial instruments. The Group uses various types of derivative instruments in both its trading and hedging activities.

Financial derivative instruments entered into for trading or hedging purposes are initially recognised at cost (including transaction costs) on the balance sheet date and are subsequently remeasured and stated at fair value. Unrealised gains and losses are reported as "Positive fair value of financial derivative transactions" and "Negative fair value of financial derivative transactions". Realised and unrealised gains and losses are recognised in the profit and loss account line "Net profit or loss on financial operations", the only exception being unrealised gains and losses on cash flow hedges which are recognised in equity. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with gains and losses reported in the profit and loss account and the embedded instrument does not meet general criteria for recognition as a derivative.

A predominant portion of the Group's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under the rules of IAS 39 and are therefore treated as derivatives held for trading with the related fair value gains and losses, as it the case with trading derivatives, reported in the profit and loss statement line "Net profit or loss on financial operations".

**Subordinated Debt**

The terms underlying the subordinated debt are as follows:

- (a) In the event that the Group is forced into bankruptcy (A) the creditor is entitled to obtain performance under this agreement in relation to the loan by way of subordinate claim and this performance is conditional upon the aggregate recoveries from the sale of the Group's assets being greater than the aggregate amount of claims of all bankrupt's creditors of the Group (conditional claim), and furthermore subject to the condition set out in (A) being met, the creditor is entitled to obtain performance under this agreement in relation to the loan solely up to the amount that would be obtained by it if the claims under this agreement in relation to the loan were satisfied proportionately and jointly with all subordinate claims that rank *pari passu* to the Group's claims under this agreement in relation to the loan, and solely from that portion of the recoveries from the sale of the Group's bankruptcy assets that is greater than the aggregate amount of non-subordinate claims of all bankrupt's creditors of the Group; and
- (b) With the Group being placed into liquidation (once the bankruptcy has been completed or in any other manner), the creditor's entitlement to obtain performance under this agreement in relation to the loan is conditional upon all non-subordinate claims of all the Group's creditors being fully settled

The principal balance of the subordinated loan and relevant interest is recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of interest is reported as "Subordinated loan" on the face of the balance sheet. The amount of interest expense arising from subordinated deposits is recognised in the profit and loss account line "Interest expense and similar expense".

**(g) Property and Equipment and Intangible Fixed Assets**

Property and equipment includes identifiable tangible assets with physical substance and with an estimated useful life exceeding one year and a cost greater than CZK 40,000.

Intangible fixed assets include identifiable assets without physical substance with an estimated useful life exceeding one year and a cost greater than CZK 60,000.

Property and equipment and intangible fixed assets are stated at historical cost less accumulated depreciation and provisions and are depreciated when ready for use through the profit and loss account line "General administrative expenses" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of assets are as follows:

	<i>Depreciation period</i>	<i>Depreciation rate</i>
<i>Software</i>	<i>4 – 5 years</i>	<i>20 - 25%</i>
<i>Buildings</i>	<i>20 – 50 years</i>	<i>2 - 5%</i>
<i>Other (cars, furniture and fixtures, office equipment and computers)</i>	<i>4 – 5 years</i>	<i>20 - 25%</i>

Note: Depreciation periods for leased assets are linked to the periods resulting from lease contracts.

Technical improvements on leasehold assets are depreciated on a straight line basis over the lease term or for 10 years in respect of lease arrangements for an indefinite period of time.

Land and works of art (irrespective of their cost) and property and equipment under construction are not depreciated.

Intangible assets with a cost lower than CZK 60,000 and tangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition.

The Group periodically reviews the utilisation of its assets and adjusts guidance on their depreciation treatment, as and when needed, in the internal guideline on asset depreciation. A change in the depreciation period is not considered a change of accounting policies but a change of accounting estimates.

The Group's assets are regularly tested for impairment.

Repairs and maintenance are charged directly to the profit and loss account line "General administrative expenses" when the expenditure is incurred.

#### **(h) Goodwill**

Goodwill on consolidation represents the excess of the acquisition cost over the fair value of the Group's share of the net assets (equity) of the consolidated company at the date of acquisition. Goodwill is reported in the balance sheet as a component of "Intangible fixed assets". Goodwill is not amortised and is tested for impairment at least on an annual basis.

Goodwill is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is defined as the estimated future economic benefits arising from the acquisition of an equity investment. When an impairment of assets is identified, the Group recognises the impairment through the profit and loss account line "General administrative expenses".

Negative goodwill represents the difference between the cost and fair value of the Group's interest in net assets of the acquiree at the acquisition date. Negative goodwill exceeding reliably measurable future losses and costs of the acquiree (which are not reflected in its identifiable assets and liabilities) and the fair value of their non-monetary assets is immediately released to income.

#### **(i) Investment Property**

Investment property, that is, property held to earn rentals or for capital appreciation, is stated at cost and subsequently depreciated based on the determined useful life or agreed lease term. Depreciation is presented in the line "General administrative expenses".

#### **(j) Leases**

Assets used under finance lease contracts, where essentially all the risks and rewards substantially all the risks and rewards incident to ownership are transferred, are capitalised in the amounts equal to the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments. These assets are depreciated over their useful lives or over the lease term (if it is shorter).

Lease instalments are apportioned between the interest reported within financial expenses and the amortised portion reported as the reduction of the outstanding liability. Financial charges are allocated over the lease period so as to ensure a constant rate of interest.

Operating lease instalments are recorded on a straight-line basis over the lease period. If the operating lease is terminated prior to the lapse of the lease period, all payments to be paid to the lessor in the form of penalties are recorded to expenses in the period in which the lease was terminated.

The present value of instalments related to assets leased under finance leases is reported as a receivable, rather than an asset. The difference between the gross value of the receivable and its present value is reported as interest income on accruals basis. Financial income arising from the lease is reported over the lease period so as to ensure a constant rate of interest.

### **(k) Provisions**

Provisions are defined as liabilities of uncertain timing or amount. The Group recognises a provision when, and only when:

- It has a present obligation (legal or constructive) as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

#### ***Provisions for Guarantees and Other Off Balance Sheet Credit Related Commitments***

In the normal course of business, the Group enters into credit related commitments which are recorded in off balance sheet accounts and primarily include issued guarantees, loan commitments, undrawn loan facilities and confirmed open letters of credit, etc. Provisions are made for estimated losses on these commitments on a portfolio basis. Changes in these provisions are recognised in "Change in provisions for credit risks".

#### ***Other Provisions***

The recognition of other provisions (for outstanding vacation days, legal disputes, stabilisation, restructuring) is reported within "General administrative expense".

### **(l) Transactions with Securities Undertaken on behalf of Clients**

Securities received by the Group into custody, administration or safe-keeping are typically recorded at market or nominal values if the market value is not available and maintained off balance sheet. "Other liabilities" include the Group's payables to clients arising from cash received to purchase securities or cash to be refunded to the client.

### **(m) Segment Reporting**

Segment information is based on two segment formats. The primary format represents segmentation by type of customers. The customer segment format is provided in greater detail in Note 37 to the financial statements.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of revenue and expenses that can be allocated to a segment. Segment assets and liabilities comprise those operating assets and liabilities that can be directly attributable to the segment or can be allocated to the segment on a reasonable basis.

### **(n) Foreign Currency Translation**

Transactions denominated in foreign currencies are recorded in the local currency at official exchange rates as announced by the CNB on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency at the CNB exchange rate prevailing at the balance sheet date. Realised and unrealised gains and losses on foreign exchange are recognised in the profit and loss account in "Net profit or loss on financial operations", with the exception of foreign exchange rate differences on equity investments denominated in foreign currencies which are reported at the historical exchange rate, foreign exchange rate differences on equity securities included in the available-for-sale portfolio which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into with a view to hedging currency risk associated with assets or liabilities whose foreign exchange rate differences are not reported in the profit and loss account.



### (o) Cash and Cash Equivalents

The Group considers cash and deposits with the CNB, treasury bills with a residual maturity of three months or less, nostro accounts with financial institutions and loro accounts with financial institutions to be cash equivalents. For the purposes of determining cash and cash equivalents, the minimum reserve deposit with the CNB is not included as a cash equivalent due to restrictions on its availability.

## 6. CHANGES IN ACCOUNTING POLICIES IN 2007

In the year ended 31 December 2007, the Group made no significant changes to its accounting policies, the only exception being the adoption of a new standard and an amendment to IFRS which came into effect in 2007:

IFRS 7 Financial instruments: disclosures (effective as of 1 January 2007) – The standard replaced the existing IAS 30 Disclosures in financial statements of banks and similar financial institutions and applies to all companies preparing their financial statements in accordance with IFRS.

Amendments to IAS 1 - Presentation of Financial Statements on capital disclosures (effective from 1 January 2007).

The adoption of the new accounting policies did not have a material impact on the Group's financial statements.

At the date of authorisation of these financial statements, the following standards were in issue but not yet effective:

- IFRS 8 – Operating Segments (effective 1 January 2008);
- IAS 23 (Revised) Borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009;
- IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008);
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008); and
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008).

These standards are not yet effective as of the reporting date. Endorsement by the EU is expected by the time the standards and interpretations become effective.

Management of the Group consider that the impact of adopting the standards and interpretations that will become effective after 1 January 2008 will not have a material impact on the consolidated financial statements for the year ended 31 December 2008, including comparative information.

## 7. NET INTEREST INCOME

CZK thousand	2007	2006
<b>Interest income arising from</b>		
Loans and advances to financial institutions	664,367	568,915
Loans and advances to customers	4,470,269	2,900,008
Of which: default interest on impaired assets	60,249	68,659
Derivative financial instruments (non-trading)	58	1,556
Securities with a fixed yield	61,894	29,388
Finance lease receivables	141,130	127,666
<b>Total interest income and similar income</b>	<b>5,337,718</b>	<b>3,627,533</b>
<b>Interest expense arising from</b>		
Deposits from financial institutions	(597,545)	(446,847)
Deposits from customers	(1,065,043)	(586,903)
Securities issued	(389,633)	(224,956)
Subordinated liabilities	(92,452)	(59,623)
Derivative financial instruments (non-trading)	(193)	(4,998)
<b>Total interest expense and similar expense</b>	<b>(2,144,866)</b>	<b>(1,323,327)</b>
<b>Net interest income</b>	<b>3,192,852</b>	<b>2,304,206</b>

The increase in interest income from loans and advances to customers is due to the increase in the loan portfolio of the Group. The largest proportion in the increase of interest income was represented by mortgages of CZK 900,170 thousand (2006: CZK 471,418 thousand) and loans for project financing of CZK 926,251 thousand (2006: CZK 480,258 thousand). The largest proportion in the increase of interest expense was represented by term deposits by customers of CZK 774,978 thousand (2006: CZK 363,120 thousand).

## 8. CHANGE IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2007	2006
<b>Changes in loan loss provisions</b>		
Charge for provisions	(1,383,031)	(875,754)
Release of provisions	669,839	478,045
Direct charge-off of receivables	(1,997)	(79,253)
Recoveries	2,988	8,037
<b>Provisions for off balance sheet credit risk exposures</b>		
Charge for provisions	(76,804)	(44,000)
Release of provisions	44,000	0
<b>Change in provisions for credit risks</b>	<b>(745,005)</b>	<b>(512,925)</b>

The increase in "Charge for provisions" predominantly included the year-on-year increase in the volume of receivables. In addition, this increase was impacted by the charge for portfolio provisions against loans to small businesses and corporate customers, which were not accounted for in 2006.

## 9. NET FEE AND COMMISSION INCOME

CZK thousand	2007	2006
<b>Fee and commission income arising from</b>		
Payment transactions	576,908	478,759
Provided loans and guarantees	500,345	418,050
Securities transactions	62,887	65,338
Foreign currency transactions	490,011	354,642
Management, administration, custody and safe-keeping of assets	24,521	27,142
Other services	29,524	23,280
<b>Total fee and commission income</b>	<b>1,684,196</b>	<b>1,367,211</b>
<b>Fee and commission expense arising from</b>		
Payment transactions	(113,582)	(106,827)
Acceptance of loans and guarantees	(59,532)	(21,968)
Securities transactions	(18,274)	(12,410)
Securitisation	(33,939)	(23,059)
Foreign currency transactions	(3,098)	(2,700)
Management, administration, custody and safe-keeping of assets	(2,478)	(13)
Mediation of the sale of the Group's products	(287,618)	(132,443)
Other services	(35,901)	(30,385)
<b>Total fee and commission expense</b>	<b>(554,422)</b>	<b>(329,805)</b>
<b>Net fee and commission income</b>	<b>1,129,774</b>	<b>1,037,406</b>

The increase in net fee and commission income was predominantly due to the fees from mortgages of CZK 128,617 thousand (2006: 57,386 thousand).

## 10. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2007	2006
<b>Net profit on financial operations</b>		
Derivative transactions	106,298	(17,233)
Foreign currency transactions	245,844	190,908
Securities transactions	54,139	38,583
<b>Total</b>	<b>406,281</b>	<b>212,258</b>

## 11. DIVIDEND INCOME

As of 31 December 2007, the Group reported income from other shares and equity investments of CZK 556 thousand (2006: CZK 571 thousand).

## 12. OTHER OPERATING INCOME

CZK thousand	2007	2006
Operating income from non-banking activities	191,083	58,867
Income from the sale of intangible and tangible assets	683	2,728
Other	48,546	50,146
<b>Total</b>	<b>240,312</b>	<b>111,741</b>

## 13. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2007	2006
<b>Payroll costs (Note 14)</b>	<b>(1,689,312)</b>	<b>(1,163,584)</b>
<b>Operating expenses</b>	<b>(1,083,156)</b>	<b>(975,370)</b>
Rental, repairs and other office management expenses	(242,534)	(213,774)
Marketing costs	(228,132)	(185,120)
Costs of legal and advisory services	(184,749)	(231,583)
IT support costs	(116,233)	(113,343)
Telecommunication, postal and other services	(77,883)	(75,489)
Deposit and transaction insurance	(63,800)	(46,735)
Training expenses	(36,976)	(16,888)
Travel expenses	(21,586)	(15,953)
Fuel	(17,985)	(13,827)
Security costs	(12,118)	(14,015)
Office equipment	(16,207)	(13,852)
Other administrative expenses	(64,953)	(34,791)
<b>Depreciation and amortisation of fixed assets (Notes 22 and 23)</b>	<b>(191,616)</b>	<b>(188,600)</b>
<b>Sundry operating expenses</b>	<b>(188,877)</b>	<b>(54,357)</b>
<b>Total</b>	<b>(3,152,961)</b>	<b>(2,381,911)</b>

Operating expenses increased predominantly due to the increase in payroll costs which are described in detail in Note 14. In addition, the marketing costs increased to CZK 228,132 thousand (2006: CZK 185,120 thousand).

## 14. PAYROLL COSTS

CZK thousand	2007	2006
Wages and salaries	(1,229,685)	(843,667)
Social security and health insurance	(415,409)	(289,501)
Other staff costs	(44,218)	(30,416)
<b>Total</b>	<b>(1,689,312)</b>	<b>(1,163,584)</b>
<b>Of which wages and salaries paid to:</b>		
Members of the Board of Directors of the parent company	(47,326)	(22,740)
Members of the Supervisory Board of the parent company	(4,918)	(5,495)
Other members of management of the parent company	(91,401)	(84,678)
<b>Total</b>	<b>(143,645)</b>	<b>(112,913)</b>

The average number of the Group's employees as of 31 December 2007 and 2006 was as follows:

	2007	2006
Employees	1,718	1,417
Members of the Board of Directors of the parent company	7	6
Members of the Supervisory Board of the parent company	9	9
Other management members of the parent company	61	48

Financial relations of the Group and members of the Board of Directors and Supervisory Board are described in Notes 41b and 41c.

## 15. INCOME TAX

### (a) Income tax expense

CZK thousand	2007	2006
Income tax payable	(305,932)	(235,053)
Tax overpayments/(underpayments) from the previous period	6,529	66,512
Provision for additional tax assessed	0	2,915
Deferred income tax credit/(charge)	(4,278)	(47,148)
<b>Total income tax</b>	<b>(303,681)</b>	<b>(212,774)</b>

The tax balance differs from the theoretical tax balance that would have been determined had the basic tax rate been used as follows:

CZK thousand	2007	2006
<b>Pre-tax profit (general tax base)</b>	<b>1,121,168</b>	<b>804,467</b>
Pre-tax profit (separate tax base)	543	571
<b>Tax calculated at the tax rate for the general tax base – 24%</b>	<b>(269,080)</b>	<b>(193,071)</b>
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(81)	(86)
Non-taxable income	98,529	96,095
Non-tax deductible expenses	(110,830)	(143,832)
Tax relief and credit	183	5,841
Tax loss of the period	(24,653)	0
<b>Tax liability for the period</b>	<b>(305,932)</b>	<b>(235,053)</b>
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	6,529	66,512
Provision for additional tax assessed	0	2,915
Deferred tax	(4,278)	(47,148)
<b>Total income tax</b>	<b>(303,681)</b>	<b>(212,774)</b>
<b>Effective tax rate</b>	<b>27.07%</b>	<b>26.43%</b>

## (b) Income Tax Liability

CZK thousand	2007	2006
Tax calculated at the tax rate for the general tax base – 24%	305,851	234,967
Tax calculated at the tax rate for the separate tax base (rate of 15%)	81	86
<b>Tax liability for the period</b>	<b>305,932</b>	<b>235,053</b>
Additional current income tax assessment for previous years	0	(2,915)
Advances paid for current income tax	(189,965)	(139,108)
<b>Total income tax liability</b>	<b>115,967</b>	<b>93,030</b>

## 16. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2007	2006
Cash on hand and other cash equivalents	1,954,717	1,317,894
Balances with central banks	14,990	35,143
Minimum reserve deposit with the CNB	103,876	330,952
<b>Total</b>	<b>2,073,583</b>	<b>1,683,989</b>

## 17. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

### (a) Types of Loans and Advances to Financial Institutions

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Placements with financial institutions</i>	112,092	1,483,990
<i>Term deposits with banks</i>	6,836,545	7,424,520
<i>Loans and other advances to financial institutions</i>	7,748,874	9,441,654
<b>Total</b>	<b>14,697,511</b>	<b>18,350,164</b>

### (b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2007 and 2006, the Group reported no repurchase transactions.

The Group provided loans of CZK 3,408,020 thousand (2006: CZK 4,451,460 thousand) under reverse repurchase transactions.

## 18. LOANS AND ADVANCES TO CUSTOMERS

### (a) Classification of Loans and Advances to Customers

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Loans repayable on demand</i>	8,732,771	6,105,713
<i>Term deposits</i>	53,479,127	47,710,849
<i>Mortgage loans</i>	32,081,851	13,244,132
<i>Finance leases</i>	2,460,111	2,080,306
<i>Other</i>	3,072,145	1,261,628
<b>Total</b>	<b>99,826,005</b>	<b>70,402,628</b>

In 2007, the Group restructured loans and advances to customers in the aggregate amount of CZK 296,112 thousand (2006: CZK 26,961 thousand). The line 'Other' principally includes receivables arising from forfeiting and factoring transactions.

### (b) Repurchase and Reverse Repurchase Transactions

The Group reported no repurchase transactions as of 31 December 2007 and 2006. Under reverse repurchase transactions the Group provided loans of CZK 73,004 thousand (2006: CZK 1,500,761 thousand).

### (c) Analysis of Loans Provided to Customers by Sector

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Public sector</i>	1,023,838	528,423
<i>Loans to corporate entities</i>	60,946,773	48,967,492
<i>Loans to private individuals</i>	35,671,529	19,888,744
<i>Small and medium size enterprises (SME)</i>	1,771,359	899,273
<i>Other</i>	412,506	118,696
<b>Total</b>	<b>99,826,005</b>	<b>70,402,628</b>

**(d) Analysis of Loans Provided to Customers by Geographical Areas**

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Czech Republic</i>	95,187,649	66,823,836
<i>Slovakia</i>	799,862	608,469
<i>Netherlands</i>	341,259	327,383
<i>Poland</i>	180,999	162,392
<i>Other – EU countries</i>	1,974,236	1,250,939
<i>Serbia and Montenegro</i>	742,724	751,369
<i>Russian Federation</i>	162,984	21,431
<i>Switzerland</i>	86,055	284,785
<i>Other (Canada, USA, Ukraine, UAE, etc.)</i>	350,237	172,024
<b>Total</b>	<b>99,826,005</b>	<b>70,402,628</b>

**(e) Aging of Loans to Customers**

The following table show the aging analysis of loans to customers which are past their due dates but not impaired, including their collateral:

<i>CZK thousand</i>	<b>Past due date</b>		<b>Collateral</b>	
<b>Past due</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<i>0 – 30</i>	389,024	234,081	105,119	124,246
<i>31 – 90</i>	34,162	58,347	23,315	37,053
<i>91 – 180</i>	5,257	7,635	3,680	3,703
<i>181 – 360</i>	0	38,346	0	21,385
<i>1 – 5 years</i>	3	0	0	0
<i>Over 5 years</i>	0	5,783	0	2

**(f) Securitisation**

In March 2006, the Bank completed a synthetic securitisation of the Corporate Banking and SME Banking loans portfolio in the original volume of EUR 183 million (refer to Note 39). The entire transaction will mature in 2016. At the end of 2006, the loan portfolio included in this securitisation amounted to EUR 185 million and increased to EUR 212 million in December 2007. The securitised loan portfolio remains presented in the balance sheet line 'Loans and advances to customers', insurance received from the investor as part of this transaction (Kreditanstalt für Wiederaufbau) is retained off balance sheet. .

**(g) Syndicated loans**

Pursuant to concluded syndicated loan agreements, the Group acted as the arranger of syndicated loans in the original aggregate amount of total credit limits of CZK 5,430,986 thousand as at 31 December 2007 (2006: CZK 6,001,589 thousand), of which the proportion of the Group amounted to CZK 2,023,866 thousand (2006: 2,236,102 thousand) and the proportion of other syndicate members amounted to CZK 3,407,120 thousand (2006: CZK 3,765,487 thousand).

As of 31 December 2007, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 3,830,927 thousand (2006: CZK 2,532,234 thousand), of which the proportion of the Group was CZK 1,246,623 thousand (2006: CZK 1,079,604 thousand) and the proportion of other syndicate members was CZK 2,584,304 thousand (2006: CZK 1,452,630 thousand).



The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

#### (h) Finance Lease Receivables

The aging analysis of finance lease receivables is as follows:

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<b>Gross finance lease investment</b>	<b>2,951,309</b>	<b>2,375,106</b>
- of which remaining maturity up to 3 months	240,900	363,776
- of which remaining maturity from 3 months to 1 year	634,448	552,712
- of which remaining maturity of more than 1 to 5 years	1,507,109	1,084,981
- of which remaining maturity of more than 5 years	568,852	373,637
<b>Unearned financial income</b>	<b>(491,198)</b>	<b>(294,800)</b>
- of which remaining maturity up to 3 months	(35,405)	(28,328)
- of which remaining maturity from 3 months to 1 year	(90,231)	(62,918)
- of which remaining maturity of more than 1 to 5 years	(222,206)	(122,460)
- of which remaining maturity of more than 5 years	(143,356)	(81,094)
<b>Net investment value</b>	<b>2,460,111</b>	<b>2,080,306</b>

Assets which the Group holds under finance leases are broken down as follows:

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Vehicles leasing</i>	656,271	655,108
<i>Real estate leasing</i>	792,550	620,676
<i>Equipment leasing</i>	1,011,290	804,522
<b>Total</b>	<b>2,460,111</b>	<b>2,080,306</b>

Cumulative provisions for the net investment in finance leases amounted to CZK 157,572 thousand as of 31 December 2007 (2006: CZK 167,179 thousand).

**(i) Analysis of Loans and Advances to Customers by Sector and Type of Collateral**

<b>2007</b>	<b>Cash collateral</b>	<b>State guarantees</b>	<b>Bank guarantee</b>	<b>Real estate</b>	<b>Company guarantee</b>	<b>Bill guarantees</b>	<b>Personal guarantee</b>	<b>Movable assets</b>	<b>Uncollateralised</b>	<b>Total</b>
Agriculture, hunting, forestry and fishing	7,055	361,627	72,870	77,659	36,687	182,509	367,041	132,237	34,938	<b>1,272,623</b>
Mining	0	51,634	2,950	1,351	0	16,324	13,220	11,752	618	<b>97,849</b>
Manufacturing	90,582	2,499,314	496,273	1,528,784	884,176	3,092,935	3,145,516	2,088,884	1,664,206	<b>15,490,670</b>
Production and distribution of electricity, gas and water	0	83,853	17,523	4,037	0	19,597	551,766	66,060	253,636	<b>996,472</b>
Construction	0	361,908	44,047	184,701	96	225,160	279,561	170,074	148,981	<b>1,414,528</b>
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	413,677	522,600	1,033,768	1,055,363	824,744	1,019,017	1,197,393	801,084	541,931	<b>7,409,577</b>
Accommodation and public catering	21,737	0	3,385	1,576,278	0	501,821	110,971	15,247	115,573	<b>2,345,012</b>
Transportation, storage and communications	0	9,270	682	114,509	115,624	445,539	145,088	504,427	47,641	<b>1,382,780</b>
Financial mediation	1,566	83,853	683,399	171,316	7,469	46,908	13,000	12,211	607,950	<b>1,627,672</b>
Real estate and rent activities, other business activities	862,276	1,032,045	4,008,175	10,311,101	2,628,620	2,816,206	2,427,886	658,437	4,976,837	<b>29,721,583</b>
Public administration; mandatory social security	0	0	0	125,280	0	353,187	31,003	433,878	82,523	<b>1,025,871</b>
Education	0	0	0	2,309	0	3,930	1,824	0	34,447	<b>42,510</b>
Health care and social care	0	128,775	110,708	98,391	0	54,376	22,192	64,618	7,646	<b>486,706</b>
Other public, social and personal services	132	83,853	70,622	130,568	0	257,995	51,789	45,893	123,412	<b>764,264</b>
Household activities	73,018	0	0	30,127,513	29,600	27,912	41,543	45,017	5,403,285	<b>35,747,888</b>
<b>Total</b>	<b>1,470,043</b>	<b>5,218,732</b>	<b>6,544,402</b>	<b>45,509,160</b>	<b>4,527,016</b>	<b>9,063,416</b>	<b>8,399,793</b>	<b>5,049,819</b>	<b>14,043,624</b>	<b>99,826,005</b>

<b>2006</b>	<b>Cash collateral</b>	<b>State guarantees</b>	<b>Bank guarantee</b>	<b>Real estate</b>	<b>Company guarantee</b>	<b>Bill guarantees</b>	<b>Personal guarantee</b>	<b>Movable assets</b>	<b>Uncollateralised</b>	<b>Total</b>
Agriculture, hunting, forestry and fishing	19,632	263,384	91,872	53,955	57,527	91,998	289,912	175,955	42,880	<b>1,087,115</b>
Mining	0	0	0	780	0	1,293	8,009	10,168	114	<b>20,364</b>
Manufacturing	7,491	2,406,798	334,703	1,535,977	1,309,893	2,096,707	3,456,960	1,368,181	937,950	<b>13,454,660</b>
Production and distribution of electricity, gas and water	633,673	86,609	43,357	2,120	2,603	13,913	607,314	76,052	34,922	<b>1,500,563</b>
Construction	2,000	253,883	29,891	140,222	74,336	256,254	348,761	162,322	36,923	<b>1,304,592</b>
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	441,923	543,047	556,639	1,061,984	788,908	681,845	1,345,537	751,086	932,688	<b>7,103,657</b>
Accommodation and public catering	15,453	57,671	4,887	1,249,722	4,387	503,595	93,072	15,691	71,966	<b>2,016,444</b>
Transportation, storage and communications	0	16,113	3,739	116,277	277,892	78,149	221,177	323,938	43,032	<b>1,080,317</b>
Financial mediation	15,000	173,219	1,118,477	15,310	93,901	8,228	265,620	22,187	422,315	<b>2,134,257</b>
Real estate and rent activities, other business activities	1,593,286	790,132	3,318,836	6,771,293	1,445,504	1,343,766	1,190,771	360,620	2,571,266	<b>19,385,474</b>
Public administration; mandatory social security	265	0	0	168,168	0	344,342	22,123	15,777	2,728	<b>553,403</b>
Education	0	0	0	140	0	3,838	1,303	0	13,237	<b>18,518</b>
Health care and social care	0	89,782	125,755	66,739	0	111,909	19,775	80,100	3,527	<b>497,587</b>
Other public, social and personal services	6,776	20,738	12,002	446,488	44,853	199,986	163,097	46,798	194,023	<b>1,134,761</b>
Household activities	1,925	0	0	15,669,585	30,786	987	46	44,440	3,363,147	<b>19,110,916</b>
<b>Total</b>	<b>2,737,424</b>	<b>4,701,376</b>	<b>5,640,158</b>	<b>27,298,760</b>	<b>4,130,590</b>	<b>5,736,810</b>	<b>8,033,477</b>	<b>3,453,315</b>	<b>8,670,718</b>	<b>70,402,628</b>

## 19. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

CZK thousand	2007	2006
<b>At 1 January</b>	<b>(1,620,110)</b>	<b>(1,362,158)</b>
Impact of changes in the scope of consolidation	(10,941)	35,998
Creation of provisions	(1,383,031)	(875,753)
Release of provisions	669,839	478,709
Use for the write-off and transfer of receivables	87,371	97,544
FX differences on provisions denominated in foreign currencies	4,193	5,550
<b>At 31 December</b>	<b>(2,252,679)</b>	<b>(1,620,110)</b>

## 20. SECURITIES

### (a) Portfolio Classification of Securities according to the Group's Intent

CZK thousand	2007	2006
<b>Securities held for trading</b>	<b>558,534</b>	<b>547,759</b>
out of which:		
- Debt securities	539,008	540,631
- Shares and participation certificates	19,526	7,128
<b>Other securities at fair value through profit or loss</b>	<b>1,148,622</b>	<b>636,840</b>
of which:		
- Debt securities	864,317	506,610
- Shares and participation certificates	284,305	130,230
<b>Securities at fair value through profit or loss</b>	<b>1,707,156</b>	<b>1,184,599</b>
<b>Securities available for sale</b>	<b>407</b>	<b>2,734</b>
<b>Total</b>	<b>1,707,563</b>	<b>1,187,333</b>

Securities at fair value through profit or loss include state bonds of CZK 406,389 thousand (2006: CZK 506,298 thousand) which may be used for refinancing with central banks.

### (b) Investment Securities – Available for Sale

The Group owns minority interests in SWIFT and VISA with a carrying value of CZK 407 thousand (2006: CZK 2,734 thousand – SWIFT, MASTERCARD INTERCORPORATE and VISA). In November 2007, all of the MasterCard shares were sold and were derecognised from the Group's books. The income from the sale of the MasterCard shares and the revaluation of the shares recognised in equity over the holding period, were recognised in the Group's profit and loss account as of the sale date.

### (c) Securities Pledged as Collateral

The Group carried no securities pledged as collateral as of 31 December 2007 or 2006.

## 21. EQUITY INVESTMENTS IN ASSOCIATES AND UNCONSOLIDATED ENTITIES

CZK thousand	2007	2006
<b>Opening balance</b>	<b>329,685</b>	<b>315,237</b>
Share in the profit or loss of the associate	49,902	33,692
Dividends paid	(16,250)	(16,250)
Share in the revaluation of securities	(15,343)	(2,097)
Other	(1,249)	(1,097)
Other unconsolidated companies	0	200
<b>Closing balance</b>	<b>346,745</b>	<b>329,685</b>

In the year ended 31 December 2007, all Group companies were included in the consolidation (refer to Note 3).

Equity investments in jointly controlled companies which were not consolidated in 2006 due to immateriality (refer to Note 3(e)) amounted to CZK 200 thousand as of 31 December 2006.

CZK thousand	Country	Assets	Liabilities	Revenue	Profit	Share of equity
<b>At 31 Dec 2007</b>						
Raiffeisen stavební spořitelna a.s.	Czech Republic	45,045,162	43,657,333	2,256,476	200,935	25%
ACB Ponava, s.r.o.	Czech Republic	231,359	236,457	3,436	(5,235)	12.5%
Impuls Tuchoměřice s.r.o.	Czech Republic	395,055	438,406	53,214	14,428	12.5%
RLRE Sigma Property s.r.o.	Czech Republic	1,052,472	1,050,078	10,571	2,241	12.5%
RLRE Ypsilon Property s.r.o.	Czech Republic	70,248	69,882	3,552	340	12.5%
<b>At 31 Dec 2006</b>						
Raiffeisen stavební spořitelna a.s.	Czech Republic	41,655,142	40,337,201	1,933,206	134,768	25%
Impuls Tuchoměřice, s.r.o.	Czech Republic	389,336	442,053	31,174	13,840	12.50%

### Raiffeisen stavební spořitelna a.s. – principal activities:

- Provision of construction savings services in terms of Section 1 of the Construction Savings and Construction Savings State Support Act No. 96/1993 Coll., and the performance of activities listed in Section 9 (1) of Act No. 96/1993 Coll.

The other shareholder having a share in the equity and voting powers in Raiffeisen stavební spořitelna a.s. is Raiffeisen Bausparkasse GmbH.

**22. INTANGIBLE FIXED ASSETS**

CZK thousand	<i>Goodwill</i>	<i>Software</i>	<i>Intangible assets under construction</i>	<i>Total</i>
<b>Cost</b>				
1 Jan 2006	26,114	310,999	41,981	<b>379,094</b>
Impact of changes in the scope of consolidation	788	(4,242)	0	<b>(3,454)</b>
Additions	0	40,359	38,287	<b>78,646</b>
Other movements	0	38,044	(38,100)	<b>(56)</b>
Disposals	0	(78,250)	(289)	<b>(78,539)</b>
<b>31 Dec 2006</b>	<b>26,902</b>	<b>306,910</b>	<b>41,879</b>	<b>375,691</b>
1 Jan 2007	26,902	306,910	41,879	<b>375,691</b>
Impact of changes in the scope of consolidation	15,051	0	0	<b>15,051</b>
Additions	0	57,033	70,853	<b>127,886</b>
Other movements	0	36,954	(36,954)	<b>0</b>
Disposals	(788)	82	(1,070)	<b>(1,776)</b>
<b>31 Dec 2007</b>	<b>41,165</b>	<b>400,979</b>	<b>74,708</b>	<b>516,852</b>
<b>Accumulated amortisation</b>				
1 Jan 2006	(26,114)	(191,773)	0	<b>(217,887)</b>
Impact of changes in the scope of consolidation	0	674	0	<b>674</b>
Additions	0	(68,369)	0	<b>(68,369)</b>
Disposals	0	75,962	0	<b>75,962</b>
<b>31 Dec 2006</b>	<b>(26,114)</b>	<b>(183,506)</b>	<b>0</b>	<b>(209,620)</b>
1 Jan 2007	(26,114)	(183,506)	0	<b>(209,620)</b>
Additions	0	(70,242)	0	<b>(70,242)</b>
<b>31 Dec 2007</b>	<b>(26,114)</b>	<b>(253,748)</b>	<b>0</b>	<b>(279,862)</b>
<b>Net book value</b>				
<b>31 Dec 2006</b>	<b>788</b>	<b>123,404</b>	<b>41,879</b>	<b>166,071</b>
<b>31 Dec 2007</b>	<b>15,051</b>	<b>147,231</b>	<b>74,708</b>	<b>236,990</b>

## 23. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Operating leases	Total
<b>Cost</b>						
1 January 2006	284,735	125,593	618,099	29,930	2,569	<b>1,060,926</b>
Impact of changes in the scope of consolidation	0	0	(2,430)	0	(738)	<b>(3,168)</b>
Additions	4,084	3,080	50,009	25,551	79,995	<b>162,719</b>
Other movements	757	3,308	9,468	(13,478)	0	<b>55</b>
Disposals	(5,461)	(669)	(53,776)	(10,452)	(1,093)	<b>(71,451)</b>
<b>31 December 2006</b>	<b>284,115</b>	<b>131,312</b>	<b>621,370</b>	<b>31,551</b>	<b>80,733</b>	<b>1,149,081</b>
1 January 2007	284,115	131,312	621,370	31,551	80,733	<b>1,149,081</b>
Impact of changes in the scope of consolidation	422,441	0	0	0	0	<b>422,441</b>
Additions	319,616	5,673	59,337	48,388	3,064	<b>436,078</b>
Other movements	13,265	4,142	8,669	(26,076)	0	<b>0</b>
Disposals	(3,171)	(6,374)	(52,998)	(5,549)	0	<b>(68,092)</b>
<b>31 December 2007</b>	<b>1,036,266</b>	<b>134,753</b>	<b>636,378</b>	<b>48,314</b>	<b>83,797</b>	<b>1,939,508</b>
<b>Accumulated depreciation and provisions</b>						
1 January 2006	(118,068)	(101,606)	(484,590)	0	(828)	<b>(705,092)</b>
Impact of changes in the scope of consolidation	0	0	1,526	0	463	<b>1,989</b>
Additions	(20,465)	(12,362)	(85,025)	0	(1,502)	<b>(119,354)</b>
Disposals	2,802	669	47,310	0	464	<b>51,245</b>
<b>31 December 2006</b>	<b>(135,731)</b>	<b>(113,299)</b>	<b>(520,779)</b>	<b>0</b>	<b>(1,403)</b>	<b>(771,212)</b>
1 January 2007	(135,731)	(113,299)	(520,779)	0	(1,403)	<b>(771,212)</b>
Impact of changes in the scope of consolidation	(112,516)	0	0	0	0	<b>(112,516)</b>
Additions	(42,909)	(9,403)	(64,954)	0	(2,656)	<b>(119,922)</b>
Disposals	1,662	6,174	46,445	0	0	<b>54,281</b>
<b>31 December 2007</b>	<b>(289,494)</b>	<b>(116,528)</b>	<b>(539,288)</b>	<b>0</b>	<b>(4,059)</b>	<b>(949,369)</b>
<b>Net book value</b>						
<b>31 December 2006</b>	<b>148,384</b>	<b>18,013</b>	<b>100,591</b>	<b>31,551</b>	<b>79,330</b>	<b>377,869</b>
<b>31 December 2007</b>	<b>746,772</b>	<b>18,225</b>	<b>97,090</b>	<b>48,314</b>	<b>79,738</b>	<b>990,139</b>

The figures presented under "Other movements" represent reclassifications between individual classes of assets.

**(b) Property and Equipment Acquired under Finance Leases**

The Group recorded no significant property and equipment under finance leases in the years ended 31 December 2007 and 2006.

**(c) Future Operating Lease Receivables**

The aging analysis of future operating lease receivables is as follows:

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<b>Future minimum lease instalments for irrevocable operating leases</b>		
<i>Less than 1 year</i>	9,344	5,098
<i>From 1 to 5 years</i>	30,727	19,671
<i>More than 5 years</i>	76,124	31,170
<b>Total</b>	<b>116,195</b>	<b>55,939</b>

**(d) Investment Property**

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<b>Cost</b>		
<i>At 1 January</i>	52,967	46,491
<i>Additions</i>	4,946	6,476
<b>Acquisition cost at 31 December</b>	<b>57,913</b>	<b>52,967</b>
<b>Accumulated depreciation and provisions</b>		
<i>At 1 January</i>	(1,639)	(750)
<i>Annual charges</i>	(1,452)	(889)
<b>Accumulated depreciation and provisions at 31 December</b>	<b>(3,091)</b>	<b>(1,639)</b>
<b>Net book value at 31 December</b>	<b>54,822</b>	<b>51,328</b>

Accounting depreciation relating to the investment property is provided on a straight-line basis and the annual depreciation charges for the years ended 31 December 2007 and 2006 were CZK 3,816 thousand and CZK 3,556 thousand, respectively (the Group's share was CZK 954 thousand and CZK 889 thousand, respectively). Rental proceeds in respect of investment property amounted to CZK 23,592 thousand for the year ended 31 December 2007 (the Group's share is CZK 5,898 thousand) and CZK 23,236 thousand for the year ended 31 December 2006 (the Group's share is CZK 5,809 thousand). Operating expenses associated with this real estate amounted to CZK 172 thousand for the year ended 31 December 2007 (the Group's share is CZK 43 thousand) and CZK 601 thousand for the year ended 31 December 2006 (the Group's share is CZK 150 thousand).

The Group believes that based on the prices of property in the area where the above real estate is located, the market value of the investment property approximately corresponds to its net book value.

The useful life is 52 years and the annual depreciation rate is 1.9 percent.



## 24. DEFERRED TAX LIABILITY/ASSET

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 21 percent (tax rate of 2008), deferred taxation on certain provisions was calculated using the tax rate of 2009 and 2010, i.e. 20 percent and 19 percent (2006: 24 percent), respectively, on the grounds of prudence.

The deferred tax asset is composed of the following items:

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Unpaid social security and health insurance contributions</i>	20,984	13,329
<i>Outstanding vacation days</i>	5,424	5,234
<i>Other provisions</i>	28,821	17,864
<i>Difference in accounting and tax carrying values of tangible and intangible assets</i>	0	1,643
<i>Impact of IFRS adjustments - leases</i>	250	860
<i>Tax loss of prior years</i>	18,675	0
<b>Total deferred tax asset</b>	<b>74,154</b>	<b>38,930</b>

The deferred tax liability is composed of the following items:

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Other provisions</i>	(526)	(58)
<i>Outstanding default interest</i>	0	(3,211)
<i>Difference in accounting and tax carrying values of tangible and intangible assets</i>	(25,581)	0
<i>Changes in the revaluation of securities for sale</i>	0	(452)
<i>Impact of IFRS adjustments - leases</i>	(45,087)	(3,796)
<b>Total deferred tax liability</b>	<b>(71,194)</b>	<b>(7,517)</b>

The calculation of a net deferred tax asset/(liability):

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Balance at 1 January</i>	38,930	93,081
<i>Movement for the year - credit/(charge)</i>	35,224	(54,151)
<b>Total deferred tax asset</b>	<b>74,154</b>	<b>38,930</b>
<i>Balance at 1 January</i>	(7,517)	(14,066)
<i>Movement due to the change in the consolidation group</i>	(24,627)	0
<i>Movement for the year - credit/(charge)</i>	(39,502)	7,001
<i>Movements for the year against equity</i>	452	(452)
<b>Total deferred tax liability</b>	<b>(71,194)</b>	<b>(7,517)</b>
<b>Net deferred tax asset/(liability)</b>	<b>2,960</b>	<b>31,413</b>

The deferred tax (charge)/credit in the profit and loss account and equity comprises the following temporary differences:

CZK thousand	2007	2006
Basis for deferred tax asset/(liability)	7,950	130,886
Deferred tax asset/(liability)	2,960	31,413
Recognition of a year-on-year difference due to the change of tax rate in profit or loss	(6,704)	0
Recognition of a year-on-year difference due to temporary differences in profit or loss	2,426	(47,148)
Recognition of a year-on-year difference due to temporary differences in equity	452	(452)
<b>Total year-on-year difference for recognition</b>	<b>(3,826)</b>	<b>(47,600)</b>

## 25. OTHER ASSETS

CZK thousand	2007	2006
Receivables arising from indirect taxes	4,615	4,001
Receivables arising from non-banking activities	137,855	142,548
Deferred expenses and accrued income	24,135	29,408
Settlement of cash transactions with other banks	666,518	37,636
Assets held for finance leases	181,845	105,612
Other	136,047	96,713
<b>Total</b>	<b>1,151,015</b>	<b>415,918</b>

“Receivables arising from non-banking activities” as of 31 December 2007 include prepayments from operating activities in the amount of CZK 24,731 thousand (2006: CZK 86,663 thousand). The increase in the balance presented as “Other” is due to the increase in settlement of payments by cards, CZK 28,221 thousand (2006: CZK 10,994 thousand), and other operating receivables.

## 26. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2007	2006
<b>Repayable on demand</b>	<b>1,092,350</b>	<b>1,107,412</b>
<b>Term deposits at banks</b>	<b>15,602,559</b>	<b>14,258,105</b>
Within 3 months	7,656,465	6,852,896
From 3 months to 1 year	4,627,866	1,119,690
From 1 year to 5 years	2,785,104	5,888,465
Over 5 years	533,124	397,054
<b>Total</b>	<b>16,694,909</b>	<b>15,365,517</b>

## 27. AMOUNTS OWED TO CUSTOMERS

### (a) Analysis of Amounts Owed to Customers by Type

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Repayable on demand</i>	43,315,013	34,722,081
<i>Term deposits with maturity</i>	28,935,033	21,614,675
<i>Repayable on notice</i>	0	189,705
<i>Other</i>	2,267	2,483
<b>Total</b>	<b>72,252,313</b>	<b>56,528,944</b>

### (b) Analysis of Amounts Owed to Customers by Sector

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Public sector</i>	10,997,128	7,751,717
<i>Corporate clients</i>	35,085,774	25,613,257
<i>Private individuals</i>	22,588,176	22,261,084
<i>Small and medium size enterprises (SME)</i>	3,003,401	524,423
<i>Other</i>	577,834	378,463
<b>Total</b>	<b>72,252,313</b>	<b>56,528,944</b>

## 28. DEBT SECURITIES ISSUED

### (a) Analysis of Issued Debt Securities by Type

<i>CZK thousand</i>	<b>2007</b>	<b>2006</b>
<i>Deposit certificates and deposit bills of exchange</i>	7,726,664	5,096,016
<i>Bonds in issue</i>	1,212,118	556,692
<i>Mortgage bonds</i>	8,244,355	4,623,071
<b>Total</b>	<b>17,183,137</b>	<b>10,275,779</b>

**(b) Analysis of Mortgage Bonds**

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying amount	
				2007	2006	2007	2006
18.2.2004	18.2.2009	CZ0002000326	CZK	499,500	500,000	515,770	516,465
23.8.2004	23.8.2009	CZ0002000417	CZK	370,000	500,000	381,291	519,116
23.3.2005	23.3.2010	CZ0002000482	CZK	499,350	500,000	533,244	541,369
21.11.2005	21.11.2010	CZ0002000698	CZK	339,850	600,000	352,472	629,103
24.5.2006	24.5.2011	CZ0002000805	CZK	403,170	498,210	429,649	538,106
4.10.2006	4.10.2011	CZ0002000888	CZK	965,000	1,800,000	1,001,188	1,878,912
16.2.2007	16.2.2012	CZ0002000946	CZK	1,300,000	0	1,421,815	0
12.9.2007	12.9.2012	CZ0002001175	CZK	1,814,500	0	1,908,066	0
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	0	1,560,820	0
20.12.2007	20.12.2017	CZ0002001928	CZK	130,000	0	140,040	0
<b>TOTAL</b>				<b>7,839,170</b>	<b>4,398,210</b>	<b>8,244,355</b>	<b>4,623,071</b>

In 2007, the number of issued pieces of the following issues of mortgage bonds decreased:

- 1) CZ0002000417 – the original number of 50,000 securities decreased to 37,000 securities
- 2) CZ0002000698 – the original number of 60,000 securities decreased to 34,000 securities
- 3) CZ0002000805 – the original number of 50,000 securities decreased to 40,500 securities
- 4) CZ0002000888 – the original number of 180,000 securities decreased to 96,500 securities

**29. PROVISIONS**

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for outstanding vacation days	Provision for restructuring	Other provisions	Total
1 January 2006	6,645	0	17,104	0	11,818	35,567
Charge for provisions	2,296	44,000	22,418	19,000	4,794	92,508
Use of provisions	(1,067)	0	(17,104)	0	0	(18,171)
Release of redundant provisions	0	0	(297)	0	(2,613)	(2,910)
<b>31 December 2006</b>	<b>7,874</b>	<b>44,000</b>	<b>22,121</b>	<b>19,000</b>	<b>13,999</b>	<b>106,994</b>
Charge for provisions	7,826	76,804	26,283	0	47,649	158,562
Use of provisions	0	0	(21,807)	(237)	(4,759)	(26,803)
Release of redundant provisions	(75)	(44,000)	0	(12,000)	(1,269)	(57,344)
<b>31 December 2007</b>	<b>15,625</b>	<b>76,804</b>	<b>26,597</b>	<b>6,763</b>	<b>55,620</b>	<b>181,409</b>

The provision for restructuring was created for severance payments related to re-organisation of the risk management area as a consequence of integration with eBanka a.s. This process has not yet been completed. The provision will be fully utilised when the process of integration is completed.

### 30. SUBORDINATED DEBT

CZK thousand	2007	2006
<i>Raiffeisen Zentralbank Österreich</i>	1,164,050	1,635,578
<i>Raiffeisenlandesbank Oberösterreich</i>	789,798	0
<i>Raiffeisenlandesbank Niederösterreich</i>	527,757	0
<i>Raiffeisen Malta Bank Plc</i>	757,450	0
<b>Total</b>	<b>3,239,055</b>	<b>1,635,578</b>

During 2007, the subordinated loan increased by CZK 1,603,477 thousand. As of 31 December 2007, the aggregate amount of the principal of the subordinated loan was CZK 3,190,780 thousand (2006: CZK 1,607,495 thousand).

### 31. OTHER LIABILITIES

CZK thousand	2007	2006
<i>Liabilities arising from non-banking activities</i>	425,473	287,317
<i>Payables to bonuses</i>	375,566	201,903
<i>Accrued expenses</i>	10,265	10,425
<i>Deferred income</i>	52,314	21,112
<i>Settlement and suspense clearing account</i>	472,326	986,094
<i>Other</i>	364,438	354,905
<b>Total</b>	<b>1,700,382</b>	<b>1,861,756</b>

The aggregate decrease in other liabilities is due to the balance of the settlement and suspense clearing account of CZK 472,326 thousand (2006: CZK 986,094 thousand). Liabilities arising from non-banking activities primarily represent an estimate for the insurance fund of CZK 63,800 thousand (2006: CZK 44,000 thousand) and estimates for undelivered operating invoices.

The line 'Other' primarily includes settlement accounts in respect of cross-border payment transactions.

### 32. SHARE CAPITAL OF THE PARENT COMPANY

On 26 October 2007, an extraordinary General Meeting of the Bank approved an increase in the share capital from CZK 3,614,000 thousand to CZK 4,889,000 thousand through an issue and subscription of new shares. The shareholder structure did not change during 2007. The aggregate nominal value of all the shares was fully paid before the end of 2007. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital to CZK 4,889,000 thousand was recorded in the Register of Companies in Prague following the resolution of the court dated 26 November 2007. The resolution came into legal effect on 26 November 2007.

The shareholder structure as of 31 December 2007:

Name	Registered address	Number of ordinary shares	Nominal value (in CZK '000)	Ownership percentage (in %)
Raiffeisen International Bank-Holding AG	Austria	249,339	2,493,390	51
RB Prag Beteiligungs GmbH	Austria	122,225	1,222,250	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	117,336	1,173,360	24
		<b>488,900</b>	<b>4,889,000</b>	<b>100</b>

### 33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the year as shown in the statements of cash flows are composed of the following balances:

CZK thousand	2007	2006
Cash and accounts with central banks (Note 16)	2,073,583	1,683,989
Required minimum reserves (Note 16)	(103,876)	(330,952)
Nostro accounts with financial institutions (Note 17)	112,092	1,483,990
<b>Total cash and cash equivalents</b>	<b>2,081,799</b>	<b>2,837,027</b>

### 34. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

#### (a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2007. Pursuant to the review of individual litigation matters in terms of the risk of potential losses and the probability of payment, the Group recognised provisions (Note 29) for these litigations in the aggregate amount CZK 15,625 thousand (2006: CZK 7,874 thousand).

As of 31 December 2007, the Group assessed lawsuits filed against other entities. The review of significant litigation matters in respect of third parties indicates that these will not materially affect the Group's financial position.

The Bank does not disclose the details of individual ongoing disputes, as the disclosure may impact the final result of the disputes and damage the interests of the Bank.

**(b) Irrevocable Commitments from Accepted Bills of Exchange and Endorsements, Other Written Commitments and Pledged Amounts**

CZK thousand	2007	2006
<b>Banks</b>		
Provided commitments	102,108	6,170
Guarantee commitments	4,847	9,123
Letters of credit and financial guarantees	420	0
<b>Total</b>	<b>107,375</b>	<b>15,293</b>
<b>Customers</b>		
Provided commitments	16,308,164	11,201,330
Guarantee commitments	3,144,205	1,384,058
Letters of credit and financial guarantees	959,280	218,848
<b>Total</b>	<b>20,411,649</b>	<b>12,804,236</b>
<b>Total</b>	<b>20,519,024</b>	<b>12,819,529</b>

**(c) Refinancing Agreements**

As of 31 December 2007, the Group is provided with a stand-by credit line facility of CZK 13,310,000 (EUR 500,000 thousand) (2006: CZK 1,429,740 thousand, EUR 52,000 thousand) by Raiffeisen Zentralbank Österreich Aktiengesellschaft.

**35. OFF BALANCE SHEET COMPONENTS – FINANCIAL INSTRUMENTS****(a) Analysis of Derivative Financial Instruments – Contractual Amounts**

CZK thousand	Contractual amounts	
	2007	2006
<b>Trading instruments</b>		
Cross-currency swaps	85,522	294,376
Currency forwards and swaps	36,593,562	16,172,473
Interest rate swaps (IRS)	42,815,908	37,976,009
Forward rate agreements (FRA)	200,500,000	171,045,000
Option contracts (purchase)	10,201,915	9,710,570
Option contracts (sale)	10,092,095	9,679,429
<b>Total trading instruments</b>	<b>300,289,002</b>	<b>244,877,857</b>
<b>Financial derivatives - total contractual amount</b>	<b>300,289,002</b>	<b>244,877,857</b>

The Bank reported no hedging instruments in 2007 and 2006.

**(b) Analysis of Derivative Financial Instruments – Fair Value**

CZK thousand	Fair value in 2007		Fair value in 2006	
	Positive	Negative	Positive	Negative
<b>Trading instruments</b>				
Cross-currency swaps	2,649	(2,716)	9,372	(9,157)
Currency forwards and swaps	390,631	(541,343)	128,348	(245,449)
Interest rate swaps (IRS)	173,392	(160,257)	192,878	(240,133)
Forward rate agreements (FRA)	117,381	(106,607)	133,531	(123,884)
Option contracts (purchase)	331,116	0	206,911	0
Option contracts (sale)	0	(320,679)	0	(203,036)
<b>Total trading instruments</b>	<b>1,015,169</b>	<b>(1,131,601)</b>	<b>671,040</b>	<b>(821,659)</b>
<b>Financial derivatives – total fair amount</b>	<b>1,015,169</b>	<b>(1,131,601)</b>	<b>671,040</b>	<b>(821,659)</b>

The Group reported no hedging instruments in 2007 and 2006.

**(c) Remaining Maturity of Financial Derivative Instruments – Contractual Amounts**

CZK thousand	Up to 1 year	From 1 – 5 years	Over 5 years	Total
	<b>At 31 December 2007</b>			
<b>Trading instruments</b>				
Cross-currency swaps	85,522	0	0	85,522
Currency forwards and swaps	33,400,737	3,192,824	0	36,593,562
Interest rate swaps (IRS)	17,155,432	22,747,932	2,912,545	42,815,908
Forward rate agreements (FRA)	124,000,000	76,500,000	0	200,500,000
Option contracts (purchase)	7,313,947	2,887,968	0	10,201,915
Option contracts (sale)	7,309,243	2,782,852	0	10,092,095
<b>Total trading instruments</b>	<b>189,264,881</b>	<b>108,111,576</b>	<b>2,912,545</b>	<b>300,289,002</b>
<b>Total financial derivatives</b>	<b>189,264,881</b>	<b>108,111,576</b>	<b>2,912,545</b>	<b>300,289,002</b>
<b>At 31 December 2006</b>				
<b>Trading instruments</b>				
Cross-currency swaps	0	294,376	0	294,376
Currency forwards and swaps	15,890,886	281,587	0	16,172,473
Interest rate swaps (IRS)	20,058,657	16,554,175	1,363,177	37,976,009
Forward rate agreements (FRA)	105,195,000	65,850,000	0	171,045,000
Option contracts (purchase)	5,329,407	4,381,163	0	9,710,570
Option contracts (sale)	5,363,329	4,316,100	0	9,679,429
<b>Total trading instruments</b>	<b>151,837,279</b>	<b>91,677,401</b>	<b>1,363,177</b>	<b>244,877,857</b>
<b>Total financial derivatives</b>	<b>151,837,279</b>	<b>91,677,401</b>	<b>1,363,177</b>	<b>244,877,857</b>

The Group reported no hedging instruments in 2007 and 2006.



**(d) Summary of Future Cash Flows of Net Settled Derivatives**

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>Trading instruments</b>						
Interest rate swaps (IRS)	82,121	67,554	23,544	(88,503)	(63,162)	(295)
Forward rate agreements (FRA)	72,218	45,163	0	(67,174)	(39,433)	0
<b>Total trading instruments</b>	<b>154,339</b>	<b>112,717</b>	<b>23,544</b>	<b>(155,677)</b>	<b>(102,595)</b>	<b>(295)</b>
<b>Financial derivatives – total contractual cash flows</b>	<b>154,339</b>	<b>112,717</b>	<b>23,544</b>	<b>(155,677)</b>	<b>(102,595)</b>	<b>(295)</b>

**(e) Summary of Future Cash Flows of Gross Settled Derivatives**

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>Trading instruments</b>						
Cross-currency swaps	85,522	0	0	(85,522)	0	0
Currency forwards and swaps	33,400,738	3,192,824	0	(33,547,301)	(3,181,225)	0
Option contracts (purchase)	7,313,947	2,887,968	0	(7,280,493)	(2,481,247)	0
Option contracts (sale)	7,278,314	2,481,247	0	(7,309,243)	(2,782,852)	0
<b>Total trading instruments</b>	<b>48,078,521</b>	<b>8,562,039</b>	<b>0</b>	<b>(48,222,559)</b>	<b>(8,445,324)</b>	<b>0</b>
<b>Financial derivatives – total contractual cash flows</b>	<b>48,078,521</b>	<b>8,562,039</b>	<b>0</b>	<b>(48,222,559)</b>	<b>(8,445,324)</b>	<b>0</b>

**36. OTHER OFF BALANCE SHEET ASSETS - OTHER****(a) Assets Provided for Management, Administration and Custody**

In the years ended 31 December 2007 and 2006, the Group provided no assets for management, administration and custody.

**(b) Assets Accepted for Management, Administration and Custody**

CZK thousand	2007	2006
Assets accepted for management	3,128,364	2,585,395
Assets accepted for administration	9,282,698	10,052,702
Assets accepted for custody	50	50
<b>Total</b>	<b>12,411,112</b>	<b>12,638,147</b>

### 37. SEGMENT ANALYSIS

#### (a) Geographic Segments

The Group carries out activities solely on the territory of the Czech Republic and pursues no activities abroad.

#### (b) Segments by Type of Client

Primary reporting under IAS 14 is based on the internal management system supplied by Raiffeisen International Bank-Holding AG, whose primary reporting format is principally client-oriented. Business segments are represented as follows:

- Retail banking;
- SME banking;
- Corporate banking;
- Leasing; and
- Other.

The Retail banking segment generally includes all private individuals including VIP clients and own employees. This segment mainly involves standardised products, such as savings accounts, deposit and current accounts, client loans and mortgages, overdraft facilities, credit cards and other credit and deposit products.

The SME banking segment entails all medium size entities with an annual turnover of up to CZK 250,000 thousand.

The Corporate banking segment involves transactions with corporate clients, public sector and financial institutions. This segment also includes small subsidiaries of large companies.

The segment "Other" mainly includes Treasury and Investment Banking, as well as other positions, such as profit sharing, and other non-interest companies constituting assets and liabilities which cannot be allocated to the above segments.

Treasury includes own positions in on balance sheet products and also in interest rates of off balance sheet currency products (derivatives). All of this includes interest rate transactions, foreign FX transactions, liquidity management, and asset and liability management.

The Leasing segment involves providing assets to customers under finance lease arrangements.

<i>CZK thousand</i>	<b>Retail banking</b>	<b>SME banking</b>	<b>Corporate banking</b>	<b>Leasing</b>	<b>Other</b>	<b>Total</b>
<b>At 31 December 2007</b>						
Net segment income	1,252,633	876,302	1,875,145	54,611	670,772	4,729,463
Segment profit/(loss)	(138,616)	107,285	845,356	41,114	222,872	1,078,011
Other income	0	0	0	0	45,361	45,361
Tax	0	0	0	0	(303,681)	(303,681)
<b>Profit or loss</b>						<b>819,691</b>
<i>Other information</i>						
Average assets by segment	23,784,491	6,503,914	55,461,164	8,247,313	25,887,782	119,884,664
Average liabilities by segment	24,651,962	12,644,665	39,546,682	7,985,795	35,055,560	119,884,664
Reserves and provisions for credit risks	144,799	84,205	262,398	3,364	27,291	522,057

CZK thousand	Retail banking	SME banking	Corporate banking	Leasing	Other	Total
<b>At 31 December 2006</b>						
<b>Net segment income</b>	<b>954,705</b>	<b>600,151</b>	<b>1,494,919</b>	<b>56,142</b>	<b>448,524</b>	<b>3,554,441</b>
Segment profit/(loss)	(157,647)	9,127	687,988	16,579	106,286	662,333
Other income	0	0	0	0	142,705	142,705
Tax	0	0	0	0	(212,774)	(212,774)
<b>Profit or loss</b>						<b>592,264</b>
<i>Other information</i>						
Average assets by segment	14,180,903	4,494,286	44,212,558	4,037,023	18,403,754	85,328,524
Average liabilities by segment	20,799,842	9,979,401	29,121,745	4,037,023	21,390,513	85,328,524
Reserves and provisions for credit risks	144,799	84,205	262,398	15,047	6,476	512,925

### 38. FINANCIAL INSTRUMENTS – MARKET RISK

The Group takes on exposure to market risks arising from open positions of transactions with interest rate, equity and currency instruments which are sensitive to the changes of conditions on financial markets.

#### (a) Trading

The Group holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Group's trading activities are conducted on the basis of the requirements of the Group's clients. The Group maintains the admission to the financial markets through the quoting of bid and ask prices and by trading with other market makers. The Group's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Group manages risks associated with its trading activities on the level of individual risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 38 (c).

#### (b) Risk Management

The selected risks exposures resulting from the Group's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 38 (c).

## Liquidity Risk

Liquidity risk arises from the type of funding of the Group's activities and the management of its positions. It includes both the risk of the inability to raise funds to cover the Group's assets using instruments with appropriate maturity and the Group's ability to dispose of/sell assets at a reasonable price within a reasonable time frame.

The Group has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Group's equity. This diversification makes the Group flexible and reduces its dependency on one source of funding. The Group regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy, which is approved by the Group's Board of Directors. As part of its liquidity risk management strategy, the Group also holds a portion of its assets in highly liquid funds, such as government treasury bills and similar bonds and/or repurchase transactions with the Czech National Bank. The Group uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 35 (d) and 35 (e).

### Remaining Maturity of the Group's Assets and Liabilities

#### 2007

CZK thousand	Total contractual liability	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years
Amounts owed to financial institutions	18,846,860	11,242,868	6,019,198	1,584,794	0
Amounts owed to customers	72,295,741	70,171,087	2,062,944	57,994	3,716
Debt securities issued	18,939,533	7,801,866	283,706	8,494,202	2,359,759
Subordinated loan	4,372,362	15,539	93,235	745,877	3,517,711
Other liabilities	1,700,382	1,700,382	0	0	0
Provided loan commitments to customers	16,410,272	16,410,272	0	0	0

#### 2006

CZK thousand	Total contractual liability	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years
Amounts owed to financial institutions	17,346,111	10,347,614	5,539,898	1,458,599	0
Amounts owed to customers	56,562,922	54,900,630	1,614,011	45,373	2,908
Debt securities issued	11,326,131	4,665,635	169,661	5,079,663	1,411,172
Subordinated loan	1,635,578	5,813	34,876	279,012	1,315,877
Other liabilities	1,861,756	1,861,756	0	0	0
Provided loan commitments to customers	11,207,501	11,207,501	0	0	0

### Interest Rate Risk

The Group is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Group is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The Group's interest rate risk management activities are aimed at optimising the Group's net interest income in accordance with its strategy approved by the Board of Directors, and hedge the Group's position against the fluctuations of interest rates. In managing the interest rate risk, the Group uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates (for example on current accounts).

The Group mostly uses interest rate derivatives to manage the mismatch between the rate-sensitivity of assets and liabilities. These derivative transactions are entered into in accordance with the asset and liability management strategy as approved by the Board of Directors of the Group.

Part of the Group's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. The table below presents the mismatch in individual currencies expressed in terms of sensitivity to interest rate curve shifts (BPV – refer to "Risk Management Methods" in Note 38 (c)). The carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are recorded either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

### Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Group's portfolio and financial derivatives related to these instruments. This risk predominantly arises from trading with equity instruments although a portion of equity exposure is also attributable to non-trading activities of the Group. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 38 (c).

### Fair Values of Financial Instruments

CZK thousand	2007		2006	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets</b>				
Loans and advances to financial institutions	14,697,511	14,707,574	18,350,164	18,346,284
Loan and advances to customers	97,573,326	99,228,305	68,782,518	70,007,040
<b>Liabilities</b>				
Amounts owed to financial institutions	16,694,909	16,589,622	15,365,517	15,201,886
Amounts owed to customers	72,252,313	72,233,854	56,528,944	56,513,675
Debt securities issued	17,183,137	16,944,966	10,275,779	10,282,530
Subordinated loan	3,239,055	3,550,236	1,635,578	1,790,157

### (c) Risk Management Methods

The Group's risk management concentrates on the management of overall net exposure resulting from the Group's assets and liabilities structure. The Group monitors interest rate risk by observing excess rate-sensitive assets or rate-sensitive liabilities in individual time buckets. For hedge accounting purposes, the Group identifies specific assets/liabilities causing this mismatch in order to meet the hedge accounting criteria. The Group uses a set of limits for individual positions and portfolios to facilitate effective market risk management. These limits consist of limits set by the Group in a standardised way for the whole CEE region and internal limits that reflect the specifications of local markets to which the Group is exposed.

The Group monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates and equity market prices).

<i>CZK thousand</i>	<b>At 31 December 2007</b>	<b>Average in 2007</b>	<b>At 31 December 2006</b>	<b>Average in 2006</b>
<b>Total market risk VaR</b>	6,387	6,566	4,777	5,878

#### Interest Rate Risk

The Group monitors interest rate risk of the banking book and the trading book separately, at the level of individual currencies. The interest rate position is monitored based on a gap analysis method, in combination with the sensitivity of the overall position to the shift in the interest rate curve (BPV). The gap analysis is based on the net position of notional values presented in a yearly equivalent (that is, the position converted to the risk of the yearly interest rate instrument using a duration coefficient). The BPV technique (basis point value) involves determining the change of the present value of the portfolio when interest rates shift by one basis point (0.01 percent). These techniques are complemented by monitoring interest rate risks using Value at Risk. Gap analyses of individual subsidiaries in the Group have been completed.

<i>CZK thousand</i>	<b>At 31 December 2007</b>	<b>Average in 2007</b>	<b>At 31 December 2006</b>	<b>Average in 2006</b>
<b>Total interest rate risk VaR</b>	6,157	6,563	4,771	5,806
<i>Interest rate risk VaR – banking book</i>	5,334	5,854	5,021	5,253
<i>Interest rate risk VaR – trading book</i>	3,247	3,234	1,054	1,922

#### Currency Risk

The Group uses a set of limits established by reference to the standards of the Raiffeisen Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulatory body. These techniques are complemented by monitoring currency risks using Value at Risk. Gap analyses of individual subsidiaries in the Group have been completed.

<i>CZK thousand</i>	<b>At 31 December 2007</b>	<b>Average in 2007</b>	<b>At 31 December 2006</b>	<b>Average in 2006</b>
<b>Currency risk VaR</b>	656	855	400	519

### Equity Risk

Market risks arising from the Group's equity trading activities are managed using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level.

<i>CZK thousand</i>	<i>At 31 December 2007</i>	<i>Average in 2007</i>	<i>At 31 December 2006</i>	<i>Average in 2006</i>
<b>Equity risk VaR</b>	270	298	104	599

### Stress Testing

The Group performs regular stress testing of interest rate risk inherent in the banking and trading portfolios, the currency risk and the equity risk. The results of stress tests are submitted to the Assets and Liabilities Committee (ALCO) on a regular basis.

### Operational Risk

In accordance with Basel II requirements, operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Group assesses these risks on a regular basis and undertakes measures aimed at systematic detection and minimisation of these risks. In 2007, operational risk management activities predominantly focused on the implementation of a group-wide Basel II project. While the Group intends to apply the standardised approach to calculating capital adequacy, it also strives to investigate the possible way of implementing the advanced (AMA) approach.

The Group has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

Operational risk management primarily draws upon collection of data on losses caused by operational risks, risk self-assessment and key risk indicators.

The objective of collecting data on operational risk events is not just to accumulate information but, in more complex cases, to analyse the causes of such events, and also propose and implement measures aimed at preventing further occurrence of such events.

Risk self-assessment is designed to identify areas with a high operational risk within the Group. The Group (as well as the whole Raiffeisen Group) is part of the KRI initiative organised by the Risk Management Association. This initiative involves, among others, the standardised methodology for risk self-assessment and reporting of results thereof.

In respect of areas with an identified significant risk the Group has implemented a set of key risk indicators that serve as an early warning system and as a measure of operational risk taken.

As part of further procedures, the Group plans to implement a set of key risk indicators, particularly for segments where high risk is involved, which will serve as an early warning system and criteria for evaluating operational risk exposure.

### Capital Risk Management

The main tools used to manage capital risk include pertaining to minimum capital adequacy requirements.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2006.

### 39. FINANCIAL INSTRUMENTS – CREDIT RISK

The Group takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities are managed using the methods and instruments applied by the Group in managing its market risk exposures.

#### (a) Assessment and Classification of Receivables

The Group assesses its receivables in accordance with the principles determined by the CNB's Regulation dated 15 May 2007 on the rules of prudent business of banks, savings and lending associations and securities traders (Collection of Laws No. 123/2007), and also in accordance with IFRS and IAS 39 standards and internal regulations.

The Group assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to Regulation of the Czech National Bank No. 123. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard ("A"), watch ("B"), substandard ("C"), doubtful ("D"), and loss ("E"). Substandard, doubtful and loss receivables are aggregately designated as bad receivables. If the Group records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating.

- The classification is performed on a monthly basis, with the key criteria being:
- Number of days past maturity;
- Financial position of the debtor – client rating;
- Restructuring of the repayment schedule;
- Declaration of bankruptcy, placement in the settlement proceedings, filing a criminal complaint by the Group against individuals; and
- Other individually assessed events relating to the anticipated customer's compliance with contractual obligations

#### (b) Provisioning for Receivables

For provisioning purposes, receivables from non-retail clients, that is, clients of the corporate and SME segments, are assessed on an individual basis and the Group creates the so-called individual provisions. All significant exposures are assessed individually on a monthly basis by the Problem Loan Committee and the assessment takes into account expected cashflows as analysed by internal experts. Provisions are made after all available information, including the estimated value of collateral and expected duration of recovery process, is considered.

Provisions for retail loans are recognised on a portfolio basis for receivables included in the A category and individually for loans classified as B – E. Provisioning levels are determined according to the statistically estimated cash flows. For this purpose, receivables are split into portfolios by product and the number of overdue days.

The level of individual provisions is determined as equal to the difference between the carrying amount of a receivable and the present value of future cash flows of the receivable discounted using the original effective interest rate. The value of the future cash flows is derived from the anticipated repayment schedule of the loan established either on the basis of the data entered in the banking system ('contractual cash flow') or on the basis of an expert assessment of the current financial health of the client (including the cash flows arising from a possible realisation of collateral, repayment of the outstanding balance using the proceeds from the bankruptcy or settlement proceedings or gains on the sale of receivables). The individual approach is additionally reflected in the probability of default by the client depending on its rating and in the anticipated amount of the loss arising on the realisation of collateral upon the client's default (loss given default).



The Group determines provisions for receivables on a monthly basis.

### **(c) Evaluation of Collateral**

Generally, the Group requires collateral for loans granted to certain debtors prior to the issuance of the loan. For the purpose of calculating provisioning levels, the Group considers the following types of collateral as eligible collateral which reduces gross credit exposure:

- Cash;
- Real estate;
- First-class receivables;
- Bank guarantee;
- Guarantee provided by a reputable third party;
- Machinery and equipment – movable assets;
- First-class securities; and
- Inventory and commodities.

In arriving at the realisable value of collateral, the Group refers to expert valuation reports and/or internal assessments prepared by a specialised department of the Group. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Group's ability to realise the collateral as and when required. The Group regularly reviews and updates collateral values and correction coefficients depending on the type and quality of the collateral, but at least on an annual basis.

### **(d) Credit Risk Measurement Methods**

The principal credit risk management methods in retail banking include application and behavioural scoring and/or rating. The risks are managed on a portfolio level through the portfolio management approach, regular monitoring of the portfolio quality development, and prediction of potential future loss development.

### **(e) Concentration of Credit Risk**

The Group maintains a system of internal limits for individual countries, sectors and clients in order to prevent significant concentration of credit risk. As of the balance sheet date, the Group recorded no significant credit risk concentration exposure to an individual client or an economically connected entity.

Credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Note 38.

### **(f) Recovery of Receivables**

The Group has special functions in place which are responsible for the recovery and administration of distressed receivables. These functions undertake legal steps, perform the restructuring of receivables, communicate with problematic clients etc. in order to achieve maximum recovery, including collateral recovery, and representing the Group in creditors' committees if clients are declared bankrupt.

### **(g) Securitisation**

In 2006, the Group undertook a synthetic securitisation of its loan portfolio from the Corporate Banking and SME Banking segments.

The Group entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. Kreditanstalt für Wiederaufbau (KfW), with the involvement of European Investment Fund, became the investor. Dresdner Bank AG acted as the arranger and Clifford Chance acted

as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction will mature in 2016 and its original volume is EUR 450 million, of which EUR 183 million and EUR 267 million relate to the Group and Raiffeisen Bank Polska S.A., respectively.

#### (h) Portfolio quality

In 2007, the Group began to review information about the quality of the Group's portfolio. This information is provided to the Board of Directors of the Group.

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group in the interval from 1 to 5, where 1 represents excellent credit standing and 5 represents default.

CZK thousand

<i>Rating</i>	<b>2007</b>	<b>2006</b>
1.0	307,871	207,246
1.5	2,014,259	1,764,748
2.0	10,150,201	8,065,277
2.5	8,488,033	5,879,731
3.0	20,035,908	11,430,504
3.5	12,553,830	9,539,525
4.0	5,741,747	8,412,472
4.5	2,522,934	3,169,728
5.0	1,480,864	372,184
UNRATED	2,005,636	2,310,246
Retail	34,524,722	19,250,967
<b>Total</b>	<b>99,826,005</b>	<b>70,402,628</b>

The UNRATED category consists of zero risk transactions where the whole exposition is secured by collateralised securities or cash deposits. Since 1 January 2008 all exposures without any exceptions have proper ratings assigned.

**(i) Credit quality of undue and unimpaired loans to customers**

The Group has following undue and unimpaired financial assets according to its rating:

*CZK thousand*

<i>Rating</i>	<b>2007</b>	<b>2006</b>
1.0	298,227	201,154
1.5	2,012,047	1,740,200
2.0	10,084,438	8,030,534
2.5	8,282,840	5,607,634
3.0	19,929,308	10,663,047
3.5	11,854,960	7,608,151
4.0	4,752,465	5,382,190
4.5	483,077	1,103,206
5.0	67,010	0
UNRATED	1,716,530	2,133,507
<i>Retail</i>	29,407,704	14,678,686
<b>Total of unimpaired and undue loans to customers</b>	<b>88,888,606</b>	<b>57,148,309</b>
<b>Total of impaired and overdue loans to customers</b>	<b>10,937,399</b>	<b>13,254,319</b>
<b>Total of loans to customers</b>	<b>99,826,005</b>	<b>70,402,628</b>

## 40. ACQUISITIONS AND SALES

### (a) Acquisitions for the Year Ended 31 December 2007

In July 2007, the Group acquired 25 percent equity investments in Bezručova Investiční, a.s. and Cristal Palace Real Estate, s.r.o. In 2007, the Group acquired a 12.5 percent equity investment in RLRE Sigma Property s.r.o. The table below summarises the fair values of assets, liabilities and goodwill/ negative goodwill of the above entities recognised at the acquisition date:

The remaining companies included in the consolidation for the year ended 31 December 2007 were formed by Raiffeisen Leasing Real Estate, s.r.o.

CZK thousand	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date
	Bezručova Investiční, a.s.	RLRE Sigma Property, s.r.o.	Cristal Palace Real Estate s.r.o.	Flex Space Plzeň	Real 94, s.r.o.	RLRE Taurus Property, s.r.o.	RLRE C Property s.r.o. Columba	Total
<b>Assets</b>								
Cash	0	1	0	3	1	0	0	5
Loans and advances to financial institutions	22	6,720	888	1,320	4	2,537	44,421	55,912
Loans and advances to customers	0	0	47,712	1,074	70,485	0	0	119,271
Provisions to provided loans and receivables	0	0	0	0	(45)	0	0	(45)
Tangible and intangible fixed assets	2,833	111,920	0	43,429	0	106,025	45,718	309,925
Other assets	14	5,654	109	327	59	45	175	6,383
<b>Liabilities</b>								
Amounts owed to financial institutions	0	(113,844)	0	(38,279)	0	0	0	(152,123)
Amounts owed to customers	0	(1,630)	(43,119)	(6,857)	(13,892)	0	0	(65,498)
Provisions	0	(54)	0	0	0	0	0	(54)
Other liabilities	0	(8,488)	(32)	(1,040)	(10,402)	988	29,469	10,495
Fair value of identifiable net assets	2,869	279	5,558	(104)	46,210	(432)	9,375	63,755
Goodwill / negative goodwill	1,206	(149)	1,296	1,282	10,319	948	(9,175)	15,051/ (9,324)
Cost of acquisition	(4,075)	(130)	(6,854)	(1,178)	(56,529)	(516)	(200)	(69,482)
- cash and cash equivalents	22	6,721	888	1,323	5	(2,537)	44,421	50,843
Cash inflow/ (outflow) resulting from acquisition	(4,053)	6,591	(5,966)	145	(56,524)	(3,053)	44,221	(18,639)

**(b) Acquisitions for the Year Ended 31 December 2006**

In July 2006, the Group acquired 25 percent investments in merging companies RLRE Tellmer Property s.r.o. and B.U.T., s.r.o. (RLRE Tellmer Property s.r.o. being the successor company). In 2006, the Group additionally purchased a 23.9 percent investment in RLRE Orion Property, s.r.o. The table below summarises the fair values of assets, liabilities and goodwill/negative goodwill of the above entities recognised at the acquisition date:

<i>CZK thousand</i>	<i>Fair value at the acquisition date</i>	<i>Fair value at the acquisition date</i>	<i>Fair value at the acquisition date</i>
	<i>RLRE Tellmer Property, s.r.o. (after the merger)</i>	<i>RLRE Orion Property, s.r.o.</i>	<i>Total</i>
<b>Assets</b>			
Cash	49	1	50
Loans and advances to financial institutions	10,218	240	10,458
Loans and advances to customers	86,131	48,038	134,169
Provisions to provided loans and receivables	0	0	0
Tangible and intangible fixed assets	0	0	0
Other assets	12,026	187	12,213
<b>Liabilities</b>			
Amounts owed to financial institutions	(85,250)	(45,696)	(130,946)
Amounts owed to customers	(5,076)	0	(5,076)
Other liabilities	(18,841)	(2,505)	(21,346)
Fair value of identifiable net assets	(743)	265	(478)
Goodwill/(negative goodwill)	788	(149)	788/(149)
Cost of acquisition	(45)	(116)	(161)
- cash and cash equivalents	10,267	241	10,508
Cash inflow/(outflow) resulting from acquisition	10,222	125	10,347

Goodwill represents anticipated economic benefits arising from the business combination. Based on the available information, the Group assessed the goodwill and concluded that the recognised goodwill resulting from the acquisitions effected in 2006 suffered no impairment as of 31 December 2006.

**(c) Sales for the Year Ended 31 December 2007**

In 2007, the Group sold the 25 percent equity investment in RLRE & EUBE OC – TERRONIC I. s.r.o. and RLTE Theta Property s.r.o. and the 22.5 percent equity investment in RLRE Carina Property, s.r.o. In addition, the Group sold RLRE Columba Property, s.r.o. and RLRE Taurus Property, s.r.o. with a gain from the sale in the amount of CZK 516 thousand. The following table summarises assets and liabilities of the companies disposed of at the disposal date.

<i>CZK thousand</i>	<i>Fair value at the sale date</i>	<i>Fair value at the sale date</i>	<i>Fair value at the sale date</i>	<i>Fair value at the sale date</i>
	<b>RLRE &amp; EUBE OC - TERRONIC I. s.r.o.</b>	<b>RLRE Theta Property, s.r.o.</b>	<b>RLRE Carina Property, s.r.o.</b>	<b>Total</b>
<b>Assets</b>				
Cash	1	0	1	2
Loans and advances to financial institutions	197	1,128	87	1,412
Loans and advances to customers	0	0	0	0
Provisions to provided loans and receivables	0	0	0	0
Tangible and intangible fixed assets	0	0	0	0
Other assets	937	7,744	12,818	21,499
<b>Liabilities</b>				
Amounts owed to financial institutions	0	0	(12,825)	(12,825)
Amounts owed to customers	(284)	(2,956)	0	(3,240)
Collateralised liabilities	(189)	(359)	0	(548)
Other liabilities	(792)	(4,307)	(55)	(5,154)
Fair value of identifiable net assets	(130)	1,250	26	1,146
Selling price of the investment	50	50	41	141
Gain from sale	180	(1,200)	15	(1,005)
- cash and cash equivalents	(198)	(1,128)	(88)	(1,414)
Cash inflow/(outflow) resulting from sale	(148)	(1,078)	(48)	(1,274)

**(d) Sales for the Year Ended 31 December 2006**

In 2006, the Group disposed of its 25 percent investment in RLRE Ypsilon Property, s.r.o. In addition, MB Leasing, a.s. entered into a contract with Raiffeisen – Leasing, s.r.o. for the sale of part of business. The following table summarises assets and liabilities of the companies disposed of at the disposal date.

<i>CZK thousand</i>	<i>Fair value at the sale date</i>	<i>Fair value at the sale date</i>	<i>Fair value at the sale date</i>
	<i>MB Leasing a.s.</i>	<i>RLRE Ypsilon Property, s.r.o.</i>	<i>Total</i>
<b>Assets</b>			
Cash	13	1	14
Loans and advances to financial institutions	10 348	423	10 771
Loans and advances to customers	495 789	0	495 789
Provisions to provided loans and receivables	(24,711)	0	(24,711)
Tangible and intangible fixed assets	8 193	0	8 193
Other assets	1 239	9 545	10 784
<b>Liabilities</b>			
Amounts owed to financial institutions	(483,875)	(7,891)	(491,766)
Amounts owed to customers	(4,602)	(1,681)	(6,283)
Other liabilities	(7,395)	(393)	(7,788)
Fair value of identifiable net assets	(5,001)	4	(4,997)
Selling price of the investment	13 053	25	13 078
Gain from sale	18 054	21	18 075
- cash and cash equivalents	(10,361)	(424)	(10,785)
Cash inflow/(outflow) resulting from sale	2 692	(399)	2 293

## 41. RELATED PARTY TRANSACTIONS

### (a) Related Party Transactions

31 December 2007

<i>CZK thousand</i>	<i>Shareholders and controlling entities</i>	<i>Other</i>	<i>Total</i>
<i>Receivables</i>	2,117,356	4,653,917	<b>6,771,273</b>
<i>Payables</i>	6,079,954	125,917	<b>6,205,871</b>
<i>Subordinated loan</i>	2,481,605	757,450	<b>3,239,055</b>
<i>Guarantees issued</i>	34,962	4,000	<b>38,962</b>
<i>Guarantees received</i>	5,954,597	0	<b>5,954,597</b>
<i>Interest income</i>	77,794	192,238	<b>270,032</b>
<i>Interest expense</i>	(243,856)	(18,689)	<b>(262,545)</b>
<i>Fee and commission income</i>	688	5,893	<b>6,581</b>
<i>Fee and commission expense</i>	(13,346)	(42,154)	<b>(55,500)</b>
<i>Net profit or loss on financial operations</i>	(11,996)	3,855	<b>(8,141)</b>

The receivables are principally composed of the following deposits with:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,115,117 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 2,140 thousand;
- Tatra banka a.s. in the total amount of CZK 580,797 thousand;
- eBanka, a.s. in the amount of CZK 11,659 thousand; and
- Raiffeisen Banka d.d. in the amount of CZK 3,868,824 thousand.

The payables are mainly composed of the following short-term deposits of:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 5,658,451 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 347,647 thousand;
- eBanka, a.s. in the amount of CZK 2,603,268 thousand; and
- Tatra banka a.s. in the amount of CZK 100,173 thousand.

Subordinated loans from:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,164,050 thousand;
- Raiffeisen Malta Bank in the amount of CZK 757,450 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 527,757 thousand; and
- Raiffeisenlandesbank Österreich in the amount of CZK 789,798 thousand.



**31 December 2006**

<i>CZK thousand</i>	<i>Shareholders and controlling entities</i>	<i>Other</i>	<i>Total</i>
Receivables	918,028	5,991,033	<b>6,909,061</b>
Payables	6,685,587	1,197,257	<b>7,882,844</b>
Subordinated loan	1,635,578	0	<b>1,635,578</b>
Guarantees issued	0	8,249	<b>8,249</b>
Guarantees received	5,665,577	550,070	<b>6,215,647</b>
Interest income	24,791	129,399	<b>154,190</b>
Interest expense	(207,121)	(21,295)	<b>(228,416)</b>
Fee and commission income	19,679	3,873	<b>23,552</b>
Fee and commission expense	(18,459)	(7,651)	<b>(26,110)</b>
Net profit or loss on financial operations	35,823	6,420	<b>42,243</b>

The receivables are composed of the following balances:

**1. Short-term term deposits with**

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 472,946 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG (shareholder) in the amount of CZK 335,000 thousand; and
- Tatra banka a.s. in the total amount of CZK 764,716 thousand.

**2. Blocked account with**

- eBanka, a.s. in the amount of CZK 1,114,221 thousand.

**3. Long-term loan to**

- Raiffeisen Krekova banka d.d. in the amount of CZK 3,986,775 thousand.

The payables are composed of the following short-term deposits of:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 5,677,332 thousand;
- Raiffeisenbank Austria, Moscow branch, in the amount of CZK 160,745 thousand;
- Raiffeisen Bank Rt. in the amount of CZK 30,000 thousand; and
- eBanka, a.s. in the amount of CZK 1,150,000 thousand.

Subordinated loan from:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,635,578 thousand.

**(b) Receivables from Parties with a Special Relation to the Bank**

<i>CZK thousand</i>	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
<b>At 31 December 2006</b>	5,102	3,788	28,463
<b>At 31 December 2007</b>	9,163	9,520	63,619

This amounts presented in the table mainly involve consumer and mortgage loans. The loans are provided under arm's length conditions.

**(c) Payables to Parties with a Special Relation to the Bank**

<i>CZK thousand</i>	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
<b>At 31 December 2006</b>	5,299	878	20,311
<b>At 31 December 2007</b>	2,367	3,491	27,352

Members of the Board of Directors held no shares of the Group. Remuneration of the members of the Board of Directors are disclosed in Note 14.

**42. POST BALANCE SHEET EVENTS**

No significant events that would have a material impact on the financial statements for the year ended 31 December 2007 occurred subsequent to the balance sheet date.

As disclosed in Note 1, an integration process was launched in the Bank and eBanka a.s. with the objective of completing the merger process as of 7 July 2008 or no later than 30 September 2008 (in accordance with the statutory deadline). The effective date of the merger was determined to be 1 January 2008.

## General Information about the Issuer

**Company name:**

Raiffeisenbank a.s.

**Registered office:**

Olbrachtova 2006/9, 140 21 Prague 4

Company registration number: 49240901

**Incorporated:**

25 June 1993

**Court of registration and number under which the issuer is registered at this court:**

Commercial Register maintained at the Municipal Court in Prague, Section B, Insert 2051

The issuer was established in accordance with the legislation of the Czech Republic, pursuant to Act No. 513/1991 Coll., the Commercial Code, and Act No. 21/1992 Coll., the Act on Banks. The issuer is a joint-stock company.

The issuer's registered business activities under Article 2 of the issuer's Articles of Association are banking and financial transactions and other operations listed in the banking licence, granted in accordance with Act No. 21/1992 Coll. The issuer is also entitled to set up branches or other company units in the Czech Republic and abroad, and to establish subsidiaries and hold capital interests provided that generally binding legal regulations are respected.

**As of 31 December 2007, Raiffeisenbank a.s. owns the following real estate:**

In the land registry area of Hradec Králové, parcel number: construction parcel No. 103, additional land area No. 76, Title Deed No. 20767, Identification Code: 646873, Address: V Kopečku 75, 500 02 Hradec Králové.

Raiffeisenbank a.s. (the issuer) is not party to any court, administrative, or arbitration proceedings instituted during the past two accounting periods which had or could have a significant effect on the issuer's financial position.

The issuer does not depend on patents or licences, industrial, commercial, or financial agreements, or new production processes which could have a fundamental impact on the issuer's business activities or profitability.

## Information in accordance with Section 118(3 c, d and e) of Act no. 256/2004 Coll., Capital Market Act

### **K § 118 odst. 3 písm. c):**

*Monetary and natural income received by top managers and supervisory board members from the issuer for the accounting period:*

	<b>Monetary income</b>	<b>Natural income</b>
All board members (jointly)*	CZK 47,065,810	CZK 575,766
All supervisory board members (jointly)**	CZK 4,917,934	CZK 278,857
Other top managers***	CZK 2,308,201	CZK 97,287

\* of which, total wages for the CEO and executive directors (board members) amounted to CZK 10,710,027 (46%)

\*\* of which, total wages for the issuer's employees (supervisory board members) amounted to CZK 4,917,934

\*\*\* of which, manager's wages amounted to CZK 2,308,201

*Monetary and natural income received by top managers and supervisory board members from entities controlled by the issuer for the accounting period:*

	<b>Monetary income</b>	<b>Natural income</b>
All board members (jointly)	CZK 8,139,697	CZK 682,179
All supervisory board members (jointly)	CZK 712,970	CZK 0
Other top managers	CZK 647,480	CZK 0

### **Section 118(3d):**

The top managers of the issuer, supervisory board members or closely related individuals shall not own shares or hold any options whatsoever or similar rights for the purchase of the shares of Raiffeisenbank a.s. The shares of Raiffeisenbank a.s. are not quoted on any regulated market

### **Section 118(3e):**

*The principles of remuneration for the top managers of the issuer and supervisory board members*

#### **Remuneration of board members**

In accordance with Act no. 21/1992 Coll., on Banks, board members are in the position of head employees of the bank (Chief Executive Officer and Executive Directors) and have fixed wages for performing this function (see below). The board members are remunerated by the issuer for performing the activities of the statutory body in accordance with the agreement on performance of the function of board member.

#### **The principles contained in the agreement on performance of the function of board member are:**

- Fixed wage for performance as a board member (paid by the issuer and approved by the majority shareholder),
- Flexible wage for performance as a board member upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the majority shareholder),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital, and
- Non-financial criteria: meeting the goals relating to the strategic projects of the issuer, attaining quality with respect to providing products and services and relating to the activities of units under the direct management of the board member.

The majority shareholder monitors and assesses fulfilment of the financial and non-financial criteria for the flexible wage and also proposes the amount of the flexible wage and approves payment.

The board members have company cars at their disposal for a total purchase price of CZK 3,578,900.

***Remuneration of the Chief Executive Officer***

- Fixed wage for performance as the CEO (paid by the issuer, approved by the supervisory board of the issuer).

***Remuneration of Executive Directors***

- Fixed wage for performance as an Executive Director (paid by the issuer, approved by the majority shareholder).

The above-mentioned principles of remuneration for board members who are also top managers are valid as of April 2007. The principles of remuneration in the 2006 annual report were valid up to April 2007.

***Remuneration of supervisory board members***

The supervisory board members are a) appointed by the general meeting of the issuer (six members) and b) elected from among the employees of the company (three members). The supervisory board members do not receive any monetary or natural income from the issuer for performance as supervisory board members.

***Remuneration of supervisory board members elected from among the employees***

- Fixed wage for their work performance as employees of the issuer (paid by the issuer, approved by the issuer),
- Flexible wage for their work performance as employees upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the issuer),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital,
- Non-financial criteria: meeting the goals relating to employee's work performance.
- The supervisory board members have company cars at their disposal for a total purchase price of CZK 1,884,600.

The supervisory board members elected from among the employees do not receive any monetary or natural income from the issuer for performance as supervisory board members. The supervisory board members receive remuneration from the entity controlled by the issuer due to their employment relationship to this entity.

***Remuneration of other top managers of the issuer***

- Monetary or natural income only for work performance of the employee of the issuer, and not for activities as other top managers,
- Fixed wage for work performance as an employee of the issuer (paid by the issuer, approved by the issuer),
- Flexible wage for work performance as an employee upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the issuer),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital,
- Non-financial criteria: meeting the goals relating to employee's work performance,
- Other top managers have company cars at their disposal for a total purchase price of CZK 695,000.

The principles of remuneration for the top managers of the issuer and the members of the supervisory board are established by the shareholders following agreement with the issuer. An amount equal to 1% of the purchase price of the cars used for private purposes times the number of months used and the value of fuel for private use are included in natural income.

***Conflict of interest***

No conflicts of interest between the obligations of the board members, other top managers and supervisory board members and their personal interests were known to the issuer's board of directors.

## Information about Securities

### Bonds

#### **Raiffeisenbank Premium Bond VAR/09**

ISIN (International Securities Identification Number):	CZ0003701096
Issue date:	1 December 2005
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 50,000,000
Par value per security:	CZK 10,000
Quantity:	5,000
Number of coupon payments:	8

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the EUR/CZK exchange rate. Interest is paid twice a year always by 1 June and 1 December;  
 Maturity of the bonds: bonds will be paid in the amount of their principal on 1 December 2009;  
 Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;  
 Issue administrator: Raiffeisenbank a.s.;  
 Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;  
 Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

All rights and obligations arising from the Bonds are governed by and construed in accordance with the laws of the Czech Republic. All issues are described in detail in the issue conditions.

#### **Raiffeisenbank Premium Bond VAR/09 II**

ISIN (International Securities Identification Number):	CZ0003701138
Issue date:	18 April 2006
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 100,000,000
Par value per security:	CZK 10,000
Quantity:	10,000
Number of coupon payments:	6

Interest on bonds and maturity dates for interest or other yield: for the first and second yield periods, the interest rate is 2.50% p.a.; for the third to sixth yield periods, flexible interest rate according to the EUR/CZK exchange rate. Interest is paid twice a year always by 18 April and 18 October;  
 Maturity of the bonds: bonds will be paid in the amount of their principal on 18 April 2009;  
 Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer

is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.;

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

All rights and obligations arising from the Bonds are governed by and construed in accordance with the laws of the Czech Republic. All issues are described in detail in the issue conditions.

### **Raiffeisenbank Premium Bond VAR/09 III**

ISIN (International Securities Identification Number):	CZ0003701146
Issue date:	16 June 2006
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 300,000,000
Par value per security:	CZK 10,000
Quantity:	30,000
Number of coupon payments:	6

Interest on bonds and maturity dates for interest or other yield: for the first and second yield periods, the interest rate is 2.50% p.a.; for the third to sixth yield periods, flexible interest rate according to the EUR/CZK exchange rate. Interest is paid twice a year always by 16 June and 16 December;

Maturity of the bonds: bonds will be paid in the amount of their principal on 16 June 2009;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.;

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

All rights and obligations arising from the Bonds are governed by and construed in accordance with the laws of the Czech Republic. All issues are described in detail in the issue conditions.

**BOND PROGRAMME FOR Raiffeisenbank a.s. MORTGAGE BONDS**

Maximum volume of unpaid bonds: CZK 3,000,000,000

Duration of programme: 10 years

Maturity of any bonds issued in the programme: 5 years

The following bonds were issued as a part of the bond programme:

***Raiffeisenbank a.s. mortgage bond 3.70/09, maturing in 2009***

ISIN (International Securities Identification Number):	CZ0002000326
Issue date:	18 February 2004
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 500,000,000
Par value per security:	CZK 10,000
Quantity:	50,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 3.70% p.a., payable once a year retrospectively to 18 February;

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre;

Issue administrator: Raiffeisenbank a.s.;

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1;

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.;

Bond currency: CZK;

Maturity of bonds: the mortgage bonds are payable in their par value on 18 February 2009.

***Raiffeisenbank a.s. mortgage bond 5.05/09, maturing in 2009***

ISIN (International Securities Identification Number):	CZ0002000417
Issue date:	23 August 2004
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 500,000,000
Par value per security:	CZK 10,000
Quantity:	50,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.05% p.a., payable once a year retrospectively to 23 August



Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 23 August 2009.

### *Raiffeisenbank a.s. mortgage bond 4.60/10, maturing in 2010*

ISIN (International Securities Identification Number):	CZ0002000482
Issue date:	23 March 2005
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 500,000,000
Par value per security:	CZK 10,000
Quantity:	50,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.60% p.a., payable once a year retrospectively to 23 March

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 23 March 2010.

***Raiffeisenbank a.s. mortgage bond 4.50/10, maturing in 2010***

ISIN (International Securities Identification Number):	CZ0002000698
Issue date:	21 November 2005
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 600,000,000
Par value per security:	CZK 10,000
Quantity:	60,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.50% p.a., payable once a year retrospectively to 21 November

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 21 November 2010.

***Raiffeisenbank a.s. mortgage bond 4.70/11, maturing in 2011***

ISIN (International Securities Identification Number):	CZ0002000805
Issue date:	24 May 2006
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 500,000,000
Par value per security:	CZK 10,000
Quantity:	50,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.70% p.a., payable once a year retrospectively to 24 May

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 24 May 2011.

***Rights associated with the bonds:***

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

***BOND PROGRAMME FOR Raiffeisenbank a.s.***

**Maximum volume of unpaid bonds:** CZK 20,000,000,000

**Duration of programme:** 15 years

The following bonds and mortgage bonds were issued as a part of the bond programme:

***Raiffeisenbank a.s. mortgage bond 4.40/11, maturing in 2011***

ISIN (International Securities Identification Number): CZ0002000888

Issue date: 4 October 2006

Class: mortgage bonds

Form: bearer

Type: dematerialised

Total issue volume: CZK 1,800,000,000

Par value per security: CZK 10,000

Quantity: 180,000

Number of coupon payments: 5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.40% p.a., payable once a year retrospectively to 4 October

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 4 October 2011.

***GARANTINVEST Premium Bond VAR/09 III***

ISIN (International Securities Identification Number):	CZ0003701195
Issue date:	16 October 2006
Class:	bond
Form:	bearer
Type:	certificated
Total issue volume:	CZK 300,000,000
Par value per security:	CZK 10,000
Quantity:	30,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the PX Index share titles. Interest is paid by 16 October 2009 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 16 October 2009;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

***GARANTINVEST Premium Bond VAR/09 IV***

ISIN (International Securities Identification Number):	CZ0003701211
Issue date:	15 December 2006
Class:	bond
Form:	bearer
Type:	certificated
Total issue volume:	CZK 80,000,000
Par value per security:	CZK 10,000
Quantity:	8,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the PX Index share titles. Interest is paid by 15 December 2009 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 15 December 2009;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

***Raiffeisenbank a.s. mortgage bond 4.80/12, maturing in 2012***

ISIN (International Securities Identification Number):	CZ0002000946
Issue date:	16 February 2007
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 1,300,000,000
Par value per security:	CZK 10,000
Quantity:	130,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.80% p.a., payable once a year retrospectively to 16 February

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 16 February 2012.

***GARANTINVEST Premium Bond VAR/12 V***

ISIN (International Securities Identification Number):	CZ0003701245
Issue date:	21 February 2007
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 100,000,000
Par value per security:	CZK 10,000
Quantity:	10,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the S&P BRIC 40 Index share titles. Interest is paid by 21 February 2012 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 21 February 2012;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions.

The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

**GARANTINVEST Premium Bond VAR/12 VI**

ISIN (International Securities Identification Number)	CZ0003701294
Issue date:	2 April 2007
Class:	bond
Form:	bearer
Type:	certificated
Total issue volume:	CZK 200,000,000
Par value per security:	CZK 10,000
Quantity:	20,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the FTSE EPRA, European Public Real Estate Index share titles. Interest is paid by 2 April 2012 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 2 April 2012;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

**RBCZ Bond ZERO/14**

ISIN (International Securities Identification Number):	CZ0003701302
Issue date:	21 May 2007
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 300,000,000
Par value per security:	CZK 10,000
Quantity:	30,000
Number of coupon payments:	0

Interest on bonds and maturity dates for interest or other yield: The yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield);

Maturity of the bonds: bonds will be paid in the amount of their principal on 21 May 2014;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

***Raiffeisenbank a.s. mortgage bond 5.00/12, maturing in 2012***

ISIN (International Securities Identification Number):	CZ0002001175
Issue date:	12 September 2007
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 1,300,000,000
Par value per security:	CZK 10,000
Quantity:	130,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.00% p.a., payable once a year retrospectively to 12 September

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 September 2012.

***GARANTINVEST Premium Bond VAR/10 VII***

ISIN (International Securities Identification Number):	CZ0003701377
Issue date:	20 September 2007
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 150,000,000
Par value per security:	CZK 10,000
Quantity:	15,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the PX Index share titles. Interest is paid by 20 September 2010 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 20 September 2010;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

***GARANTINVEST Premium Bond VAR/10 VIII***

ISIN (International Securities Identification Number):	CZ0003701385
Issue date:	10 October 2007
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 100,000,000
Par value per security:	CZK 10,000
Quantity:	10,000
Number of coupon payments:	1

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the DJ EURO STOXX 50 Index share titles. Interest is paid by 10 October 2010 retrospectively;

Maturity of the bonds: bonds will be paid in the amount of their principal on 10 October 2010;

Method of transferring the bonds: The bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4;

Bond currency: CZK.

The bonds are not tradable on the regulated or free securities market.

***Raiffeisenbank a.s. mortgage bond 4.90/12, maturing in 2012***

ISIN (International Securities Identification Number):	CZ0002001662
Issue date:	12 December 2007
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 1,500,000,000
Par value per security:	CZK 10,000
Quantity:	150,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.90% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2012.



***Raiffeisenbank a.s. mortgage bond 5.10/17, maturing in 2017***

ISIN (International Securities Identification Number):	CZ0002001670
Issue date:	12 December 2007
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 1,500,000,000
Par value per security:	CZK 10,000
Quantity:	150,000
Number of coupon payments:	10

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.10% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2017.

***Raiffeisenbank a.s. mortgage bond 5.50/17, maturing in 2017***

ISIN (International Securities Identification Number):	CZ0002001928
Issue date:	20 December 2007
Class:	mortgage bonds
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 2,000,000,000
Par value per security:	CZK 10,000
Quantity:	200,000
Number of coupon payments:	10

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.50% p.a., payable once a year retrospectively to 20 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at the Securities Centre, in accordance with the valid regulations of the Securities Centre.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 20 December 2017.

***Rights associated with the bonds:***

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

## Report on Related Party Transactions

pursuant to Section 66a (9) of Commercial Code 513/1991 Coll. for the Year Ended 31 December 2007

Raiffeisenbank a.s., having its registered office address at Olbrachtova 2006/9, 140 21 Prague 4, Corporate ID: 49240901, entered in the Register of Companies, Section B, File 2051, maintained at the Municipal Court in Prague, on 25 June 1993 (hereinafter the "Bank"), is part of a business group (holding company) of Raiffeisen Zentralbank Österreich AG, in which the following relations between the Bank and controlling entities and between the Bank and other entities controlled by the same controlling entities (hereinafter "related parties") exist.

This report on relations between the bellow listed entities was prepared in accordance with Section 66a (9) and with regard to the legal guidance on business secrecy under Section 17 of Commercial Code 513/1991 Coll., as amended.

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### 1. Controlling Entities

Raiffeisen Zentralbank Österreich AG (hereinafter "RZB"), having its registered office address at Am Stadtpark 9, 1030 Vienna, Austria, is an entity exercising indirect control over the Bank.

Raiffeisen International Beteiligungs GmbH (hereinafter "RIB"), having its registered office address at Am Stadtpark 9, 1030 Vienna, Austria, is an entity exercising indirect control over the Bank.

Cembra Beteiligungs GmbH (hereinafter "Cembra"), having its registered office address at Am Stadtpark 9, 1030 Vienna, Austria, is an entity exercising indirect control over the Bank.

Raiffeisen International Bank-Holding AG (hereinafter "RI"), having its registered office address at Am Stadtpark 9, 1030 Vienna, Austria, is an entity exercising direct control over the Bank.

## 2. Other Related Parties

### Czech Republic

Raiffeisen stavební spořitelna a.s. Prague 3, Koněvova 2747/99	RLRE Lambda Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
MB Leasing a.s., likvidaci Mladá Boleslav, T.G. Masaryka 1076	RLRE Omega Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Raiffeisen – Leasing, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Theta Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Raiffeisen – Leasing Real Estate, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	HOTEL ELLEN, s.r.o. Mariánskolázeňská 25, Karlovy Vary
eBanka, a.s. Prague 1, Na Příkopě 19, PSČ 117 19	EUBE - OC TERRONIC I., s.r.o. Kateřinská 1521/13, Prague 2
RLRE Alpha Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE & EUBE- OC TERRONIC II., s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Beta Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Taurus Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Eta Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Orion Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Jota Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Zeus Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Epsilon Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Gamma Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Kappa Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	RLRE Columba Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Real Invest Vodičkova, spol. s r.o. Vodičkova 38, 110 00 Prague 1	RLRE Pegasus Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Raiffeisen finanční poradenství, s.r.o. Prague 3, Koněvova 2747/99	Phoenix Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
RLRE Lyra Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Perseus Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Raines Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Athena Property, s.r.o. Praha 4, Olbrachtova 2006/9, 140 21
Dione Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Bezručova Investiční a.s. Prague 4, Olbrachtova 2006/9, 140 21
Gaia Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Helios Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Hera Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Chronos Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Iris Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Metis Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Luna Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Sirius Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21

Pyrit Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Dionysos Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Themis Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	Lucius Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21
Orchideus Property, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21	SEN PROPERTY, s.r.o. Prague 4, Olbrachtova 2006/9, 140 21

### Other countries

Raiffeisen Bank Rt. Akadémia utca 6, Budapest, Hungary	Raiffeisen Bank Polska S.A. Piekna street 20, Warsaw, Poland
Raiffeisenbank a.d. Resavska St. 22, Belgrade, Serbia and Montenegro	Raiffeisen Bank S.A. Mircea Vodă Blvd. 44, 030669 Bucharest 3, Romania
Raiffeisenbank Austria d.d. Petrinjska street 59, Zagreb, Croatia	Raiffeisen Centrobank AG Tegetthoffstrassel, 1020, Vienna, Austria
JSCB Raiffeisenbank Ukraine Zhylynska 43, Kiev, Ukraine	Raiffeisen Krekova Banka d.d. Slomškov trg 18, Maribor, Slovenia
RZB London Branch King William Street 10, London, Great Britain	Raiffeisen–Leasing International GmbH Am Stadtpark 9, 1020 Vienna, Austria
RZB Singapore London Branch Raffles Place 45 – 01, Singapore	Raiffeisen-Leasing Bank AG Hollandstrasse 11-13, 1020 Vienna, Austria
Raiffeisen Informatik Service Ausland GmbH (RAISA) Hollandstasse 11-13, 1020 Vienna, Austria	Raiffeisen Leasing d.o.o. Boulevard Avnoj – a45A, Belgrad, Serbia and Montenegro
Tatra Banka, a.s. Hodžovo námestie 3, 811 06, Bratislava, Slovakia	Raiffeisen International GROUP IT GmbH Hollandstrasse 11+13, 1020 Vienna, Austria
Centralised Raiffeisen International Services and Payments S.R.L. Dimitre Pompei Bld. No. 9-9A, 020335 Bucharest Romania	Eastern European Invest GmbH Am Stadtpark 9, 1030 Vienna, Austria
RZB Finance LLC 24 Grassy Plain Street, Bethel, CT 06801 U.S.A.	

## 3. List of Agreements

### 3.1 Agreements Concluded with the Controlling Entities

#### Raiffeisen Zentralbank Österreich AG

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
6th Amendment to the Agreement on Subordinated Loan of 21 Dec 2001	Raiffeisen Zentralbank Österreich AG	20 Jul 2005	Increase of the total subordinated debt balance/payment of the contractual interest
General Risk Participation Agreement	Raiffeisen Zentralbank Österreich AG	18 May 2001	An agreement on credit risk participation, based on which 14 Credit Risk Participation Confirmations were issued in 2005/payment of contractual fees
Pledge Agreement to receivables from Deposits	Raiffeisen Zentralbank Österreich AG	30 Sep 2005	Establishing a pledge right in respect of receivables from deposits
Pledge Agreement to receivables from Deposits	Raiffeisen Zentralbank Österreich AG	23 Nov 2005	Establishing a pledge right in respect of receivables from deposits
Pledge Agreement to receivables from Deposits	Raiffeisen Zentralbank Österreich AG	25 Apr 2005	Establishing a pledge right in respect of receivables from deposits

Agreement on establishing a right of lien on Receivables from deposits	Raiffeisen Zentralbank Österreich AG	3 Jun 2005	Establishing a pledge right in respect of receivables from deposits
Counter-Guarantee for a Customs Guarantee	Raiffeisen Zentralbank Österreich AG	9 Dec 2005	Issuing a customs counter-guarantee
Counter-Guarantee for a Customs Guarantee	Raiffeisen Zentralbank Österreich AG	9 Dec 2005	Issuing a customs counter-guarantee
Bank Guarantee	Raiffeisen Zentralbank Österreich AG	15 Apr 2005	Bank guarantee/fee for issuance of the guarantee
Amendment No. 1 to the Agency and Representation Agreement of 16 Oct 2001	Raiffeisen Zentralbank Österreich AG/ Raiffeisen Kapitalanlage G.m.b.H.	26 Jul 2004	Intermediation of payments and representation on the territory of the CR/ payment of fees pursuant to the Agreement
Amendment No. 2 to the Agency and Representation Agreement of 16 Oct 2001	Raiffeisen Zentralbank Österreich AG/ Raiffeisen Kapitalanlage GmbH	24 Aug 2004	Intermediation of payments and representation on the territory of the CR/ payment of fees pursuant to the Agreement
Credit Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	27 Dec 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	13 Oct 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	16 Nov 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	22 Dec 2006	Credit risk participation/payment of contractual fees
Agreement on bond issuance for Home Credit	Raiffeisen Zentralbank Österreich AG	16 Aug 2006	Agreement based on which RZB is co-manager and RBCZ as quotation agent of the bond issuance/ contractual fees
General TBMA/ISMA Repurchase Agreement	Raiffeisen Zentralbank Österreich AG	13 Aug 2007	Terms and conditions of trading in securities and financial instruments
Credit Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	5 Sep 2007	Credit risk participation/ payment of contractual fees
Credit Facility Agreement	Raiffeisen Zentralbank Österreich AG	7 Dec 2007	Inter-bank loan / payment of contractual fees and interest

### Raiffeisen International Bank-Holding AG

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Contract of Consulting Services	Raiffeisen International Bank-Holding AG	5 Jan 2005	Consulting related to Risk, Treasury, HR and Controlling/payment of contractual fees
Contract for the Provision of Consulting and Advisory Services	Raiffeisen International Bank-Holding AG	2 May 2005	Consulting related to retail banking/ payment of contractual fees
Agreement on Sublease of Non-Residential Premises	Raiffeisen International Bank-Holding AG	2 May 2005	Sublease of non-residential premises/ payment of rent

In addition to the above agreements, the Bank and the controlling entities entered into other banking transactions in 2007, primarily involving loans and borrowings in the money market and fixed-term contracts from which the Bank earned or paid interest and fees.

During the accounting period, the controlled entity received or provided no other performance or counter-performance in the interest, or at the initiative, of the controlling entity or entities controlled by the controlling entity outside the scope of performance or counter-performance, which is customary within the controlled entity's relations with the controlling entity as the shareholder of the controlled entity.

### 3.2 Agreements Concluded with Other Related Parties

#### Raiffeisen stavební spořitelna a.s.

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Cooperation	Raiffeisen stavební spořitelna a.s.	1 Jul 2002	Intermediation of sale of construction savings services/payment of contractual commission
Agreement on Usage of a Call Centre	Raiffeisen stavební spořitelna a.s.	12 May 2004	Provision of call centre services for RSTS/contractual remuneration
Agreement on Provision of Services Via a Call Centre	Raiffeisen stavební spořitelna a.s.	23 Jun 2005	Provision of call centre services for RSTS/contractual remuneration
Agreement on Cooperation	Raiffeisen stavební spořitelna a.s.	18 May 2005	Cooperation related to the sale of credit cards/contractual remuneration
Agreement on Cooperation	Raiffeisen stavební spořitelna a.s.	11 Nov 2005	Cooperation related to the sale of credit cards/contractual remuneration
Agreement on Payment of Extra Costs of Mailing Services and Production of POS Materials	Raiffeisen stavební spořitelna a.s.	19 Oct 2005	Paying the costs of production and mailing of advertising leaflets
Amendment No. 1 to the Agreement on Sublease of Non-Residential Premises	Raiffeisen stavební spořitelna a.s.	23 Jan 2006	sublease of premises/payment of rent
Agreement on Mediation of Activities by Cross-Marketing to Clients	Raiffeisen stavební spořitelna a.s.	20 Dec 2006	addressing clients for the purpose of cross-offering products/payment of the commission
Agreement on Mediation of Purchase or Sale of Securities, Settlement of Trades in Securities and Securities Management	Raiffeisen stavební spořitelna a.s.	2 Apr 2007	sale, purchase and settlement of trades in securities and exchange derivatives/ payment of contractual remuneration
Agreement on Cooperation Regarding Advertising and Promotion at the Event Raiffeisen Business Circle	Raiffeisen stavební spořitelna a.s.	16 Apr 2007	promotion of RSTS at a client event/ payment of contractual remuneration
Agreement on Cooperation in Addressing Clients	Raiffeisen stavební spořitelna a.s.	12 Nov 2007	addressing clients for the purpose of cross-offering products/payment of the commission
Agreement on Participation in Production of a TV programme	Raiffeisen stavební spořitelna a.s.	3 May 2007	terms and conditions of participation in production of a TV programme

#### MB Leasing a.s., v likvidaci

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Setting up and Keeping a Bank Account	MB Leasing a.s.	23 Mar 2006	Establishing and maintaining a current bank account/ payment of contractual fees
Agreement on Setting up and Keeping a Bank Account	MB Leasing a.s.	11 Apr 2006	Establishing and maintaining a current bank account/ payment of contractual fees
Agreement on Accounting Services	MB Leasing a.s. Raiffeisen – Leasing, s.r.o.	1 Mar 2006	Bookkeeping for MB Leasing a.s./ payment of contractual fees
Agreement on Administration of Documents and Provision of Other Services	MB Leasing a.s. Raiffeisen – Leasing, s.r.o.	1 Mar 2006	Administration of documents for MB Leasing a.s./ payment of contractual fees

## Raiffeisen – Leasing, s.r.o.

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Co-Operation in the area of credit risks	Raiffeisen – Leasing, s.r.o.	12 Jan 2004	Provision of credit risk analyses/ payment of fees and costs pursuant to the Agreement
Agreement on Co-Operation in the area of treasury	Raiffeisen – Leasing, s.r.o.	30 Jun 2004	Co-operation in the area of treasury/ payment of remuneration and costs pursuant to the Agreement
Loan Agreement	Raiffeisen – Leasing, s.r.o.	28 Nov 2005	Provision of a loan/payment of contractual interest
Agreement on Non-Exclusive Business Representation	Raiffeisen – Leasing, s.r.o.	30 Dec 2005	Business representation/payment of contractual commission
Agreement on provision of services via a call centre	Raiffeisen – Leasing, s.r.o.	25 Jan 2005	Provision of call centre services/ payment of contractual remuneration
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of computer and office equipment/contractual remuneration
Amendment No. 2 to the Leasing Agreement of 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 Jun 2005	Regulation of contractual remuneration and lease termination date
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of a set of equipment of a unit/ contractual remuneration
Amendment No. 2 to the Leasing Agreement of 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 Jun 2005	Regulation of contractual remuneration and lease termination date
Lease Agreement	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of a set of equipment of a unit/ contractual remuneration
Amendment No. 2 to the Leasing Agreement of 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 Jun 2005	Regulation of contractual remuneration and lease termination date
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of a set of equipment of a unit/contractual remuneration
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	5 Oct 2001	Operating lease of an IBM server with peripherals/contractual remuneration
Amendment No. 2 to the Leasing Agreement of 5 Oct 2001	Raiffeisen – Leasing, s.r.o.	30 Jun 2005	Regulation of contractual remuneration and lease termination date
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	11 Feb 2002	Operating lease of computer and office equipment/contractual remuneration
Amendment No. 1 to the Leasing Agreement of 11 Feb 2002	Raiffeisen – Leasing, s.r.o.	31 Mar 2005	Regulation of contractual remuneration and lease termination date
Leasing Agreement	Raiffeisen – Leasing, s.r.o.	11 Feb 2002	Operating lease of a set of glass and aluminium structures/contractual remuneration
Amendment No. 1 to the Leasing Agreement of 11 Feb 2002	Raiffeisen – Leasing, s.r.o.	31 Mar 2005	Regulation of contractual remuneration and lease termination date
Agreement on confidentiality	Raiffeisen – Leasing, s.r.o.	1 Jan 2006	assuring of confidentiality during the cross-offering of products to the clients
Agreement on Co-Operation in the area of promotion	Raiffeisen – Leasing, s.r.o.	6 Jan 2006	Cross-promotion and advertising/ payment of costs pursuant to the Agreement
Agreement on Co-Operation	Raiffeisen – Leasing, s.r.o.	3 Jan 2006	Cross- offering of products to the clients

Agreement on Co-Operation in the area of credit risks	Raiffeisen – Leasing, s.r.o.	1 Aug 2006	Provision of credit risk analyses/ payment of fees and costs pursuant to the Agreement
Agreement on Co-Operation and providing of some services	Raiffeisen – Leasing, s.r.o.	7 Sep 2006	Provision of system services and support in IT area/ payment of fees and costs pursuant to the Agreement
Amendment No. 1 to the Credit agreement dated 28.11.2005	Raiffeisen – Leasing, s.r.o.	27 Sep 2006	contractual stipulation of possibility of using of letter of credit and final maturity of credit
Amendment No. 2 to the Credit agreement dated 28.11.2005	Raiffeisen – Leasing, s.r.o.	27 Nov 2006	increasing of credit line/ payment of contractual fees
Agreement on Accounting Services	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 Mar 2006	Bookkeeping for MB Leasing a.s./ payment of contractual fees
Agreement on Administration of the Documents and Provision of Other Services	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 Mar 2006	Administration of documents for MB Leasing a.s./ payment of contractual fees
Agreement on Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	26 Nov 2007	sublease of non-residential premises/ payment of rent

#### Raiffeisen – Leasing Real Estate, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Co-Operation in the Area of Credit Risks	Raiffeisen – Leasing Real Estate, s.r.o.	12 Jan 2004	Provision of credit risk analyses/ payment of fees and costs pursuant to the Agreement
Agreement on Electronic Banking	Raiffeisen – Leasing Real Estate, s.r.o.	19 Jan 2004	Installation of an electronic banking system/ contractual remuneration
Amendment No. 1 to the Agreement on Using Electronic Banking of 19 Jan 2004	Raiffeisen – Leasing Real Estate, s.r.o.	26 Oct 2005	Regulation of contractual remuneration
Agreement on Setting up and Keeping a Bank Account	Raiffeisen – Leasing Real Estate, s.r.o.	19 Apr 2004	Establishing and maintaining a current bank account/ payment of contractual fees
Agreement on Co-Operation in the area of treasury	Raiffeisen – Leasing Real Estate, s.r.o.	15 Nov 2004	Cooperation in the area of treasury/ payment of agreed-upon remuneration and costs
Agreement on Co-Operation in the area of treasury	Raiffeisen – Leasing Real Estate, s.r.o.	30 Nov 2006	Cooperation in the area of treasury/ payment of agreed-upon remuneration and costs
Memorandum	Raiffeisen – Leasing Real Estate, s.r.o.	5 Sep 2006	common statement related to the option rights
Amendment No. 1 to the Agreement on Escrow Account	Raiffeisen – Leasing Real Estate, s.r.o. FONTÁNA HOTEL, s.r.o.	1 Feb 2006	stipulation of contractual conditions
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	7 May 2007	Setting up a special account for the purposes of founding a business company/ payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	7 May 2007	Setting up a special account for the purposes of founding a business company/ payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	28 Jun 2007	Setting up a special account for the purposes of founding a business company/ payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	28 Jun 2007	Setting up a special account for the purposes of founding a business company/ payment of contractual fees



Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	19 Jul 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	19 Jul 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	7 Aug 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	7 Aug 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	7 Aug 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	18 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	18 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	18 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	23 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	23 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	23 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	23 Oct 2007	Setting up a special account for the purposes of founding a business company/payment of contractual fees

### eBanka, a.s.

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
General Agreement on Cooperation	eBanka, a.s.	20 Nov 2006	general stipulation of rules for cross-offering of the products/ payment of contractual fees (commission)
Implementing Agreement No. 1 to the General Agreement on Cooperation	eBanka, a.s.	20 Nov 2006	detailed stipulation of rules for cross-offering of the products/ payment of contractual fees (commission)
Implementing Agreement No. 2 to the General Agreement on Cooperation	eBanka, a.s.	21 Dec 2006	detailed stipulation of rules for cross-offering of the products/ payment of contractual fees (commission)
Agreement on Cooperation in the Area of Risk Management	eBanka, a.s.	27 Oct 2006	Provision of credit risk analyses/ payment of fees and costs pursuant to the Agreement
Agreement on a Special Account for Payment of the Capital Increase	eBanka, a.s.	28 Dec 2006	opening a special account for the purpose of increasing registered capital/ payment of the contractual fees

Agreement on a Special Account for Payment of the Capital Increase	eBanka, a.s.	25 Oct 2007	opening a special account for the purpose of increasing registered capital/ payment of the contractual fees
Agreement on Sublease of Non-Residential Premises	eBanka, a.s.	30 Jan 2007	sublease of non-residential premises/ payment of rent
Amendment No. 1 to the Agreement on Sublease of Non-Residential Premises	eBanka, a.s.	20 Nov 2007	detailed stipulation of rights and obligations under the above agreement
Agreement on Cooperation	eBanka, a.s.	31 Jan 2007	cooperation in organizing business activities/payment of the contractual price
Agreement on Sublease of Non-Residential Premises	eBanka, a.s.	1 Feb 2007	sublease of non-residential premises/ payment of rent
Implementing Agreement No. 3 to the General Agreement on Cooperation of 20 Nov 2006	eBanka, a.s.	30 Mar 2007	cooperation in processing cash deposits and withdrawals in CZK/payment of contractual remuneration
Agreement on Rendering Services via Call Centre	eBanka, a.s.	30 Apr 2007	provision of call centre services/ payment of contractual remuneration
Implementing Agreement No. 1 to the Agreement on Rendering Services via Call Centre	eBanka, a.s.	30 Apr 2007	detailed stipulation of rights and obligations under the above agreement/ payment of contractual remuneration
Amendment No. 1 to the Implementing Agreement No. 1 to the Agreement on Rendering Services via Call Centre	eBanka, a.s.	25 May 2007	detailed stipulation of rights and obligations under the above agreement/ payment of contractual remuneration
Amendment No. 2 to the Implementing Agreement No. 1 to the Agreement on Rendering Services via Call Centre	eBanka, a.s.	29 Jun 2007	detailed stipulation of rights and obligations under the above agreement/ payment of contractual remuneration
Agreement on Lease of Movable Property	eBanka, a.s.	7 Sep 2007	lease of an ATM/payment of rental fees
Agreement on Lease of Movable Property	eBanka, a.s.	1 Oct 2007	lease of an ATM/payment of rental fees
Agreement on Lease of Movable Property	eBanka, a.s.	24 Oct 2007	lease of an ATM/payment of rental fees
Agreement on Lease of Movable Property	eBanka, a.s.	3 Dec 2007	lease of an ATM/payment of rental fees
Agreement on Opening and Maintaining a Special Account	eBanka, a.s.	26 Mar 2007	opening and maintaining a special account/payment of contractual fees
Amendment to the Agreement on Opening and Maintaining a Special Account	eBanka, a.s.	1 Aug 2007	change of terms and conditions of the above agreement
Agreement on Opening and Maintaining a Special Account	eBanka, a.s.	18 Jun 2007	opening and maintaining a special account for investments/payment of contractual fees
Agreement on Opening and Maintaining Foreign Currency Accounts	eBanka, a.s.	25 Jul 2007	opening and maintaining 5 foreign currency accounts/payment of contractual fees
Agreement on Opening and Maintaining Special Accounts	eBanka, a.s.	25 Oct 2007	opening and maintaining 3 special accounts for investments/payment of contractual fees
Agreement on Opening and Maintaining a Current Investment Account	eBanka, a.s.	28 Nov 2007	opening and maintaining a special account for investments/payment of contractual fees
Agreement on Administration of a Bond Programme and Processing Payments under Issues	eBanka, a.s.	6 Nov 2007	rendering administrator services for the issuer of bonds (eBanka)/payment of contractual remuneration
Agreement on Mediation of Trading in Investment Instruments, Settlement of Trades in Investment Instruments and Management of Securities	eBanka, a.s.	28 Nov 2007	sale, purchase and settlement of trades in securities and exchange derivatives/ payment of contractual remuneration

Agreement on Processing Payments under Issues of Bonds	eBanka, a.s.	10 Dec 2007	rendering administrator services for the issuer of bonds (eBanka)/payment of contractual remuneration
General Risk Participation Agreement	eBanka, a.s.	31 Dec 2007	agreement on involvement in credit risk/payment of contractual fees

In the course of 2007, Raiffeisenbank a.s. and eBanka, a.s. have entered into 110 sublease agreements and amendments thereto, related to use of one bank's branch offices by the other.

#### RLRE Alpha Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Alpha Property, s.r.o.	24 Jun 2002	Establishing and maintaining a current bank account/payment of contractual fees

#### RLRE Beta Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Beta Property, s.r.o.	24 Jun 2002	Establishing and maintaining a current bank account/payment of contractual fees

#### RLRE Eta Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Eta Property, s.r.o.	23 Aug 2004	Establishing and maintaining a current bank account/payment of contractual fees

#### RLRE Jota Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Jota Property, s.r.o.	1 Nov 2004	Establishing and maintaining a current bank account/payment of contractual fees

#### RLRE Epsilon Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Epsilon Property, s.r.o.	2 Dec 2003	Establishing and maintaining a current bank account/payment of contractual fees

#### RLRE Kappa Property, s.r.o.

Name of the Legal Act	Counterparty	Contract date	Description of performance/counter-performance
Pledge Agreement to shares	RLRE Kappa Property, s.r.o.	10 Jan 2005	Establishing a pledge right in respect of shares
Pledge Agreement to shares	RLRE Kappa Property, s.r.o.	14 Mar 2005	Establishing a pledge right in respect of shares
Pledge Agreement to shares	RLRE Kappa Property, s.r.o.	15 Apr 2005	Establishing a pledge right in respect of shares

Patronate Agreement	RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	29 Dec 2004	Agreement on the manner of future management of the companies in question
Agreement on Setting up and Keeping a Bank Account	RLRE Kappa Property, s.r.o.	1 Nov 2004	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Gamma Property, s.r.o.**

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Gamma Property, s.r.o.	24 May 1999	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Lambda Property, s.r.o.**

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Share Pledge Agreement	RLRE Lambda Property, s.r.o.	10 Jan 2005	Establishing a pledge right in respect of shares
Share Pledge Agreement	RLRE Lambda Property, s.r.o.	14 Mar 2005	Establishing a pledge right in respect of shares
Share Pledge Agreement	RLRE Lambda Property, s.r.o.	15 Apr 2005	Establishing a pledge right in respect of shares
Agreement on Setting up and Keeping a Bank Account	RLRE Lambda Property, s.r.o.	1 Nov 2004	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Omega Property, s.r.o.**

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Omega Property, s.r.o.	10 Oct 2005	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Theta Property, s.r.o.**

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Setting up and Keeping a Bank Account	RLRE Theta Property, s.r.o.	12 Aug 2004	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Taurus Property, s.r.o.**

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Escrow account Agreement	RLRE Taurus Property, s.r.o. Skanska CZ a.s.	28 Dec 2006	Creating a bank account with specific conditions for handling the funds
Agreement on Setting up and Keeping a Bank Account	RLRE Taurus Property, s.r.o.	2 May 2006	Establishing and maintaining a current bank account/ payment of contractual fees

**RLRE Orion Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	RLRE Orion Property, s.r.o.	2 May 2006	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up and Keeping a Bank Account	RLRE Orion Property, s.r.o.	2 May 2006	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Zeus Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	RLRE Zeus Property, s.r.o.	22 Jun 2006	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Pegasus Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	RLRE Pegasus Property, s.r.o.	25 Jul 2006	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Lyra Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	RLRE Lyra Property, s.r.o.	28 Mar 2006	Setting up a special account for the purposes of founding a business company/payment of contractual fees
Agreement on Setting up and Keeping a Bank Account	RLRE Lyra Property, s.r.o.	2 May 2006	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE Columba Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	RLRE Columba Property, s.r.o.	25 Jul 2006	Establishing and maintaining a current bank account/payment of contractual fees
Agreement on Setting up and Keeping a Bank Account	RLRE Columba Property, s.r.o.	25 Jan 2007	Establishing and maintaining a current bank account/payment of contractual fees

**Raines Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Raines Property, s.r.o.	23 Nov 2006	Establishing and maintaining a current bank account/payment of contractual fees

**Phoenix Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Phoenix Property, s.r.o.	23 Nov 2006	Establishing and maintaining a current bank account/payment of contractual fees

**Perseus Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Perseus Property, s.r.o.	23 Nov 2006	Establishing and maintaining a current bank account/payment of contractual fees

**HOTEL ELLEN, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	HOTEL ELLEN, s.r.o.	3 Dec 2003	Establishing and maintaining a current bank account/payment of contractual fees

**EUBE – OC TERRONIC I., s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	EUBE – OC TERRONIC I., s.r.o.	8 Nov 2005	Establishing and maintaining a current bank account/payment of contractual fees
Agreement on Term deposit	EUBE – OC TERRONIC I., s.r.o.	8 Dec 2005	Interest on term deposit/payment of contractual fees
Agreement on Setting up and Keeping a Bank Account	EUBE – OC TERRONIC I., s.r.o.	24 Nov 2003	Establishing and maintaining a current bank account/payment of contractual fees

**RLRE & EUBE – OC TERRONIC II., s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	RLRE & EUBE – OC TERRONIC II., s.r.o.	21 Jul 2003	Establishing and maintaining a current bank account/payment of contractual fees

**Real Invest Vodičkova, spol. s r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Lease of Non-Residential Premises	Real Invest Vodičkova, spol. s r.o.	26 Nov 2002	Lease of non-residential premises/ contractual remuneration

**Raiffeisen finanční poradenství, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Business Representation	Raiffeisen finanční poradenství s.r.o.	1 Oct 2005	Offering products, advertising and promotion/contractual remuneration

**Athena Property, s r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Athena Property, s.r.o.	18 Sep 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Dione Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Dione Property, s.r.o.	18 Sep 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Bezručova Investiční a.s.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Bezručova Investiční a.s.	1 Aug 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Gaia Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Gaia Property, s.r.o.	12 Jun 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Helios Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Helios Property, s.r.o.	26 Oct 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Hera Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Hera Property, s.r.o.	2 Aug 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Chronos Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Chronos Property, s.r.o.	9 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Iris Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Iris Property, s.r.o.	21 Aug 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Luna Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Luna Property, s.r.o.	2 Aug 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Metis Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Metis Property, s.r.o.	9 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Pyrit Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Pyrit Property, s.r.o.	9 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Sirius Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Sirius Property, s.r.o.	12 Jun 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Themis Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Themis Property, s.r.o.	4 Jul 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Dionysos Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Dionysos Property, s.r.o.	29 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Orchideus Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Orchideus Property, s.r.o.	29 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**Lucius Property, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	Lucius Property, s.r.o.	29 Nov 2007	Establishing and maintaining a current bank account/ payment of contractual fees

**SEN PROPERTY, s.r.o.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Setting up and Keeping a Bank Account	SEN PROPERTY, s.r.o.	4 Dec 2007	Establishing and maintaining a current bank account/ payment of contractual fees



**Raiffeisen Bank Rt.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Nostro account	Raiffeisen Bank Rt.	2 Aug 2001	Maintaining of nostro account/payment of contractual fees

**Raiffeisenbank a.d.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Loan Agreement	Raiffeisenbank a.d.	21 Dec 2004	Provision of a loan/payment of contractual interest
Amendment No. 1 to the Loan Agreement of 21 Dec 2004	Raiffeisenbank a.d.	30 Mar 2005	Regulation of contractual relations until 30 April 2005
Loan Agreement	Raiffeisenbank a.d.	14 Jun 2005	Provision of a loan/payment of contractual interest

**Raiffeisenbank Austria d.d.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Nostro account	Raiffeisenbank Austria d.d.	21 May 2001	Maintaining of nostro account/payment of contractual fees

**Raiffeisen Informatik Service Ausland GmbH (RAISA)**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Maintenance Agreement	Raiffeisen Informatik Service Ausland GmbH	3 Jan 2001	agreement on maintenance of CS/4 ++ software system/ payment of contractual remuneration
Agreement on Cooperation	Raiffeisen Informatik Service Ausland GmbH	2 Aug 2002	cooperation in IT area/ payment of the contractual fees and refund of costs

**Tatra Banka, a.s.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Agreement on Risk Participation	Tatra Banka, a.s.	18 May 2005	Credit risk participation/ payment of contractual fees
Agreement on Risk Participation	Tatra Banka, a.s.	18 Aug 2005	Credit risk participation/ payment of contractual fees
Agreement on Risk Participation	Tatra Banka, a.s.	16 Nov 2005	Credit risk participation/ payment of contractual fees
Loan Agreement	Tatra Banka, a.s.	17 May 2005	Provision of a loan/payment of contractual interest
Amendment No. 1 to the Loan Agreement of 17 May 2005	Tatra Banka, a.s.	16 Nov 2005	Regulation of rights and obligations
Agreement on Pledge Right to State Securities	Tatra Banka, a.s.	19 May 2005	Establishing a pledge right in respect of bonds
Amendment No. 1 to the Agreement on Pledge Right to Securities of 19 May 2005	Tatra Banka, a.s.	16 Nov 2005	Regulation of rights and obligations

Agreement on Syndicated Investment Loan	Tatra Banka, a.s.	12 Dec 2005	Provision of a loan/payment of contractual interest
Credit Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	7 Dec 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	18 Dec 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	21 Dec 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	21 Dec 2006	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2007	Credit risk participation/payment of contractual fees
Credit Risk Participation Confirmation	Tatra Banka, a.s.	22 Nov 2007	Credit risk participation/payment of contractual fees
Agreement on Cooperation	Tatra Banka, a.s.	30 Nov 2007	mutual consulting in structured trading in the Czech Republic and Slovakia/ payment of the contractual price

### Raiffeisen Bank Polska S.A.

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Setting a Right of Pledge Regarding Receivables from Deposits	Raiffeisen Bank Polska S.A./OFO Polska Sp. Z o.o.	25 Aug 2005	Establishing a pledge right in respect of receivables from deposits
Credit Risk Participation Confirmation	Raiffeisenbank Polska s.a.	22 Dec 2006	Credit risk participation/payment of contractual fees

### Raiffeisen Bank S.A.

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Nostro account	Raiffeisen Bank S.A.	19 Aug 2005	Maintaining of nostro account/payment of contractual fees

### Raiffeisen Centrobank AG

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Agreement on Provision of financial markets Analysis	Raiffeisen Centrobank AG	1 May 2005	Provision of PSE stock market analyses/ payment of agreed-upon remuneration
Agreement on sub-lease of non-residential premises and lease of movables	Raiffeisen Centrobank AG	12 Dec 2003	Sub-lease of non-residential premises and lease of movables/payment of rent

## Raiffeisen Krekova Banka d.d.

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Credit Agreement	Raiffeisen Krekova Banka d.d.	3 Jun 2005	Provision of a loan/payment of contractual interest
Side Letter to the Credit Agreement of 3 June 2005	Raiffeisen Krekova Banka d.d.	3 Jun 2005	Setting the amount of the loan
Amendment No. 1 to the Credit Agreement of 3 June 2005	Raiffeisen Krekova Banka d.d.	26 Aug 2005	Agreement on the manner of paying interest
Loan Agreement	Raiffeisen Krekova Banka d.d.	14 Sep 2005	Provision of a loan/payment of contractual interest
Side Letter to the Credit Agreement on Loan of 14 Sep 2005	Raiffeisen Krekova Banka d.d.	6 Sep 2005	Setting the amount of the funds to be drawn
Amendment No. 1 to the Agreement on Loan of 14 Sep 2005	Raiffeisen Krekova Banka d.d.	1 Dec 2005	Extending the loan period

## Raiffeisen – Leasing International GmbH

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Intercreditor Agreement	Raiffeisen – Leasing International GmbH	10 Mar 2005	Agreement on joint action regarding debtors
Syndicate Agreement	Raiffeisen – Leasing International GmbH	3 May 2004	Agreement on cooperation in the area of corporate governance
Amendment to the Intercreditor Agreement of 10 Mar 2005	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	24 June 2005	Additional regulation of contractual relations
Participation Refinancing Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	21 Oct 2005	Agreement on participation in the loan refinancing arrangement
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	24 Oct 2005	Creating a bank account with specific conditions for handling the funds
Intercreditor Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property, s.r.o.	29 Dec 2004	Agreement on joint future steps to be taken
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	29 Dec 2004	Establishing a bank account with specific conditions for handling the funds

## Raiffeisen – Leasing Bank AG

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Pledge Agreement to receivables from deposits	Raiffeisen – Leasing Bank AG	27 Jan 2005	Establishing a pledge right in respect of receivables from deposits

## Raiffeisen International GROUP IT GmbH

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Frame Agreement on providing services in IT area	Raiffeisen International GROUP IT GmbH	27 Apr 2005	provision of services in IT/payment of contractual fees

**Centralised Raiffeisen International Services and Payments S.R.L.**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Consulting Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	23 Feb 2007	provision of services in the area of SWIFT payment processing/ payment of the contractual price
General Cooperation Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 Jun 2007	setting up access to the SWIFT system/ payment of contractual fees
Agreement on Processing and Protection of Data	Centralised Raiffeisen International Services and Payments S.R.L.	18 Jun 2007	agreement on data handling and protection
Pre-payment agreement	Centralised Raiffeisen International Services and Payments S.R.L.	20 Dec 2007	terms and conditions of financial contribution to the FiSa group project

**Eastern European Invest GmbH**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Intra Group Stand-by Facility Agreement	Eastern European Invest GmbH	1 Aug 2007	Inter-bank loan/payment of contractual fees and interest
Amendment to the Intra Group Stand-by Facility Agreement	Eastern European Invest GmbH	11 Dec 2007	Change of terms and conditions of the above agreement

**RZB Finance LLC**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
General Risk Participation Agreement	RZB Finance LLC	12 Sep 2007	agreement on credit risk participation, on the basis of which the following confirmations were issued/ payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	12 Sep 2007	credit risk participation/ payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	6 Dec 2007	credit risk participation/ payment of contractual fees

In addition to the above agreements, the Bank and other related parties entered into other banking transactions in 2007, primarily involving loans and borrowings in the money market and fixed-term contracts from which the Bank earned or paid interest and fees

**4. Other Legal Acts****4.1 Other Legal Acts Undertaken with the Controlling Entities****Raiffeisen International Bank-Holding AG**

<b>Name of the Legal Act</b>	<b>Counterparty</b>	<b>Contract date</b>	<b>Description of performance/ counter-performance</b>
Decision of the Management Board of Raiffeisen International – establishing control of Raiffeisenbank a.s. over eBanka, a.s.	Raiffeisenbank a.s.	23 Nov 2006	establishment of control in fact of Raiffeisenbank a.s. over eBanka, a.s.
Resolution of the General Meeting of Raiffeisenbank a.s. - Payment of dividends for the year 2006	Raiffeisen International Bank-Holding AG	24 Apr 2007	Payment of dividends based on the resolution of the annual general meeting

## 4.2 Other Legal Acts Undertaken with Other Related Parties

Name of the Legal Act	Counterparty	Contract date	Description of performance/ counter-performance
Resolution of the General Meeting of Raiffeisen stavební spořitelna, a.s. – Payment of dividends for the year 2006	Raiffeisenbank a.s.	27 Apr 2007	Payment of dividends based on the resolution of the general meeting

## 5. Other Factual Measures

### 5.1 Measures Taken at the Initiative of the Controlling Entities

#### Raiffeisen Zentralbank Österreich AG

Measure	Counterparty	Date of conclusion
The Board of Raiffeisenbank a.s. approved the issuing of customs guarantees/counter-guarantees with Raiffeisen Zentralbank Österreich AG	Raiffeisen Zentralbank Österreich AG	15 Nov 2005
Approval of the Board of Raiffeisenbank a.s., increasing the Stand-by Letter of Credit issued by RZB serving as regional collateral to MasterCard risk	Raiffeisen Zentralbank Österreich AG	29 Jan 2007

#### General Limits

In line with the decision of the controlling entity, the Bank has approved general limits for related party transactions concerning current deposits and term deposits, loans, repurchase transactions, treasury shares, letters of credit, issued and accepted guarantees.

### 5.2 Measures Taken in the Interest of Other Related Parties

#### MB Leasing a.s., v likvidaci

Measure	Counterparty	Date of conclusion
The Board of Directors of Raiffeisenbank a.s. approved liquidation of MB Leasing, a.s.	MB Leasing, a.s.	5 Mar 2007

#### Tatra banka, a.s.

Measure	Counterparty	Date of conclusion
The Board of Directors of Raiffeisenbank a.s. approved the provision of a Credit for Tatra banka, a.s.	Tatra Banka, a.s.	12 Apr 2005
The Board of Directors of Raiffeisenbank a.s. approved the prolongation of maturity of the loan for Tatra banka, a.s.	Tatra Banka, a.s.	24 Oct 2006

#### Raiffeisen Krekova Banka, d.d

Measure	Counterparty	Date of conclusion
The Board of Directors of Raiffeisenbank a.s. approved the provision of a Credit for Raiffeisen Krekova Banka, d.d.	Raiffeisen Krekova Banka, d.d	9 May 2005
The Board of Directors of Raiffeisenbank a.s. approved the provision of a Credit for Raiffeisen Krekova Banka, d.d.	Raiffeisen Krekova Banka, d.d	10 Aug 2005
The Board of Directors of Raiffeisenbank a.s. approved the prolongation of maturity of the loan for Raiffeisen Krekova Banka, d.d.	Raiffeisen Krekova Banka, d.d	4 Jul 2006

## 6. Final Statement of the Board of Directors of Raiffeisenbank a.s.

We state that in the report on relations between the related parties of Raiffeisenbank a.s., prepared pursuant to Section 66a (9) of the Commercial Code for the year ended 31 December 2007, we have reported, to the best of our knowledge, all:

- Agreements concluded between related parties;
- Performance and counter-performance provided to related parties;
- Other legal acts undertaken in the interest of related parties; and
- All other factual measures adopted or effected in the interest, or at the initiative, of the related parties

concluded or effected during the accounting period and known to us as of the date of signing this report.


In identifying other related parties, the Board of Directors of Raiffeisenbank a.s. referred to the information provided by the controlling entities – Raiffeisen Zentralbank Österreich AG and Raiffeisen International Bank-Holding AG.

We also state that we are not aware of any detriment incurred in connection with the above agreements, other legal acts and factual measures concluded, effected or adopted by the Bank during the year ended 31 December 2007.

In Prague, on 31 March 2008



Lubor Žalman  
Chairman of the Board of Directors  
and Chief Executive Officer



Martin Kolouch  
Member of the Board of Directors  
and Executive Officer

## Persons Responsible for the Annual Report

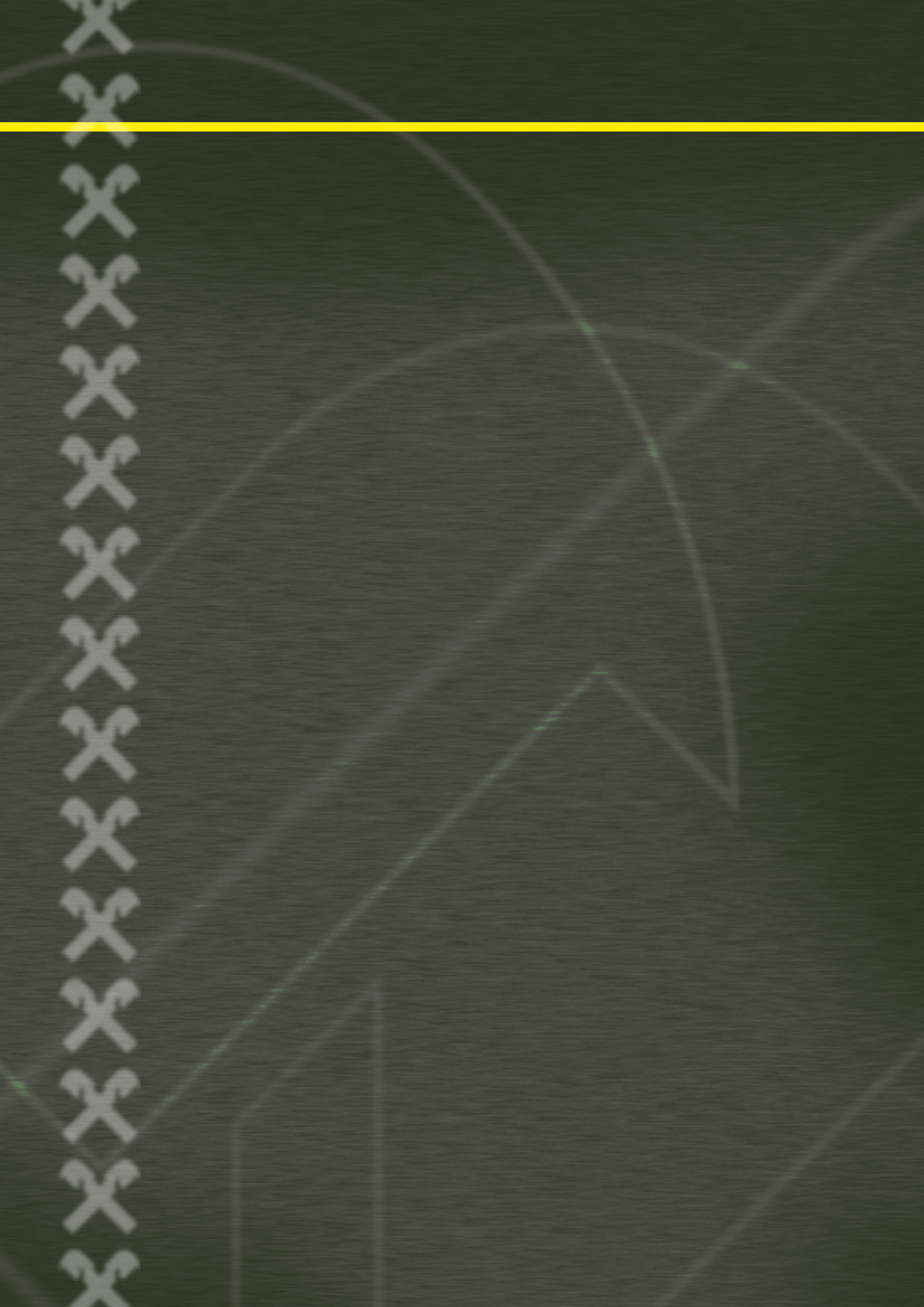
We hereby declare that the information presented in this Annual Report is truthful and that no material circumstances which could have an impact on the precise and accurate assessment of the securities issuer have been omitted.



Lubor Žalman  
Chairman of the Board of Directors  
and Chief Executive Officer  
Raiffeisenbank a.s.



Robert Wagner  
Head of the Financial Controlling  
& Accounting Division







## The RZB Group and Raiffeisen International at a glance

Raiffeisenbank a.s. is a subsidiary of Raiffeisen International Bank-Holding AG, which in turn is a fully consolidated subsidiary of Vienna-based Raiffeisen Zentralbank Österreich AG (RZB). RZB is the parent company of the RZB Group and the central institution of the Austrian Raiffeisen Banking Group, the country's largest banking group by total assets with the widest local distribution network.

RZB and Raiffeisen International have time and again underpinned their reputation as early movers and pioneers in CEE, having founded the first subsidiary bank in Hungary already in 1986, three years prior to the fall of the Iron Curtain. In more than 20 years of market presence, ten banks were founded and another ten were acquired. The resulting network covers the region with universal banks in the following 15 markets, servicing more than 13 million customers.

■ Albania	Raiffeisen Bank Sh.a.
■ Belarus	Priorbank, OAO
■ Bosnia and Herzegovina	Raiffeisen Bank d.d. Bosna i Hercegovina
■ Bulgaria	Raiffeisenbank (Bulgaria) EAD
■ Croatia	Raiffeisenbank Austria d.d.
■ Czech Republic	Raiffeisenbank a.s. and eBanka, a.s.
■ Hungary	Raiffeisen Bank Zrt.
■ Kosovo	Raiffeisen Bank Kosovo S.A.
■ Poland	Raiffeisen Bank Polska S.A.
■ Romania	Raiffeisen Bank S.A.
■ Russia	ZAO Raiffeisenbank
■ Serbia	Raiffeisen banka a.d.
■ Slovakia	Tatra banka, a.s.
■ Slovenia	Raiffeisen Banka d.d.
■ Ukraine	VAT Raiffeisen Bank Aval

Raiffeisen International acts as these banks' steering company, owning the majority of shares (in most cases 100 or almost 100 per cent). Furthermore, many finance leasing companies (including one in Kazakhstan and in Moldova) are part of the Raiffeisen International Group. RZB owns 68.5 per cent of the common stock. The balance is free float, owned by institutional and retail investors. The company's shares are traded on the Vienna Stock Exchange.

With its continually growing regional and local presence, as well as its increasing and innovative product spectrum, Raiffeisen International has significantly contributed to the development of both the region's banking environment and its overall economic state.

As of 31 December 2007, Raiffeisen International's consolidated profit (after tax and minorities) rose by 42 per cent to € 841 million. Having grown by 30 per cent, the balance-sheet total amounted to € 72.7 billion. The return on equity before tax stood at 25.7 per cent, and the cost/income ratio improved to 57.6 per cent. 3,015 business outlets covered the CEE-region and over 58,000 employees attended to 13.7 million customers.

Founded in 1927, RZB provides the full range of commercial and investment banking services. It is Austria's third largest bank.

As of 31 December 2007, the RZB Group's balance-sheet total amounted to € 137.4 billion, up 19 per cent compared with December 2006. IFRS-compliant profit before tax increased by nearly 16 per cent to € 1,485 million. The return on equity before tax reached 22.2 per cent, and the cost/income ratio was 56.9 per cent. At the reporting date, the Group employed a staff of more than 61,300 worldwide.

In addition to its banking operations – which are complemented by a representative office in Russia (Moscow) – RZB runs several specialist companies in CEE offering solutions, among others, in the areas of M&A, real estate development, fund management and mortgage banking.

In Western Europe and the USA, RZB operates a branch in London and representative offices in Brussels, Frankfurt, Madrid, Milan, Paris, Stockholm, and New York. A finance company in New York (with representative offices in Chicago, Houston and Los Angeles) and a subsidiary bank in Malta complement the scope. In Asia, RZB runs branches in Beijing (with a representative office in Zhuhai), Xiamen (China) and Singapore as well as representative offices in Ho Chi Minh City, Hong Kong, Mumbai, Tehran and Seoul. This international presence clearly underlines the bank's emerging markets strategy.

#### **RZB is rated as follows:**

■ Standard & Poor's	Short-term	A1
■ Standard & Poor's	Long-term	A+
■ Moody's	Short-term	P-1
■ Moody's	Long-term	Aa2
■ Moody's	Financial Strength	C

### ***Raiffeisen International's Vision and Mission Statement***

Raiffeisen International Group is the leading banking group in Central and Eastern Europe.

- Raiffeisen International Group is the leading banking group in Central and Eastern Europe.
- We seek long-term customer relationships.
- We provide a full range of highest quality financial services in Central and Eastern Europe.
- As a member of the RZB Group, we cooperate closely with Raiffeisen Zentralbank and the other members of the Austrian Raiffeisen Banking Group.
- We achieve sustainable and above-average return on equity.
- We empower our employees to be entrepreneurial and to show initiative, and we foster their development.

[www.rzb.at](http://www.rzb.at)

[www.ri.co.at](http://www.ri.co.at)

# Addresses and Contacts



## ***Raiffeisen International Bank-Holding AG***

### ***Austria***

Am Stadtpark 9  
1030 Vienna  
Phone: +43-1-71 707 0  
Fax: +43-1-71 707 1715  
www.ri.co.at  
investor.relations@ri.co.at  
ri-communications@ri.co.at

## ***Banking Network in Central and Eastern Europe***

### ***Albania***

**Raiffeisen Bank Sh.a.**  
European Trade Center  
Bulevardi "Bajram Curri"  
Tiranë  
Phone: +355-4-222 669  
Fax: +355-4-275 599  
SWIFT/BIC: SGSBALTX  
www.raiffeisen.al  
**Contact: Oliver Whittle**  
oliver.whittle@raiffeisen.al

**Belarus****Priorbank, OAO**

31-A, V. Khoruzhey Str.  
Minsk, 220002  
Phone: +375-17-289 9090  
Fax: +375-17-289 9191  
SWIFT/BIC: PJCBY2X  
www.priorbank.by  
**Contact: Olga Gelakhova**  
olga.gelakhova@priorbank.by

**Bosnia and Herzegovina****Raiffeisen Bank d.d.**

Bosna i Hercegovina  
Danijela Ozme 3  
71000 Sarajevo  
Phone: +387-33-287 100  
Fax: +387-33-213 851  
SWIFT/BIC: RZBABA2S  
www.raiffeisenbank.ba  
**Contact: Michael G. Mueller**  
michael.mueller@rbb-sarajevo.raiffeisen.at

**Bulgaria****Raiffeisenbank (Bulgaria) EAD**

18/20 Ulica N. Gogol  
1504 Sofia  
Phone: +359-2-9198 5101  
Fax: +359-2-943 4528  
SWIFT/BIC: RZBBBGSF  
www.rbb.bg  
**Contact: Momtchil Andreev**  
momtchil.andreev@rbb.bg

**Croatia****Raiffeisenbank Austria d.d.**

Petrinjska 59  
10000 Zagreb  
Phone: +385-1-456 6466  
Fax: +385-1-481 1624  
SWIFT/BIC: RZBHHR2X  
www.rba.hr  
**Contact: Vesna Ciganek-Vukovic**  
vesna.ciganek-vukovic@rba.hr

**Czech Republic****Raiffeisenbank a.s.**

Olbrachtova 2006/9  
14021 Praha 4  
Phone: +420-221-141 111  
Fax: +420-221-142 111  
SWIFT/BIC: RZBCCZPP  
www.rb.cz  
**Contact: Lubor Žalman**  
lubor.zalman@rb.cz

**Hungary****Raiffeisen Bank Zrt.**

Akadémia utca 6  
1054 Budapest  
Phone: +36-1-484 4400  
Fax: +36-1-484 4444  
SWIFT/BIC: UBRTHUHB  
www.raiffeisen.hu  
**Contact: Frank Daniel**  
frank.daniel@raiffeisen.hu

**Kosovo****Raiffeisen Bank Kosovo J.S.C.**

Rruga UÇK 51  
Priština 10000  
Phone: +381 38 222 222  
Fax: +381 38 20 30 1130  
SWIFT/BIC: RBKORS22  
www.raiffeisen-kosovo.com  
**Contact: Oliver Whittle**  
oliver.whittle@raiffeisen-kosovo.com

**Poland****Raiffeisen Bank Polska S.A.**

Ul. Piękna 20  
00-549 Warszawa  
Phone: +48-22-585 2000  
Fax: +48-22-585 2585  
SWIFT/BIC: RCBWPLPW  
www.raiffeisen.pl  
**Contact: Piotr Czarnecki**  
piotr.czarnecki@raiffeisen.pl

### **Romania**

#### **Raiffeisen Bank S.A.**

Piața Charles de Gaulle 15  
011857 București 1  
Phone: +40-21-306 1000  
Fax: +40-21-230 0700  
SWIFT/BIC: RZBRROBU  
www.raiffeisen.ro

**Contact: Steven C. van Groningen**  
centrala@raiffeisen.ro

### **Russia**

#### **ZAO Raiffeisenbank**

Smolenskaya-Sennaya pl., 28  
119002 Moskwa  
Phone: +7-495-721 9900  
Fax: +7-495-721 9901  
SWIFT/BIC: RZBMRUMM  
www.raiffeisen.ru

**Contact: Johann Jonach**  
jjonach@raiffeisen.ru

### **Serbia**

#### **Raiffeisen banka a.d.**

Bulevar Zorana Djindjica 64a  
11070 Novi Beograd  
Phone: +381-11-320 2100  
Fax: +381-11-220 7080  
SWIFT/BIC: RZBSRSBG  
www.raiffeisenbank.co.yu

**Contact: Oliver Rögl**  
oliver.roegl@raiffeisenbank.co.yu

### **Slovakia**

#### **Tatra banka, a.s.**

Hodžovo námestie 3  
81106 Bratislava 1  
Phone: +421-2-5919 1111  
Fax: +421-2-5919 1110  
SWIFT/BIC: TATRSKBX  
www.tatrabanka.sk

**Contact: Igor Vida**  
igor\_vida@tatrabanka.sk

### **Slovenia**

#### **Raiffeisen Banka d.d.**

Slovenska ulica 17  
2000 Maribor  
Phone: +386-2-229 3100  
Fax: +386-2-252 4779  
SWIFT/BIC: KREKSI22  
www.raiffeisen.si

**Contact: Klemens Nowotny**  
klemens.nowotny@raiffeisen.si

### **Ukraine**

#### **VAT Raiffeisen Bank Aval**

9, Leskova str.  
01011 Kyiv  
Phone: +38-044-490 88 07  
Fax: +38-044- 285-32 31  
SWIFT/BIC: AVAL UA UK  
www.aval.ua

**Contact: Angela Prigozhina**  
angela.prigozhina@aval.ua

### **Leasing**

#### **Austria**

##### **Raiffeisen-Leasing**

International GmbH  
Am Stadtpark 9  
1030 Vienna  
Phone: +43-1-71 707 2966  
Fax: +43-1-71 707 2059

**Contact: Dieter Scheidl**  
dieter.scheidl@rli.co.at

#### **Albania**

##### **Raiffeisen Leasing Sh.a.**

Rruga Kavajes 44  
Tiranë  
Phone: +355-4-274 920  
Fax: +355-4-232 524

**Contact: Gent Sejko**  
gent.sejko@raiffeisen.al

**Belarus****SOOO Raiffeisen Leasing**

Khoruzhey str. 31A

220002 Minsk

Phone: +375-17 289 9396

Fax: +375-17 289 9394

**Contact: Maksim Lisicky**

maksim.lisicky@priorbank.by

**Bosnia and Herzegovina****Raiffeisen Leasing d.o.o.**

Sarajevo

St. Branilaca Sarajeva No. 20

71000 Sarajevo

Phone: +387-33-254 340

Fax: +387-33-212 273

www.rlbh.ba

**Contact: Belma Sekavic-Bandic**

belma.sekavic@rbb-sarajevo.raiffeisen.at

**Bulgaria****Raiffeisen Leasing**

Bulgaria OOD

Business Park Sofia

Building 11, 2nd floor

1715 Sofia

Phone: +359-2-970 7979

Fax: +359-2-974 2057

www.rlbh.bg

**Contact: Dobromir Dobrev**

dobromir.dobrev@rlbg.raiffeisen.bg

**Croatia****Raiffeisen Leasing d.o.o.**

Radnicka cesta 43

10000 Zagreb

Phone: +385-1-6595 000

Fax: +385-1-6595 050

www.rl-hr.hr

**Contact: Miljenko Tumpa**

miljenko.tumpa@rl-hr.hr

**Czech Republic****Raiffeisen-Leasing s.r.o.**

Budejovicka 409/1

14000 Praha 4

Phone: +420-221-51 1611

Fax: +420-221-51 1666

www.rl.cz

**Contact: Rastislav Kereskeni**

rastislav.kereskeni@rl.cz

**Hungary****Raiffeisen Lízing Zrt.**

Váci utca 81-85

1139 Budapest

Phone: +36-1-298 8200

Fax: +36-1-298 8010

www.raiffeisenlizing.hu

**Contact: Pál Antall**

pal.antall@raiffeisen.hu

**Kazakhstan****Raiffeisen Leasing**

Kazakhstan LLP

146, Shevchenko str.

Office 12, 1st floor

050008 Almaty

Phone: +7-727-2709 836

Fax: +7-727-2709 831

**Contact: Uwe Fisker**

uwe.fisker@rlkz.kz

**Moldova****Raiffeisen Leasing SRL**

65 Stefan cel Mare blvd.

2001 Chisinau

Phone: +373-22 27 93 13

Fax: +373-22 27 93 43

**Contact: Victor Bodiu**

victor.bodiu@raiffeisen-leasing.md

**Poland****Raiffeisen-Leasing Polska S.A.**

Ul. Prosta 51

00838 Warszawa

Phone: +48-22 32 63 600,

Fax: +48-22 32 63 601

www.rl.com.pl

**Contact: Arkadiusz Etryk**

arkadiusz.etryk@raiffeisen.pl



**Romania**

**Raiffeisen Leasing IFN SA**

Calea 13 Septembrie 90

Grand Offices

Marriott Grand Hotel

Sector 5

76122 București

Phone: +40-21-403 3300

Fax: +40-21-403 3298

[www.raiffeisen-leasing.ro](http://www.raiffeisen-leasing.ro)

**Contact: Mihaela Mateescu**

[mihaela.mateescu@raiffeisen-leasing.ro](mailto:mihaela.mateescu@raiffeisen-leasing.ro)

**Russia**

**OOO Raiffeisen Leasing**

Nikoloyamskaya 13/2

109240 Moskwa

Phone: +7-495-721 9980

Fax: +7-495-721 9901

[www.rlr.ru](http://www.rlr.ru)

**Contact: Galina Kostyleva**

[gkostyleva@raiffeisen.ru](mailto:gkostyleva@raiffeisen.ru)

**Serbia**

**Raiffeisen Leasing d.o.o.**

Milutina Milankovića 134a

11070 Beograd

Phone: +381-11-201 77 00

Fax: +381-11-313 00 81

[www.raiffeisen-leasing.co.yu](http://www.raiffeisen-leasing.co.yu)

**Contact: Ralph Zeitberger**

[ralph.zeitberger@raiffeisen-leasing.co.yu](mailto:ralph.zeitberger@raiffeisen-leasing.co.yu)



**Slovakia****Tatra Leasing s.r.o.**

Továrenská 10  
81109 Bratislava  
Phone: +421-2-5919 3168  
Fax: +421-2-5919 3048  
www.tatraleasing.sk

**Contact: Igor Horváth**

igor\_horvath@tatrabanka.sk

**Slovenia****Raiffeisen Leasing d.o.o.**

Tivolska 30 (Center Tivoli)  
1000 Ljubljana  
Phone: +386-1-241 6250  
Fax: +386-1-241 6268  
www.rl-sl.si

**Contact: Borut Božič**

borut.bozic@raiffeisen-leasing.si

**Ukraine****LLC Raiffeisen Leasing Aval**

Moskovsiy Prospect 9  
Corp. 5 office 101  
04073 Kyiv  
Phone: +38-044-490 8700  
Fax: +38-044-200 0407

**Contact: Peter Oberauer**

peter.oberauer@aval.ua

Real-estate leasing

**Czech Republic****Raiffeisen Leasing****Real Estate s.r.o.**

Budejovicka 409/1  
14000 Praha 4  
Phone: +420-221-511 610  
Fax: +420-221-511 641  
www.rlre.cz

**Contact: Alois Lanegger**

alois.lanegger@rl.cz

**Investment Banking****Bosnia and Herzegovina****Raiffeisen Bank d.d.**

Bosna i Hercegovina  
Danijela Ozme 3  
71000 Sarajevo  
Phone: +387-33-287 100 or 287 121  
Fax: +387-33-213 851  
www.raiffeisenbank.ba

**Contact: Dragomir Grgić**

dragomir.grgic@rbb-sarajevo.raiffeisen.at

**Bulgaria****Raiffeisen Asset Management EAD**

18/20 Ulica N. Gogol  
1504 Sofia  
Phone: +359-2-919 85 632  
Fax: +359-2-943 4528  
www.ram.bg

**Contact: Mihail Atanasov**

mihail.atanasov@ram.raiffeisen.bg

**Croatia****Raiffeisenbank Austria d.d.**

Petrinjska 59, 10000 Zagreb  
Phone: +385-1-456 6466  
Fax: +385-1-456 6490  
www.rba.hr

**Contact: Ivan Žižić**

ivan.zizic@rba.hr

**Czech Republic****Raiffeisenbank a.s.**

Olbrachtova 2006/9  
140 21 Praha 4  
Phone: +420-221-141 863  
Fax: +420-221-143 804  
www.rb.cz

**Contact: Martin Bláha**

martin.blaha@rb.cz

### **Hungary**

#### **Raiffeisen Bank Zrt.**

Akadémia utca 6  
1054 Budapest  
Phone: +36-1-484 4400  
Fax: +36-1-484 4444  
www.raiffeisen.hu

**Contact: Gábor Liener**  
gliener@raiffeisen.hu

### **Poland**

#### **Raiffeisen Investment Polska Sp.z o.o.**

Ul. Piękna 20  
00-549 Warszawa  
Phone: +48-22-585 2900  
Fax: +48-22-585 2901

**Contact: Marzena Bielecka**  
marzena.bielecka@ripolska.com.pl

### **Romania**

#### **Raiffeisen Asset Management România**

Piata Charles de Gaulle 15, et. IV  
011857 Bucuresti 1  
Phone: +40-21-306 1711  
Fax: +40-21-312 0533  
www.raiffeisenfonduri.ro

**Contact: Mihail Ion**  
mihail.ion@rzb.ro

#### **Raiffeisen Capital & Investment S.A.**

Piata Charles de Gaulle 15  
011857 Bucuresti 1  
Phone: +40-21-306 1233  
Fax: +40-21-230 0684  
www.rciro.ro

**Contact: Dana Mirela Ionescu**  
dana-mirela.ionescu@rzb.ro

### **Russia**

#### **ZAO Raiffeisenbank**

Smolenskaya-Sennaya pl., 28  
119002 Moskwa  
Phone: +7-495-721 9900  
Fax: +7-495-721 9901  
www.raiffeisen.ru

**Contact: Pavel Gourine**  
pgourine@raiffeisen.ru

### **Serbia**

#### **Raiffeisen Investment AG**

Bulevar Zorana Djindjica 64a  
11070 Novi Beograd  
Phone: +381-11-21 29211  
Fax: +381-11-212 9213

**Contact: Radoš Ilinčić**  
r.ilincic@raiffeisen-investment.com

### **Slovakia**

#### **Tatra banka, a.s.**

Hodžovo námestie 3  
811 06 Bratislava 1  
Phone: +421-2-5919 1111  
Fax: +421-2-5919 1110  
www.tatrabanka.sk

**Contact: Igor Vida**  
igor\_vida@tatrabanka.sk

### **Slovenia**

#### **Raiffeisen Banka d.d.**

Slovenska ulica 17  
2000 Maribor  
Phone: +386-2-229 3119  
Fax: +386-2-252 5518  
www.raiffeisen.si

**Contact: Primož Kovačič**  
primoz.kovacic@raiffeisen.si

### **Ukraine**

#### **Raiffeisen Investment TOV**

2, Mechnikova vul.  
4th floor  
01601 Kyiv  
Phone: +38-044-490-68-97,  
490-68-97 98 or 490-68-97 99

**Contact: Vyacheslav Yakymuk**  
Yakymuk@riu.kiev.ua

## **Raiffeisen Zentralbank Österreich AG**

### **Austria (Head Office)**

Am Stadtpark 9  
1030 Vienna  
Phone: +43-1-71 707 0  
Fax: +43-1-71 707 1715  
SWIFT/BIC RZBAATWW  
www.rzb.at

### **China**

#### **Beijing Branch**

Beijing International Club,  
Suite 200  
21, Jianguomenwai Dajie  
100020 Beijing  
Phone: +86-10-6532 3388  
Fax: +86-10-6532 5926  
SWIFT/BIC: RZBACNBJ  
**Contact: Andreas Werner**  
andreas.werner@cn.rzb.at

#### **Xiamen Branch**

Zhongmin Building  
Unit 01-02, 32/F  
No. 72 Hubin North Road,  
361012 Xiamen, Fujian Province  
Phone: +86-592-2623 988  
Fax: +86-592-2623 998  
**Contact: Alice Li**  
alice.li@cn.rzb.at

### **Malta**

#### **Raiffeisen Malta Bank plc**

52, Il-Piazzetta, Tower Road,  
Sliema SLM1607, Malta  
Phone: +356-2260 0000  
Fax: +356-2132 0954  
**Contact: Anthony C. Schembri**  
anthony.schembri@mt.rzb.at

### **Singapore**

#### **Singapore Branch**

One Raffles Quay  
#38-01 North Tower  
Singapore 048583  
Phone: +65-6305 6000  
Fax +65-6305 6001  
**Contact: Rainer Šilhavý**  
rainer.silhavy@sg.rzb.at

### **United Kingdom**

#### **London Branch**

10, King William Street  
London EC4N 7TW  
Phone: +44-20-7933 8000  
Fax: +44-20-7933 8099  
SWIFT/BIC: RZBAGB2L  
www.london.rzb.at  
**Contact: Mark Bowles**  
mark.bowles@uk.rzb.at

### **U.S.A.**

#### **RZB Finance LLC**

1133, Avenue of the Americas  
16th floor, New York  
N.Y. 10036  
Phone: +1-212-845 4100  
Fax: +1-212-944 2093  
**www.rzbfinance.com**  
Contact: Dieter Beintrexler  
dieter.beintrexler@rzbfinance.com

### **Representative offices in Europe**

### **Belgium**

#### **Brussels**

Rue du Commerce 20–22  
1000 Bruxelles  
Phone: +32-2-549 0678  
Fax: +32-2-502 6407  
Contact: Josef-Christoph Swoboda  
josef-christoph.swoboda@rzb.at

### **Germany**

#### **Frankfurt am Main**

Mainzer Landstrasse 51  
D-60329 Frankfurt am Main  
Phone: +49-69-29 92 19-18  
Fax: +49-69-29 92 19-22

**Contact: Dorothea Renninger**  
dorothea.renninger@rzb.at

### **France**

#### **Paris**

9-11, Avenue Franklin Roosevelt  
75008 Paris  
Phone: +33-1-4561 2700  
Fax: +33-1-4561 1606

**Contact: Harald Stoffaneller**  
harald.stoffaneller@fr.rzb.at

### **Italy**

#### **Milan**

Via Andrea Costa 2  
20131 Milano  
Phone: +39-02-2804 0646  
Fax: +39-02-2804 0658

www.rzb.it  
**Contact: Miriam Korsic**  
miriam.korsic@it.rzb.at

### **Moldova**

#### **Chisinau (Raiffeisen Bank S.A.)**

65 Stefan cel Mare blvd.  
Chişinău, MD-2001  
Phone: +373-22-279 331  
Fax: +373-22-279 343

**Contact: Victor Bodiu**  
victor.bodiu@rzb.md

### **Russia**

#### **Moscow**

14, Pretchistensky Pereulok  
Building 1  
119034 Moskwa  
Phone: +7-495-721 9903  
Fax: +7-495-721 9907

www.raiffeisen.ru  
**Contact: Bulanenkov Svyatoslav**  
svyatoslav.bulanenkov@raiffeisen.ru

### **Sweden/Nordic Countries**

#### **Stockholm**

Norrlandsgatan 12  
P.O. Box 7810  
10396 Stockholm  
Phone: +46-8-440 5086  
Fax: +46-8-440 5089

**Contact: Lars Bergström**  
lars.bergstrom@rzb.at

### **Representative offices in America and Asia**

#### **U.S.A.**

##### **Chicago (RZB Finance LLC)**

150 N. Martingale Road  
Suite 840  
Schaumburg, IL 60173  
Phone: +1-847-995 8884

Fax: +1-847-466 8880

**Contact: Charles T. Hiatt**  
charles.hiatt@rzbfinance.com

##### **Houston (RZB Finance LLC)**

10777, Westheimer, Suite 1100  
Houston, TX 77042  
Phone: +1-713-260 9697  
Fax: +1-713-260 9602

**Contact: Stephen A. Plauche**  
stephen.plauche@rzbfinance.com

##### **Los Angeles (RZB Finance LLC)**

29556 Fountainwood St.  
Agoura Hills, CA 91301  
Phone: +1-818-706-7385  
Fax: +1-818-706-7305

##### **Contact: JDee Christensen**

Contact: jdee.christensen@rzbfinance.com

#### **New York**

1133, Avenue of the Americas  
16th floor, New York, NY 10036  
Phone: +1-212-593 7593  
Fax: +1-212-593 9870

##### **Contact: Dieter Beintrexler**

dieter.beintrexler@rzb-newyork.raiffeisen.at

**China****Hong Kong**

Unit 2001, 20th Floor, Tower 1  
Lippo Centre, 89 Queensway  
Hong Kong

Phone: +85-2-2730 2112

Fax: +85-2-2730 6028

**Contact: Edmond Wong**

edmond.wong@hk.rzb.at

**Zhuhai**

Room 2404, Yue Cai Building  
188, Jingshan Road, Jida  
519015 Zhuhai

Phone: +86-756-323 3500

or 323 3055

Fax: +86-756-323 3321

**Contact: Susanne Zhang-Pongratz**

susanne.zhang@cn.rzb.at

**India****Mumbai**

87, Maker Chamber VI  
Nariman Point

Mumbai 400 021

Phone: +91-22-663 01700

Fax: +91-22-663 21982

**Contact: Anupam Johri**

anupam.johri@in.rzb.at

**Iran****Tehran (UNICO Banking Group)**

Vanak, North Shirazi Avenue  
16, Ladan Str., 19917 Tehran

Phone: +98-21-804 6767-2

Fax: +98-21-803 6788

**Contact: Gerd Wolf**

unico@unicorep.com

**South Korea****Seoul**

Leema Building, 8th floor

146-1, Soosong-dong

Chongro-ku, 110-755 Seoul

Phone: +822-398 5840

Fax: +822-398 5807

**Contact: Kun Il Chung**

kun-il.chung@kr.rzb.at

**Vietnam****Ho Chi Minh City**

6, Phung Khac Khoan Str., District 1, Room G6  
Ho Chi Minh City

Phone: +84-8-8297 934

Fax: +84-8-8221 318

**Contact: Ta Thi Kim Thanh**

ta-thi-kim.thanh@vn.rzb.at

**Investment Banking****Austria****Raiffeisen Zentralbank Österreich AG****Global Markets**

Am Stadtpark 9, 1030 Vienna

Phone: +43-1-71 707-1120

Fax: +43-1-71 707-3813

www.rzb.at

**Contact: Martin Czurda**

martin.czurda@rzb.at

**Raiffeisen Centrobank AG****Equity**

Tegetthoffstraße 1, 1015 Vienna

SWIFT/BIC: CENBATWW

Phone: +43-1-51 520-0

Fax: +43-1-513 4396

www.rcb.at

**Contact: Eva Marchart**

marchart@rcb.at

**Raiffeisen Investment AG****Advisory**

Krugerstraße 13

1015 Wien

Phone: +43-1-710 5400

Fax: +43-1-710 5400-169

www.raiffeisen-investment.com

**Contact: Heinz Sernetz**

h.sernetz@raiffeisen-investment.com

in Bosnia and Herzegovina, Bulgaria, Hungary,  
Montenegro, Poland, Romania, Russia, Serbia  
Czech Republic, Turkey, and Ukraine.

Data accurate on 1 March 2008

# The Raiffeisen Financial Group

## in the Czech Republic

### *Raiffeisen stavební spořitelna a.s.*



Raiffeisen stavební spořitelna has been operating on the Czech market since September 1993 (originally under the name AR stavební spořitelna). Raiffeisen stavební spořitelna was integrated into the Raiffeisen Financial Group in 1998 when Raiffeisen Bausparkasse GmbH increased its stake in the building society to 75 per cent, and the remaining 25 per cent was acquired by Raiffeisenbank a.s. Another important change had occurred in 2005. In the autumn of 2005, the majority shareholder of Raiffeisen stavební spořitelna became Raiffeisen Bausparkassen Managementservice und Beteiligungsges.m.b.H., which acquired the entire 75 per cent shareholding from its parent company Raiffeisen Bausparkasse Gesellschaft m.b.H. In this way, Raiffeisen Bausparkassen Managementservice und Beteiligungsges.m.b.H. became the integrating link between the savings banks of the Raiffeisen group in Austria and other countries. At the end of 2005, the name of the company was changed to Raiffeisen Bausparkassen Holding GmbH.

Building savings from Raiffeisen stavební spořitelna continues to offer a very attractive and secure form of savings with state assistance. In addition, it offers a wide range of loans as a source of financing for housing needs.

2007 has been a very successful year for Raiffeisen stavební spořitelna. With more than 109,000 new agreements on building savings and an increase in the target amount, it has managed to exceed the results of the previous year by 38 per cent and to almost double the target amount to CZK 31.6 billion. The volume of granted loans from building savings and bridge loans increased by 35 per cent to CZK 5.9 billion. Loans amounting to more than CZK 1.2 billion were provided to housing cooperatives for remodelling older buildings. This is the highest number of loans ever granted during one calendar year.

During November 2007, Raiffeisen stavební spořitelna announced the acquisition of Hypo stavební spořitelna a.s. Representatives from Raiffeisen Bausparkassen Holding GmbH, Raiffeisen stavební spořitelna's parent company, signed an agreement on the purchase of 100 per cent of the shares of Hypo stavební spořitelna a.s. with the members of the UniCredit group, the owners of Hypo stavební spořitelna. A strategic goal for 2008 will be integrating Hypo stavební spořitelna into the Raiffeisen group. Upon merger of both building societies, an important player will be created with almost a million clients and the goal of attaining a 20 per cent market share for all important indicators.

Raiffeisen stavební spořitelna makes every effort to increase the quality of its services for financing housing needs as well as the provision of professional consultation. Raiffeisen stavební spořitelna offers all of its clients quality services, reliability, secure deposits and a dynamic and individual approach, and this is a good basis for building a beneficial and long-term partnership.

Raiffeisen stavební spořitelna a.s.  
Koněvova 2747/99  
130 45 Prague 3  
Tel.: 271 031 111  
Fax: 222 581 156  
E-mail: [rsts@rsts.cz](mailto:rsts@rsts.cz)  
Internet: [www.rsts.cz](http://www.rsts.cz)  
Toll-free infoline: 800 11 22 11

***Raiffeisen-Leasing, s.r.o.***

Raiffeisen-Leasing, s.r.o. was founded in 1994, and as a part of the Raiffeisen group, specialises in providing leasing services to companies and individuals. The company's partner institutions are Raiffeisenbank a. s. and Raiffeisen-Leasing International GmbH Wien.

In the beginning, Raiffeisen-Leasing primarily offered its services to the Raiffeisen group's clients. Over time, though, it has become a standard, universal leasing company offering professional and quality services to a wide variety of clients. In 2001, Raiffeisen-Leasing founded a subsidiary company to provide real estate financing – Raiffeisen-Leasing Real Estate, s.r.o. As a part of its strategic development and entry on the automobile finance market, Raiffeisen-Leasing, s.r.o. had integrated MB Leasing a.s. into its structures in 2006, which has belonged to the Raiffeisen group since 2005. With this integration, the company became a fully universal leasing company financing all kinds of commodities and providing its services to private individuals and corporate clients. The company's turnover amounted to approximately CZK 1.8 billion in 2007, and it has again financed client assets worth CZK 2.5 billion.

Raiffeisen-Leasing offers clients financial leasing in the traditional areas of financing machinery and equipment, large technological equipment, transportation technology, construction machinery, as well as in the specialised segment of financing intangible assets (i.e. leasing derivatives). The company has also introduced to the Czech market technology financing in the form of instalments. In the area of automobile finance, the company offers special-purpose loans in addition to leasing products.

Other products include supplier leasing to support dealers and manufacturers and leasing transactions for clients consolidating under standards different than those in the Czech Republic. In addition, the company offers special leasing models that allow clients to more effectively acquire investments in comparison with standard leasing finance products as well as other forms of procurement.

In 2008, Raiffeisen-Leasing will focus primarily on providing services to clients of the Raiffeisen group and on further expansion of the main distribution network in the automobile finance sector by strengthening business relations with car dealers throughout the Czech Republic, offering an attractive line of products, and optimising the business process. The company will continue to promote and improve relations with existing clients and business partners.

Raiffeisen-Leasing, s.r.o.  
 Olbrachtova 9  
 140 21, Prague 4  
 Tel: 221 511 611  
 Fax: 221 511 666  
 E-mail: rl@rl.cz  
 www.rl.cz



### **UNIQA pojišťovna a.s.**

UNIQA pojišťovna commenced its operations on the Czech insurance market in 1993, originally under the name Česko-rakouská pojišťovna. The company changed its name to UNIQA pojišťovna in 2001 as a part of the international strategy of the parent concern to integrate the company's identity under the brand name UNIQA. UNIQA's international concern has its headquarters in Vienna and is the largest insurance group in Austria with more than one fifth of the market. With its more than 30 subsidiary companies, UNIQA operates in 20 countries throughout Europe. One of the UNIQA concern's ambitions is to be the most dynamic Austrian insurance group in Europe.

The only shareholder of UNIQA pojišťovna is the above-mentioned UNIQA International Versicherung-Holding, GmbH. The company's registered capital amounts to CZK 480 million.

UNIQA pojišťovna holds a universal insurance licence allowing the company to carry out business in the area of both life and non-life insurance. With the exception of agricultural insurance, UNIQA offers virtually all types of insurance products covering all of its clients' needs.

In 2007, UNIQA pojišťovna held ninth position on the Czech insurance market. During the fourteen years of its existence, it has always been one of the ten largest insurance companies on the Czech market. Currently, it provides its services at over 100 business locations throughout the Czech Republic. In 2007, UNIQA pojišťovna managed for the first time to exceed CZK 4 billion in portfolio premiums and serves 420 thousand insurance contracts.

The company's repeated BBBpi rating from Standard & Poor's, one of the highest ratings on the Czech insurance market, confirms the good standing and stability of UNIQA.

UNIQA pojišťovna has closely cooperated with the Raiffeisen Group now for many years. This cooperation develops successfully in other European countries, where both brands are operating. Insurance is an integral part of financial services, and UNIQA pojišťovna develops optimised products for this purpose, such as leasing, credit and mortgage transactions. Some types of UNIQA insurance may be arranged directly at Raiffeisenbank's branch offices, among others, capital life insurance or vehicle liability insurance. This helps significantly in simplifying clients' finances and creates important synergetic effects between Raiffeisen and UNIQA pojišťovna.

Recently, UNIQA pojišťovna moved to a new address. The new building became a dominant structure on Evropská Street in Prague 6. The modern building will be able to handle the higher demands of our clients and will also be more convenient for employees who may now work under one roof instead of in several locations around Prague.

UNIQA pojišťovna, a.s.  
 Evropská 136  
 160 12 Prague 6  
 Tel: 225 393 111  
 Fax: 225 393 777  
 E-mail: [uniqa@uniqa.cz](mailto:uniqa@uniqa.cz)  
 Toll-free infoline: 800 120 020



## Raiffeisenbank and eBanka branches and client centres

	Adresa	Telefon
Beroun	Husovo náměstí 45, 266 01 Beroun	311 600 026
Brno - Alfa	Jánská 11, 601 00 Brno	542 424 811
Brno - Česká	Česká 12, 604 46 Brno	517 545 111
Brno - Masarykova	Masarykova 30, 602 00 Brno	532 196 823
Brno - Gaute	Lidická 26, 602 00 Brno	532 195 620
Brno - Jánská	Jánská 1/3, 601 00 Brno	542 221 370
Brno - Královo Pole	Palackého třída 76, 612 00 Brno - Královo Pole	517 546 153
Brno - Olympia	Olympia, U dálnice 777, 664 42 Modřice	547 243 868
Česká Lípa	U Synagogy 2983, 470 01 Česká Lípa	487 525 704
České Budějovice	Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice	386 707 411
České Budějovice	Milady Horákové 1498, 370 05 České Budějovice	385 790 111
České Budějovice	Hroznová 7, 370 01 České Budějovice	386 357 815
Český Krumlov	Náměstí Svornosti 15, 381 01 Český Krumlov	380 712 705
Děčín	Masarykovo náměstí 9, 405 02 Děčín	412 510 057
Domažlice	Msgr. B. Staška 68, 344 01 Domažlice	379 775 911
Frýdek-Místek	J. V. Sládka 84, 738 02 Frýdek Místek	558 441 310
Frýdek - Místek	Ostravská 2129, 738 02 Frýdek Místek	558 647 820
Haviřov	Hlavní třída 438/73, 736 01 Haviřov	596 808 311
Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 811
Hradec Králové	V Kopečku 75, 500 01 Hradec Králové	495 069 666
Hradec Králové	S.K.Neumanna 487, 500 01 Hradec Králové	493 334 111
Cheb	Májová 16, 350 02 Cheb	354 433 629
Chomutov	Žižkovo náměstí 120, 430 01 Chomutov	474 930 909
Jablonec nad Nisou	Komenského 8, 466 01 Jablonec nad Nisou	483 737 141
Jihlava	Masarykovo náměstí 35, 586 28 Jihlava	567 578 911
Karlovy Vary	Krále Jiřího 39, 360 01 Karlovy Vary	353 167 777
Karlovy Vary	Dr. Bechera 23, 360 01 Karlovy Vary	353 231 673
Kladno	Osvobozených politických vězňů 656, 271 01 Kladno 1	312 709 412
Kolín	Kutnohorská 43, 280 02 Kolín	321 338 982
Liberec	Na Rybníčku 1, 460 01 Liberec	485 340 033
Liberec	Jánská 9, 460 01 Liberec	482 711 730
Mladá Boleslav	T. G. Masaryka 1009, 293 01 Mladá Boleslav	326 700 981
Mladá Boleslav	V. Klementa 1394/II, 293 01 Mladá Boleslav	326 331 474
Mladá Boleslav - Bondy	V. Klementa 1459, 293 01 Mladá Boleslav	326 509 611
Most	Budovatelů 1996, 434 01 Most	476 140 211
Olomouc	nám. Národních hrdinů 1, 771 11 Olomouc	585 206 900
Olomouc	Třída Svobody 21, 771 11 Olomouc	585 204 800
Opava	Horní náměstí 32, 746 01 Opava	553 759 311
Opava	Růžová 14, 702 00 Opava	552 620 208
Ostrava - Na Hradbách	Na Hradbách 8, 702 00 Ostrava	595 131 411
Ostrava - Imperial	Tyršova 6, 702 00 Ostrava	596 117 020
Ostrava Poruba	Opavská 1114, 708 00 Ostrava - Poruba	596 912 835
Ostrava - Dlouhá	Dlouhá 3, 702 00 Ostrava	596 111 863
Ostrava - Stodolní	Stodolní 2, 702 00 Ostrava	597 089 143
Ostrava - Tesco	Sjízdna 2, 721 00 Ostrava	596 966 432
Pardubice	K Polabinám 1893-4, 530 02 Pardubice	466 512 486
Pardubice	17. listopadu 238, 530 02 Pardubice	466 610 016
Písek	Velké náměstí 116, 397 01 Písek	382 759 111
Plzeň	Americká 1, 306 29 Plzeň	377 236 582
Plzeň	Americká 66, 306 29 Plzeň	377 279 411
Plzeň	Bedřicha Smetany 11, 301 00 Plzeň	377 222 830
Plzeň - Olympia	Písecká 1, 301 00 Plzeň	377 462 493
Praha 1 - Národní	Národní 9, 110 00 Praha 1	221 411 911
Praha 1 - Vodičkova	Vodičkova 38, 111 21 Praha 1	221 141 261
Praha 1 - Jalta	Václavské náměstí 43, 110 00 Praha 1	222 115 590
Praha 1 - Na Poříčí	Na Poříčí 37, 110 00 Praha 1	222 311 612
Praha 1 - Spálená	Spálená 16, 110 00 Praha 1	224 948 883
Praha 2 - Jugoslávská	Jugoslávská 21, 120 00 Praha 2	222 517 800
Praha 2 - Bělehradská	Bělehradská 100, 120 00 Praha 2	221 511 281
Praha 2 - Karlovo náměstí	Karlovo náměstí 10, 120 00 Praha 2	224 900 711
Praha 2 - Karlovo náměstí2	Karlovo náměstí 10, 120 00 Praha 2	222 925 454
Praha 2 - Italská	Vinohradská 29, 120 00 Praha 2	234 702 411

Praha 3 - Flora	Chrudimská 7, 130 00 Praha 3	225 376 611
Praha 4 - Budějovická	Olbrachtova 9, 140 21 Praha 4	225 541 011
Praha 4 - Kavčí hory	Kavčí hory, 140 70 Praha 4	226 541 011
Praha 4 - Novodvorská	Novodvorská 136, 140 00 Praha 4	241 406 914
Praha 4 - Háje	Arkalycká 4, 140 00 Praha 4	272 653 815
Praha 5 - Anděl	Lidická 42, 150 00 Praha 5	251 010 811
Praha 5 - Zličín	Metropole Zličín, Řevnická 1/121, 150 00 Praha 5	226 082 264
Praha 5 - Zlatý Anděl	Nádražní 23, 150 00 Praha 5	251 510 444
Praha 6 - Dejvická	Dejvická 11, 160 00 Praha 6	233 089 711
Praha 6 - Evropská	Evropská 136, 160 00 Praha 6	234 715 111
Praha 6 - Dejvice	Dejvická 30, 160 00 Praha 6	233 326 827
Praha 6 - Bělohorská	Bělohorská 71, 169 00 Praha 6	233 356 840
Praha 7 - Komunardů	Komunardů 21, 170 00 Praha 7	724 941 478
Praha 7 - Milady Horákové	Milady Horákové 10, 170 00 Praha 7	233 028 011
Praha 7 - Holešovice	Milady Horákové 16, 170 00 Praha 7	220 571 119
Praha 8 - Kobylisy	stanice metra Kobylisy, 182 00 Praha 8	222 623 253
Praha 8 - Zenklova	Zenklova 22, 180 00 Praha 8	225 983 511
Praha 8 - Ládví	Kyselova 1658, 180 00 Praha 8	283 880 343
Praha 9 - Jandova	Jandova 135/2, 190 00 Praha 9	225 545 511
Praha 9 - Sokolovská	Sokolovská 255, 190 00 Praha 9	283 893 915
Praha 10 - Vinohradská	Vinohradská 230, 100 00 Praha 10	274 001 779
Praha 10 - Moskevská	Moskevská 43, 100 00 Praha 10	271 078 813
Praha 10 - Hostivař	K Hrušovu 2, 102 00 Praha 10	281 004 728
Praha 10 - Švehlova	Švehlova 32, 102 00 Praha 10	272 656 215
Prostějov	Hlaváčkovo náměstí 3, 796 01 Prostějov	582 400 800
Šumperk	17. listopadu 9, 787 01 Šumperk	583 219 734
Tábor	Bílková 960, 390 02 Tábor	381 201 611
Tábor	9. Května 542, 390 02 Tábor	381 582 894
Teplice	28. října 7, 415 01 Teplice	417 816 061
Teplice	Masarykova 14, 415 01 Teplice	417 534 710
Trutnov	Lipová 524, 541 01 Trutnov	499 810 290
Třinec	Nám. Svobody 528, 739 01 Třinec	558 944 901
Ústí nad Labem	Pařížská 20, 400 01 Ústí nad Labem	475 237 111
Ústí nad Labem	Velká hradební 9, 400 01 Ústí nad Labem	474 434 111
Zlín	Kvitková 552, 760 01 Zlín	577 008 040
Zlín	tr. T. Bati 642, 763 02 Zlín - Louky	577 218 315
Znojmo	Obroková 15, 669 02 Znojmo	515 209 711
Žďár nad Sázavou	Náměstí Republiky 42, 591 01 Žďár nad Sázavou	566 652 711

## Business centers

	Adresa	Telefon
Brno	Jánská 1/3, 601 00 Brno	542 221 370
České Budějovice	Hroznová 7, 370 01 České Budějovice	386 357 815
Liberec	Jánská 9, 460 01 Liberec	482 711 730
Olomouc	Karolíny Světlé 2, 779 00 Olomouc	585 702 111
Ostrava	Dlouhá 3, 702 00 Ostrava	596 111 864
Plzeň	Bedřicha Smetany 11, 301 00 Plzeň	377 222 830
Praha	Karlovo náměstí 10, 120 00 Praha 2	222 925 454
Ústí nad Labem	Velká hradební 9, 400 01 Ústí nad Labem	474 434 111

## Mortgage centers

	Adresa	Telefon
Praha Budějovická	Olbrachtova 9, 140 21 Praha 4	225 541 016
Praha Karlovo nám.	Karlovo nám. 10, 120 00 Praha 2	224 900 724
Praha Dejvice	Dejvická 30, 160 00 Praha 6	233 326 827
Brno	Česká 12, 604 46 Brno	517 545 333
Ostrava	Dlouhá 3, 702 00 Ostrava	596 111 863
Plzeň	Americká 1, 306 29 Plzeň	379 305 542
České Budějovice	Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice	386 707 413
Hradec Králové	V Kopečku 75, 500 03 Hradec Králové	466 610 377
Pardubice	K Polabinám 1893-4, 530 02 Pardubice	466 610 377
Ústí nad Labem	Pařížská 20, 400 01 Ústí nad Labem	475 237 486
Liberec	Na Rybníčku 1, 460 01 Liberec	488 100 020
Olomouc	nám. Národních hrdinů 1, 771 11 Olomouc	585 206 928

Toll free infoline 800 900 900, [www.rb.cz](http://www.rb.cz), [info@rb.cz](mailto:info@rb.cz)

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