



**Raiffeisen
BANK**

Client inspired banking

Annual Report

2008

Annual Report 2008



Client inspired banking

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Survey of Key Data

in accordance with the IFRS/IAS

in TCZK	2008	2007	Change
Income Statement			
Net interest income after provisioning	3,846,880	2,406,590	59.8%
Net commission income	2,173,339	1,131,657	92.0%
Trading profit	154,774	403,609	(61.7)%
General administrative expenses	(4,612,499)	(2,923,134)	57.8%
Profit before tax	1,750,836	1,082,259	61.8%
Profit after tax	1,400,790	780,149	79.6%
Earnings per share	2.13	1.59	34.0%
Balance Sheet			
Loans and advances to banks	27,060,929	15,216,504	77.8%
Loans and advances to customers	138,705,147	97,064,328	42.9%
Deposits from banks	27,361,733	14,074,046	94.4%
Deposits from customers	112,283,168	72,265,072	55.4%
Equity	11,605,192	7,144,055	62.4%
Balance-sheet total	181,761,814	116,762,557	55.7%
Regulatory information			
Risk-weighted assets, incl. market risk	117,444,838	95,868,713	22.5%
Total own funds	13,925,831	8,313,509	67.5%
Total own funds requirement	9,395,587	7,669,497	22.5%
Excess cover ratio	48.2%	8.4%	39.8 PB
Core capital ratio (Tier 1), banking book	8.1%	6.7%	1.4 PB
Core capital ratio (Tier 1), incl. market risk	8.0%	6.4%	1.6 PB
Own funds ratio	11.0%	8.7%	2.3 PB
Performance			
Return on equity (Tier 1) (ROE) before tax	18.7%	17.6%	1.1 PB
Return on equity (Tier 1) (ROE) after tax	15.0%	12.7%	2.3 PB
Cost/income ratio	61.2%	62.4%	(1.2) PB
Return on assets (ROA) before tax	1.0%	1.0%	0 PB
Net provisioning ratio	0.9%	0.7%	0.2 PB
Risk/earnings ratio	18.0%	15.8%	2.2 PB
Resources			
Number of staff	2,202	1,627	35.3%
Business outlets	100	54	85.2%

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). In 2008, Raiffeisenbank successfully merged 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.

Raiffeisenbank serves clients at more than 100 branch offices and client centres throughout the Czech Republic. The total assets of the bank reach almost CZK 182 billion, and there are more than 2,500 employees. The core capital of the bank reaches CZK 6.564 billion CZK.

In 2008, Raiffeisenbank was awarded the Bank of the Year in the Czech Republic most prestigious banking award, MasterCard Bank of the Year competition. The bank received also award for the Best Account, second place in Most Dynamic Bank category and third place in the mortgage category.

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 17 markets in Central and Eastern Europe and serves 14.7 million clients at 3,200 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 2008

January

The legal merger of Raiffeisenbank and eBanka commences.

Cancellation of fees for the provision of mortgages. With the fee exemption from the middle of the year, clients can save up to CZK 30,000 on the loan process. This fee is cancelled definitively in the summer.

February

At the end of 2007, Raiffeisenbank announces a reward of CZK 500,000 for information relating to the apprehension of the persons responsible for the hold-up of the bank's branch offices. This announcement should, in particular, prevent any further bank hold-ups. The first reward for apprehending the people responsible for the series of hold-ups at Prague branch offices is paid in February. Later, the bank pays out another reward for apprehending the person responsible for the hold-up in Kolin.

March

Raiffeisenbank becomes the first Czech retail bank to open a branch office in Second Life. The branch is only informative in nature and does not offer real banking services.

June

Raiffeisenbank is successful in the Zlatá koruna competition: Internet banking receives 1st place, eKonto account and the Special-Purpose Housing Loan win 2nd place in their categories, and the Variable Mortgage wins two 3rd places for mortgage of the year and new product of the year.

July

The integration of Raiffeisenbank and eBanka is completed on 7 July. eBanka and its bank code cease to exist on this date. The two banks are unified under the same Raiffeisenbank name and use the same bank code 5500.

September

Raiffeisenbank becomes the first bank to pay its clients for account management. All clients fulfilling the eKonto account terms receive a bonus on their account each month for account management. Charity aspect to the bonus: clients may donate this payment to one of three charities (the Czech Red Cross, Konto Bariéry and Help the Children). The bank offers the successful eKonto model to businesses starting in October.



Completion of the move of the headquarters to its new offices in the City Tower building in Pankrac. The new offices accommodate more than 1200 employees.

November

A successful year ends with the results of the prestigious MasterCard Bank of the Year awards. Raiffeisenbank is awarded the Best Bank in the Czech Republic, and eKonto wins the Best Account category. In addition, the bank wins other awards in various categories: "Most Dynamic Bank" (2nd place) and "Mortgage of the Year" (3rd place).

December

The bank's capital is increased by CZK 1.675 billion. As a result, the registered capital increases to CZK 6.564 billion. The capital increase continues to strengthen the stability of the bank and allows it to continue with its development even in a period of worsening market conditions. All shareholders contribute to the capital increase in line with their existing shares. The shareholder structure, therefore, does not change.





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CEO'S STATEMENT

CEO's Statement

Indisputably, 2008 was the most successful and most demanding year of the bank's 15-year history on the Czech market. Raiffeisenbank produced record profits and attained a record number of clients, who are, moreover, the most satisfied clients in the Czech Republic. In addition, the bank successfully completed its merger with eBanka and moved its headquarters to a new building.

We coped well even during the unsettled situation at the end of the year when the financial crisis and the following liquidity crisis in the global banking sector tested our ability to quickly react to changing conditions, and even here, we came through with flying colours.

All of the factors mentioned above had come together in such a way that, in the end, all Raiffeisenbank employees were rewarded: Raiffeisenbank was named Bank of the Year in the prestigious MasterCard Bank of the Year awards.

Awards in 2008

The panel of judges of the prestigious Bank of the Year competition rewarded the bank for its successful completion of the integration process, continued dynamic growth, client satisfaction and bank stability. Raiffeisenbank was named the best bank in the Czech Republic and was awarded Bank of the Year. Moreover, the successful model eKonto account was named the best account on the Czech market. We did not lose out in the other categories either. After being awarded the most dynamic bank for the past two years, we placed second in this category last year and finished in third place for mortgages.

Raiffeisenbank achieved similar success in the Zlatá koruna awards. Our Internet banking defended its title for the best Internet banking services on the market. We placed in many other categories as well: mortgages, accounts and consumer loans.

As from left: Alexandr Borecký - Board Member and Executive Director, Lubor Žalman - CEO, Martin Kolouch - Board Member and Executive Director, moderator Leoš Mareš, Mário Drosc - Board Member and Executive Director



Completing the integration process

The Raiffeisen group acquired the former eBanka in 2006, and last summer, we completed the two-year integration process. The biggest success for us is that we not only managed to keep the existing eBanka clients, but we have also increased the rate of incoming new clients. From the very beginning of integration, our main slogan for the overall process was "The Best of Both", and the confidence and satisfaction of our clients is the most convincing evidence that we have succeeded.

On 7 July 2008, eBanka and its banking code ceased to exist. On this date, we started to operate under one name – Raiffeisenbank. The main product inherited from eBanka is its quality Internet banking, which we have continued to develop, and we have built and adapted our flagship account, eKonto, to this Internet banking system.

Corporate banking

The changing market situation and the bank's response

During the last quarter of the year, the bank had reacted to the worsening situation on the interbank market and introduced temporary measures that have, among other things, led to a temporary reduction in sales dynamics, in particular credit products. The measures were shown to be essential and successful, and the bank had strengthened its position as an important bank in the Czech Republic providing comprehensive services to medium-size and large corporate clientele.

Continued growth in the credit sphere

In the area of lending, there was a year-on-year rise of 11 per cent in the volume of loans. We have been very successful with loans for financing operational needs and with more complex transactions.

As for financing trade and export, the trend from previous years had continued. We had increased the volume of assets year-on-year by 10 per cent, and revenue growth in this area was 17 per cent higher.

Structured financing had also fared well. There was an increase of 35 per cent for loans, and the revenues for this area increased year-on-year by 37 per cent. The bank's strong position was confirmed in real estate financing, where there was a rise in revenues of 44 per cent with no deterioration in the risk profile of the portfolio.

As for the provision of factoring services, the bank benefited from the increase in the volume of acquired receivables and recorded a year-on-year increase of 27 per cent.

New products geared to consultation services

Last year, we had expanded our range of products with consultation services in the area of European funds and financing subsidised projects. The bank currently provides subsidy applicants with comprehensive services ranging from advice on investment objectives and searching for an appropriate subsidy title through preliminary assessment of the assumptions for obtaining subsidies, assistance in preparing the application and the provision of financing.

The best results in 15 years for this segment

In this respect, the entire segment had attained the best results in its 15-year history of providing corporate services in the Czech Republic. Revenues increased year-on-year by about 26 per cent with only a slight increase in costs.

Private individuals

Despite the demanding integration process and the worsening global economic situation, we still continued to expand the range of products in 2008 for private individuals. The largest success for clients was the eKonto bank account, which we have also combined with charity projects. Growth in investment products had also continued. Due to the sharp decline on world stock markets, clients focused mainly on guaranteed securities. As far as lending was concerned, the range of consumer loans was expanded, which reflected the higher interest in this product type. Although interest in mortgages had declined due to increasing interest rates and the financial crisis, we still managed to maintain the same level of results as in the record year of 2007.

Almost 100,000 clients use eKonto

In the autumn of 2007, we introduced a new account, eKonto, which combines high quality Internet banking, unique services, and many client loyalty discounts. This product was developed further in 2008 and was a huge success with clients. We have opened approximately double the amount of new accounts, and 90 per cent of all new accounts are eKonto accounts – we currently have about 100,000 new eKonto accounts.

In September, we became the first bank to pay its clients for managing their accounts. If clients meet certain conditions, the bank pays them a bonus each month for account management. In addition, this bonus has a charity aspect to it – clients may decide to donate these payments to one of three charity organisations. In this way, we anticipate that the bank will donate several hundred thousand koruna in charity during 2009.

The strong position of eKonto is emphasised by its wide range of unique products – e.g. multi-currency accounts or payment card blocking. Through the direct payment portal, clients may pay for goods directly from their account at approximately a thousand Internet businesses, which is undoubtedly the most extensive payment system on the Czech market.

Since the autumn, we have been offering the successful model account eKonto to businesses as well, and the sale of business accounts has increased rapidly.

Interest in loans or investment has not fallen due to the crisis

The financial crisis did not otherwise have a dramatic impact on interest in savings and investment – interest in investment products practically didn't fall. However, the structure of investment has, of course, changed. People were more interested in investing in secured products and did not engage in more risky stock investment.

We have also registered a significant rise in interest with respect to credit products. New products helped to 47% growth of consumer loans production to CZK 3,6 billion.

Mortgages were affected by the overall adverse market environment – higher interest rates and the worsening economic situation. Despite more strict conditions for the provision of mortgages, we still managed to achieve the same results as in the record year 2007 – we provided mortgages for more than CZK 21 billion.

Continuing to develop new products

We had also developed new products in 2008. For mortgages, we began to offer, for example, loans for loan consolidation or for temporarily unsecured mortgages allowing investment, for instance, in cooperative housing or in developer projects that are under construction.

Second Life

In March, we were the first retail bank in the Czech Republic to open a branch in the virtual world of Second Life. At this time, the goal of the branch is not to offer real banking services. Rather it offers an additional distribution channel for increasing the awareness of the bank and its products.

High level of client satisfaction continues

This success is also supported by a high level of client satisfaction in the private individuals segment – 85 per cent of the clients who consider Raiffeisenbank to be its main bank are satisfied with the services. They appreciate, in particular, the wide range of products and services and the bank's reliability and credibility.

Small and medium-size enterprises

We also continued to grow in the segment of small and medium-size enterprises, despite the demanding period of integration and the worsening economic situation. The number of clients in 2008 rose by 10 per cent. We recorded an 11 per cent increase in deposits and a rise of 20 per cent for interest in the bank's loans.

The stability of the bank and our healthy credit portfolio, together with properly set processes and criteria for granting loans, allowed us to continue with lending even in the worsening market environment. Among other things, we started providing new business mortgage loans.

In the autumn, we started offering the successful model eKonto account to businesses as well. As a result, businesses can significantly reduce their costs for banking services. In addition, they get a full range of unique services, such as multi-currency accounts. This new product reflects the sharp rise in people interested in business accounts.

Due to the slowdown in the economy, some firms have logically postponed new investment and are exposed to a higher level of insecurity. As a result, we have organised a series of professional seminars on expected economic development and how to protect yourself against the adverse effects. We have also expanded our concept of consultation services for small and medium-size enterprises by arranging subsidies from European funds.

Goals for 2009

All of last year's successes are now behind us and it is time now to look towards the future. In 2009, we want to continue to grow, however, this will be much more difficult than in past years. The Czech economy will be affected by the global economic crisis and its rate of growth will slow considerably. Therefore, we also will need to do some things differently. In contrast to the previous credit expansion, we will have to be more prudent in lending in 2009. We will select those clients who will be capable of paying off their loans even in hard times. We also anticipate additional stricter controls on costs.

Moreover, we will continue to expand our branch network. We would like to open several new branch offices in towns with populations of over 50,000. In addition, we would like to increase the level of customer service in such a way that the quality of service does not suffer even at a time when the number of clients has significantly increased.

However, our main goals have not changed, even for this year. Customer satisfaction still remains a key goal for us. In line with our slogan, "A Client Inspired Bank", we would like to continue to develop new products and to improve services in such a way that our clients will continue to be the most satisfied on the Czech market.

The key client segments will not change either: we will continue to focus on clients with higher incomes living in larger towns. Additional key segments for us will be businesses and small and medium-size enterprises and large corporate clients. We would like to offer these key segments the best services on the market, and we anticipate an additional increase in our market shares for products geared to these clients.



Board of Directors: as from left: Lubor Žalman, Martin Bláha, Rudolf Rabiňák, Martin Kolouch, Mário Drosc, Alexandr Borecký a Jan Kubín.

Acknowledgement and thanks to our clients, employees and shareholders

In a period of strong economic growth, it is quite easy to acquire new clients and established longer-term relations with them. However, client confidence is demonstrated in particular during hard times. Development at the end of last year convinced us that we have truly managed to establish relations with our clients based on mutual trust. We are honoured that we have the most satisfied clients on the market. The satisfaction of Raiffeisenbank's clients has been consistently at the highest levels in the Czech Republic, and last year reached 85 per cent. I would like to thank our clients for their successful cooperation, their trust and their loyalty. This year as well, we will make every effort to keep this trust and to be a dependable and stable partner for our clients, even in a period of a substantial slowdown for the Czech economy.

We would not achieve faster growth and all the successes on the Czech market without the support of 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 repeatedly shown their confidence in the Czech market. Last year, the capital of Raiffeisenbank was increased again by CZK 1.675 billion.

However, most of the thanks goes to our employees. They have a very interesting year behind them and have experienced something that others will not have a chance to experience during their career: continued fast growth of the bank and successfully integration and development in a period of a financial crisis. This has greatly increased their qualifications for their future professional careers. Therefore, the Bank of the Year award belongs in particular to our employees!

I would like to thank everyone for their effort and support in 2008, and I am confident that this year will be even more successful. I am very honoured that I can be a part of this team and work with such colleagues at the bank.

Special thanks I would send to ladies, which were so brave to become the "Face of the Bank" and enabled us to produce our 2009 calendar. Some of them are following you through this annual report.

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. Even in a period of a worsening economy, we would like for Raiffeisenbank to be a symbol of security and stability for our clients. In addition, we would like to continue to strengthen our position and continue to development and, in turn, confirm that we fully deserve the title of Bank of the Year 2008..



Lubor Žalman
Chairman of the Board of Directors
Raiffeisenbank a.s.

Corporate Social Responsibility Report

Raiffeisenbank a.s. is a dynamic and developing bank, and one of the most important Czech financial institutions. As such, it does not only want to provide its clients with quality and unique services, but it is also aware of its social responsibility.

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. Raiffeisenbank is also a symbol of security and stability for its clients..

The activities of Raiffeisenbank in the area of corporate social responsibility can be divided into four basic groups:

- 1) Charity donations connected with the eKonto account
- 2) Sponsorship
- 3) The Herbert Stepic charity organisation
- 4) Social responsibility projects for employees

1) Raiffeisenbank offers the eKonto account to its clients

We provide each month a bonus of CZK 10 for account management to clients who fulfil the eKonto terms. This amount is just a gesture of our client oriented stance. For this reason, we decided to connect this action with charities – clients have the opportunity to donate this amount to a charity organisation. The bank cooperates with three large charity organisations (Konto Bariéry, the Czech Red Cross and Help the Children) – via Internet banking, clients may choose which charity organisations they would like to donate to, and the bank will send this amount to the account of the selected charity organisations.

Czech Red Cross

The Czech Red Cross is an independent, non-governmental organisation operating throughout the Czech Republic.

The Czech Red Cross is active in the following principal areas:

Social services – it operates social service centres, geriatrics centres, canteens for retired citizens and underprivileged citizens, clothing centres, nursing homes and hospices for senior citizens and handicapped citizens, asylums for mothers with children, residences for the homeless, etc.

The organisation also focuses on first aid training and administration, non-remunerated blood donation, humanitarian activities or healthcare.

www.cervenykriz.eu

Konto Bariéry

The Charta 77 project – Konto BARIÉRY – has been in existence for over 15 year. Its 10,000 donors help to finance the Konto BARIÉRY programme with their regular monthly donations.

During its 15 years of existence, Konto BARIÉRY has allocated more than CZK 160 million, supported thousands of projects geared to improving the lives of handicapped citizens and fully integrating them into society. The government pitches in where this assistance is not sufficient. Its assistance focuses less on standard assistance, such as rehabilitation and compensation aids, barrier-free residences, schools and other public buildings and more and more on projects relating to employment and integrating into society.

www.kontobariery.cz

Help the Children

Long-term charity project organised by Czech Television and the Civil Society Development Foundation, associated with a nationwide public charity collection. The collection has raised and allocated more than CZK 116 million during the ten years of its existence from the autumn of 1998 to mid-May 2008.

During these ten years, financial resources for 910 projects by public non-profit organisations have been provided to help children.

The spring media campaign ends on Easter Monday every year with a telethon broadcast live on Czech TV. During these ten years, Czech TV has prepared and broadcast a total of 49 hours of shows and documents relating to Help the Children.

www.pomoztedetem.cz

The main objectives of the project are:

- increasing the quality of life for children
- creating equal opportunities for all children and various children's groups
- supporting the rights of children to live with a family or in a foster family environment

2) Sponsorship

In line with the tradition of the Raiffeisen name reaching back to the middle of the 19th century, we were involved last year in a number of community service activities. Although we mainly focus on education and charity, we also support cultural and sports programmes and health projects.

Raiffeisenbank was involved in a wide range of projects during 2008. These projects include the following:

Charity:

Konto Bariéry Foundation

For humanitarian aid; support of the marketing campaign of Konto Bariéry for 2008 – public opinion research relating to Konto Bariéry's projects and application of the results of this research when preparing and producing all the material for the campaign, the goal of which is to attract new donors.

Police and Fire Brigade Foundation

Assistance for the surviving children of police officers and fire fighters who died in service and police officers and fire fighters who are seriously handicapped as the result of on-the-job injuries.

Help the Children

Support of the Foundation for the Development of a Civil Society; utilised only in accordance with the objectives of the public collection Help the Children.

UNHCR

Support of UNHCR's meeting and gala celebration, at which selected children of asylum applicants in the Czech Republic and asylum seekers were awarded.

Arnošt of Pardubice Foundation

Support of educational and research activities as a part of the activities of Charles University in Prague.

ADRA Foundation

Support for increasing the standard of living and health of citizens in the Czech Republic and other countries in need of assistance; support for educating children and youth with respect to social responsibility, and the fight against racism and religious intolerance of any form.

Education:

Junior Achievement

Support of practical economic education programmes at basic and secondary schools during the 2007/2008 school year – the main sponsor competes for the best student organisation.

Harvard Club Prague

Cooperation in arranging RBCZ's presentations during 2008 at all activities organised by the club for its members and guests.

Special Assistance School Ružinovská

Assistance in arranging courses for mentally handicapped children and children with multiple handicaps.

German-Czech Alliance School

Support of educational activities as a part of the activities of the civil organisation Friends of the German-Czech Alliance Schools and the Thomas Mann Grammar School.

Health:

Czech Immunology Society

Support of an educational programme and lectures in the area of biomedicine.

Civil Association for Cell Therapy

Support for presenting the lecture "Regenerative Medicine – Research and Innovation", which took place on 21 May 2008 at the Kampa Museum.

Culture:

The Semafor Theatre

Support of theatre operations.

Ball for the Austrian national holiday

Support for organising the celebration of the Austrian national holiday.

Sports:

Sports Club SKPV

Support of the "Czech Police National Cup in football", which took place 21 to 24 July 2008 in Prague in the Sparta Prague Sports Arena and ČSTV on Strahov..

3) Herbert Stepic Charity

The CEO of Raiffeisen International, Herbert Stepic founded his own charity organisation, Herbert Stepic CEE Charity, which helps children, youth and young women in the less developed countries of Central and Eastern Europe.

Why did Herbert Stepic decide to create this foundation?

"I have been very blessed and had many opportunities available to me. Not only do I owe my professional career and many successes to Central and Eastern Europe, I also enjoy very much staying in the region. This corner of the world has greatly enriched my life. Therefore, on the occasion of my 60th birthday, I made it my goal to give something back to the region and the people who live in it and founded the H. Stepic CEE."

Why support the H. Stepic CEE Charity Foundation?

Because, more than practically any other, the name Herbert Stepic stands for pioneering work and trust in Central and Eastern Europe. He is the moving spirit behind this initiative.

Because, thanks to our deep roots in Central and Eastern Europe, we can set socio-political changes in motion.

Because, by involving Raiffeisen branch offices, assistance is guaranteed to arrive unbureaucratically and quickly where it is needed.

Objectives

In the first instance, our projects aim to help children, adolescents and young women in Central and Eastern Europe who require assistance. The projects are intended to give the beneficiaries new perspectives, with us supporting and accompanying them on their way towards finding employment.

Our work should give hope, alleviate social suffering and ideally – in keeping with a central Raiffeisen principle – help them to help themselves.

We want to initiate projects in the countries of Central and Eastern Europe where we sense the greatest need for assistance, and in which Raiffeisen is represented.

<http://www.stepicceecharity.org/Home/tabid/36/language/en-US/Default.aspx>

4) We have also involved our employees in charity work this year

So starting this year, employees can contribute to charity projects organised by the bank. In the pilot project, employees of the bank donated blood for research on children's diabetes. We anticipate higher employee participation in the upcoming year.

Raiffeisenbank will continue with its sponsoring activities in 2009 as well, with emphasis on charity and education. The bank will also involve its employees in new projects.

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

Chairman of the Real Estate Investment Commission

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 Drosč

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 since July 2007 and responsible for the Operations.

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 responsible for IT and Organization. He has been working at former 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: Högerova 15, 152 00 Prague 5

Member of the Board of Directors of Raiffeisenbank 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 Retail Credit Risk Management Committee**Chairman of the Non-performing Loans Committee****Chairman of the Operational Risk Management Committee*****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 2008

Chairman of the Supervisory Board Statement



Dear Sir or Madam,

For the Raiffeisen International Group, the year 2008 was marked by both another record result – quite in contrast to other banking groups – and the beginning of a deteriorating economic environment. The general negative trend of the second half of the year notwithstanding, we will achieve a consolidated profit of 982 million, 17 per cent more than in 2007.

Inevitably, the whole region of Central and Eastern Europe (CEE) has by now also been affected by the current global financial crisis and will, in total, show negative growth rates. However, due to the fact that the economic "catching-up" process will continue, the analysts of our corporate parent Raiffeisen Zentralbank Österreich AG (RZB) expect the region's rebound to be more pronounced than that in Western Europe, and see this development starting in 2010.

It was similarly inevitable that Raiffeisen International would be affected by these global economic developments. Our Group's one and only focus is CEE, and with a good reason: This is where a reliable bank can do sustainable business, and this continues to be true both for the present and the future. We satisfy a natural demand with our products for all customer groups, and our almost 15 million customers provide a broad and well-diversified basis for our business. And it is those customers who we remain committed to – now more than ever. We realise that they are affected by this crisis in many different ways and we will support them to come out of it in as good a shape as possible.

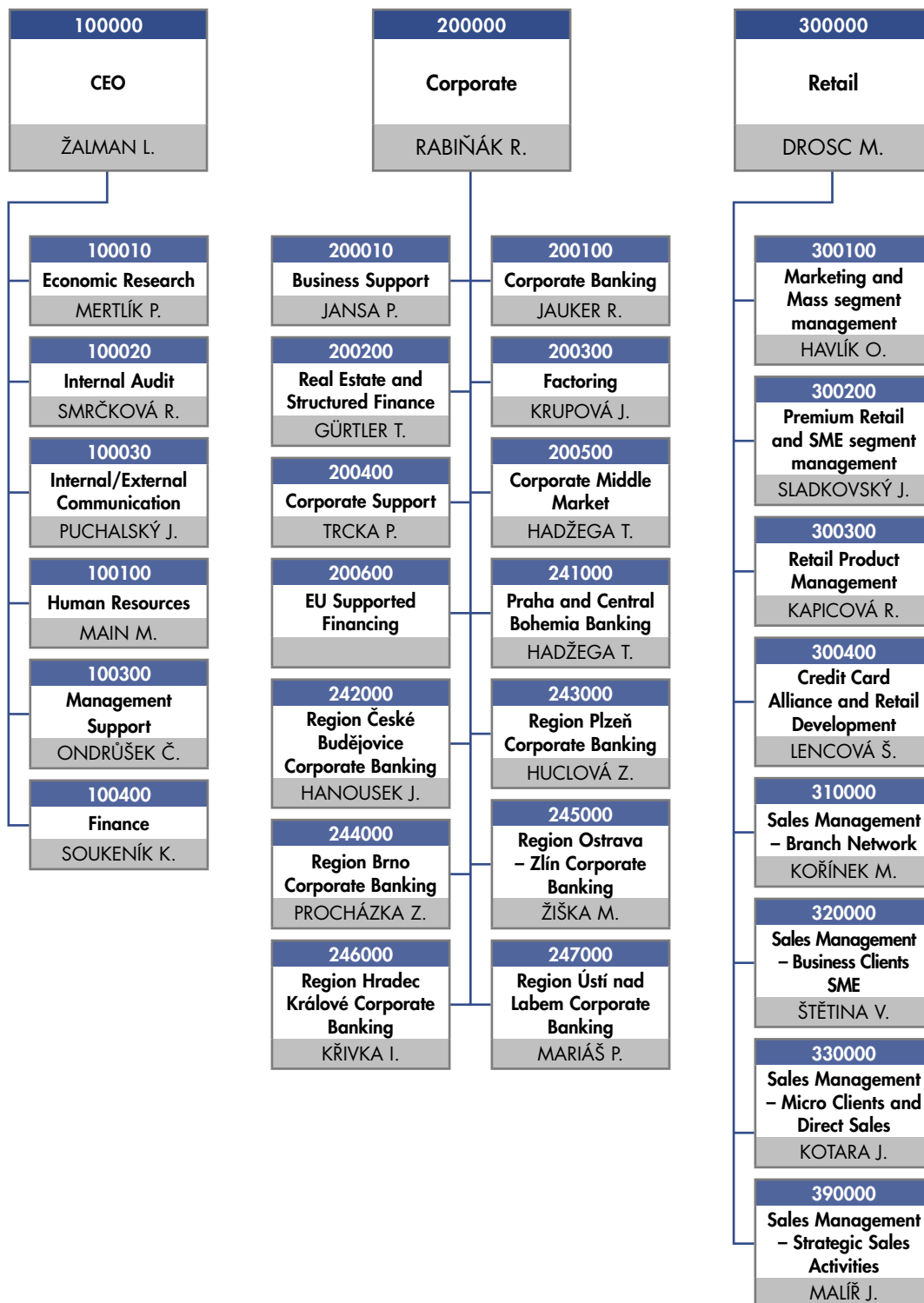
It is obvious that we will not see the growth rates of the past years again in the near future either in our individual markets or on a Group level. However, our banks across the region have both the financial and structural means necessary to weather the current crisis. The change in the global economic situation has led us to focus even more on the quality of our assets, which we will keep on improving throughout the entire Group. So that we can best achieve this goal, a risk policy geared to the new environment is the centerpiece of our action package. Further measures are aimed at increasing efficiency and at continuously growing the retail segment, where our primary goal is to promote further expansion of customer deposits. I am glad that we made substantial progress in this respect and am confident that this trend will continue in 2009 thanks to the trust our customers extend towards us!

Herbert Stepic
Raiffeisen International CEO

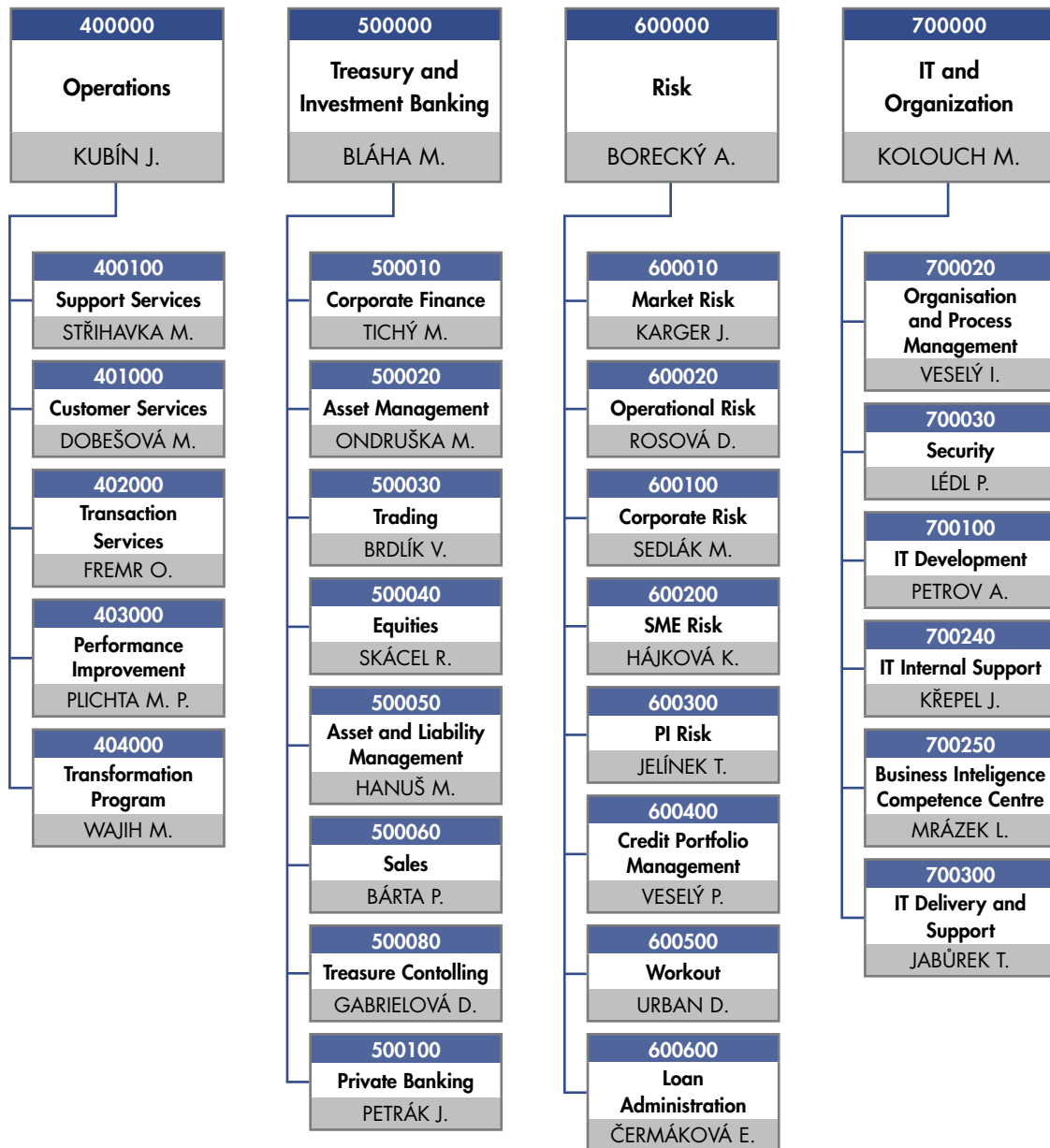
Report of the Supervisory Board of Raiffeisenbank a.s.

- 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 2008 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 2008, including the proposed allocation of earnings, accepted the results of the audit of the financial statements for 2008, and recommended that the General Meeting approve them.

Organisational Chart



Valid as of 1 January 2009



Valid as of 1 January 2009





**Raiffeisen
BANK**

Client inspired banking

**ECONOMIC
DEVELOPMENT IN THE
CZECH REPUBLIC**

Economic Development in the Czech Republic

The world financial crisis and the Czech Republic

The focal point of 2008 was the world financial crisis, which resulted in a global recession. The financial crisis had affected the Czech Republic in several ways. Czech share prices sharply declined. During the first half of the year, the Czech koruna had strengthened excessively. However, after reaching new record highs with exchange rates stronger than 23 CZK/EUR in July, the koruna began to quickly weaken at a similar rate, falling below its long-term trend. The extraordinary exchange-rate volatility affected exporters in particular. The interbank market was no longer liquid, and interest rates rose sharply. Fortunately, though, the Czech Republic managed to avoid the worst of the crisis – only exceptionally did Czech financial institutions hold any foreign “toxic bonds” in their assets and so did not end up “in the red”. In fact, no similar class of bad assets had developed anywhere in the Czech Republic.

Economy hit by the world demand crisis

Nevertheless, the Czech economy has felt the full impact of the global recession. For the Czech economy, 2008 was the last year of growth in the economic cycle, beginning with the recession of 1997–1998. This growth ended in the middle of the year. The cool-down of the Czech economy as a natural reaction to the warming-up cycle of 2006–2007 was replaced in Q4 by a sharp decline in industrial production, which was caused by the fall in export demand. The Czech Republic is a small, open economy with a share of export in GDP of 70 per cent (80 per cent of export directed to Eurozone countries, including Slovakia) and has an extremely high share of industry to GDP – around 37 per cent. In this respect, the decline in demand in Eurozone countries as well as in Central and Eastern Europe has been felt considerably. The strong economic growth in the first half of the year, however, had created a situation in which the economic growth rate for all of 2008 was high compared to developments abroad and the history of the Czech economy, despite weaker growth in Q3 and the decline in Q4.

	2004	2005	2006	2007	2008
GDP per capita, PPS	16,257	17,058	18,299	19,966	21,750*
GDP, % change	4.5	6.3	6.9	6.0	3.1
Industrial output, % yoy	9.6	6.7	11.2	9.0	0.4
ILO general rate of unemployment, % avg	8.3	7.9	7.1	5.3	4.4
CPI, % change, avg	2.8	1.9	2.5	2.8	6.3
Trade balance, % of GDP	-0.9	1.3	1.2	2.5	1.8
Current account balance, % of GDP	-5.2	-1.3	-2.6	-3.1	-3.1
Net foreign direct investment, % of GDP	3.6	9.4	4.9	6.9	5.8
Budget balance, % of GDP	-3.0	-3.6	-2.7	-1.0	-1.2
Public debt, % of GDP	30.4	29.8	29.6	28.9	29.5
Official FX reserves, EUR bn eop	20.9	25.1	23.9	23.7	26.6
Import cover, months	3.9	4.2	3.4	3.4	3.3

Sources: Czech Statistical Office, Czech National Bank, Eurostat; *estimate Raiffeisen RESEARCH

Global inflation wave

During the last quarter of 2007, a global inflation wave affected the world economy. In the Czech Republic, this wave caused the inflation rate to exceed 7 per cent for several months. However, in the second half of the year, the global inflation wave quickly died out, and the inflation rate returned to the central bank's targeted path by the end of the year. This, in combination with recession pressures, led to a sharp reduction in the CNB's official rates.

Liquidity and interest rates

A significant consequence of the global financial crisis was the sharp decline in free liquidity. The interbank deposit and loan market was already substantially restricted at the beginning of the year. There was a certain amount of slack during the spring and summer months. However, the liquidity crisis broke out in full force following the failure of the American investment bank Lehman Brothers in September. Interbank lending had practically come to a halt. The interbank market rates rose sharply and broke away from the central bank's official rates. This situation continued until the end of 2008. The situation in the Czech Republic, however, did not differ much from the situation abroad: the 3M PRIBOR rate rose to as high as 4.50%. In addition, banks imposed stricter controls on their risk management. Similar as abroad, bank loans had become expensive and, by the end of the year, even less accessible.

Unemployment and household consumption

The long economic boom in the Czech Republic brought with it a record low unemployment rate in 2008 that was one of the lowest in the EU. However, with the onset of the global recession, the unemployment rate started to rise during the last quarter of the year in the Czech Republic as well. In addition, there was a significant decline in retail sales and a reduction in personal consumption: the main reason behind these developments was not unemployment, but a change in the behaviour of households, which, in a situation of economic uncertainty, had started to restrict their consumption of short-term consumer goods, postpone purchases of long-term consumer goods, and increase their level of savings as security for the future. The decline in export demand in the Czech economy was coupled at the end of the year with a decline in demand on the domestic market as well. In the uncertain environment, firms also behaved in a similar manner at the end of the year – these firms, in particular, severely restricted investment expenditures.

The Czech economy's external balance

Even during 2008, the Czech economy was characterised by a robust external economic balance – a low deficit for the balance of payment's current account, low demand for loans from abroad, and sufficiently high foreign exchange reserves. These structural advantages for the Czech economy, along with mid-term healthy public finances, allowed it to cope relatively well with the wave of risk aversion and the lack of confidence in the economies of Central and Eastern Europe that affected investors in the second half of the year. As opposed to many other countries in the region, the Czech economy started the demanding year 2009 in a relatively stabilised state and with favourable starting conditions for holding its own during the challenging tests in the upcoming period, and much better in comparison with another CEE countries outside Eurozone.



Pavel Mertlík
Chief Economist

Raiffeisenbank's Market Position

After several years of calm development, the Czech economy and the banking sector had experienced a turbulent year. Although the looming crisis did not have any real effect during the first half of year, in the second half, and especially the end of the year, the banking sector was really put to the test. The banking sector, nevertheless, held its ground. Its main advantage is the exceptionally prudent approach to lending practiced by banks for years. This approach to lending is based on the lessons learned from the banking crisis in the 1990s, which was resolved through extensive government intervention, revitalisation of banks' credit portfolios and a change in the banks' strategy against credit transaction risks. Another contributing factor during the crisis was the conservative Czech consumer, who is not overly inclined to new, risky forms of investment and instead entrusts its money to bank accounts. As a result, Czech banks were not forced to obtain funds on the capital markets and so were not affected by the crises – and even if some banks were affected, it was to such a small degree that it did not threaten their viability.

During this time, Raiffeisenbank did not need to worry about survival. In fact, it had actually achieved an important milestone. It had successfully completed its merger with eBanka and managed to take full advantage of its newly acquired potential. This was demonstrated not only by its financial results, but also by the prestigious "Bank of the Year 2008" award that it received last year.

Raiffeisenbank's total volume of assets rose by 27 per cent, which is double the rate of growth on the market. As a result, the bank's market share rose to 4.4 per cent and Raiffeisenbank safely confirmed its position as the fifth largest bank. Total deposits during 2008 increased by 19.7 per cent, and at the end of the year, Raiffeisenbank managed 4.4 per cent of the total deposits of the Czech banking sector. This positive development for deposits allowed the bank to continue with its dynamic lending activities, and the total volume of credits last year rose by 28 per cent. As a result, Raiffeisenbank became the fifth largest lender with a market share of 6.7 per cent.

Transactions by business clients continued to make up more than half of the deposits and loans managed by Raiffeisenbank. The volume of deposits last year rose by 3.8 per cent, which corresponds fully to the developments on the market. Therefore, the market share of the bank also remained at 5.3 per cent. Almost 70 per cent of the deposits for this group belonged to non-financial institutions, and the volume of deposits also rose by 6.0 per cent last year. In view of the fact that the total volume of deposits for this group declined by about 4 per cent, the bank had increased its market share to 6.9 per cent. In the area of loans, the bank also achieved better results than the market as a whole. The total volume rose by more than 18 per cent, so at the end of 2008, the bank managed 6.3 per cent of the loans granted to business clients. Similar to deposits but to a much greater extent, the largest share was loans granted to non-financial institutions, with an increase of approximately 24 per cent, and the bank's market share reached 8.3 per cent.

Much stronger development was recorded for transactions made by the bank's private clients, which had a positive effect on the overall growth of the bank's deposits and loans. Last year, private individuals entrusted Raiffeisenbank with about 49 per cent more funds than the previous year, increasing the bank's market share to 3.6 per cent. The volume of loans granted by the bank rose by 40 per cent. When comparing the 21 per cent growth registered by the market, this means that Raiffeisenbank increased its share to 7.3 per cent. More than three fourths of the loans granted to private individuals were in the form of mortgages, whose volume during 2008 rose by 49.1 per cent. In this respect, Raiffeisenbank had managed about 11 per cent of private mortgage at the end of the year. Consumer loans rose by more than 29 per cent, which was slightly higher than the market growth rate. Thus, the bank's market share increased to 7.1 per cent.

As is customary, the bank also focused its attention last year on small businesses. The volume of deposits for this group rose by 6.1 per cent last year. This is the exact opposite of the development on the market with a decline in deposits of 6 per cent. As a result, Raiffeisenbank had increased its market share to 4.3 per cent. In the area of loans, the bank also had substantially better performance than the market. Raiffeisenbank's overall volume rose by almost 29 per cent, and its market share reached 4.7 per cent.

The effects of the current economic crisis are expected to fully materialise in 2009, and the bank must prepare itself for this. To achieve success, the bank will need to adapt its business to the new conditions. It must set considerably more flexible approaches in order to openly react to the changing and, according to expectations, worsening economic environment of its clients and to offer them products and services that will help them cope with this difficult period. In addition, the bank must very carefully monitor its own performance and focus more on assessing the financial standing of new clients and transactions.

Raiffeisenbank's market position:

	Market share 2008	Market share 2007	Growth 2008/2007
Total assets	4.38%	3.86%	27.0%
Total deposits	4.36%	3.95%	19.7%
– non-term	5.51%	4.56%	28.8%
– term	3.07%	3.23%	4.8%
– Legal entities	5.25%	5.28%	3.8%
– non-financial corporations	6.88%	6.25%	6.0%
– Private Individuals	3.61%	2.74%	48.9%
– Professionals	4.32%	3.82%	6.1%
Total loans	6.67%	6.06%	27.9%
– mortgages	8.81%	7.22%	45.9%
– consumer loans	6.94%	6.74%	29.1%
– Legal entities	6.33%	6.08%	18.1%
– non-financial corporations	8.33%	7.69%	23.9%
– Private Individuals	7.28%	6.29%	39.9%
– mortgages	10.71%	8.61%	49.1%
– consumer loans	7.12%	6.91%	29.1%
– Professionals	4.68%	4.01%	28.8%
– mortgages	2.46%	2.32%	9.2%

Source: CNB reports and methodology

Analysis of the Economic Results

2008

In 2008, we continued attaining a rapid growth in all key segments and products, generating record economic results, also thanks to the integration with eBanka that was closed successfully at the beginning of July. The year 2008 was the most successful year in the bank's history despite the challenging process of the merger.

Increasing performance of all sales channels reflected in a record number of provided products and accounts, as well as in the achieved financial results of 2008. According to the International Financial Reporting Standards (IFRS), the bank reported net profit of CZK 1.4 billion, i.e. 39 percent up compared against profits of the two banks in 2007.

Net interest income reached CZK 5.2 billion after a 29 percent increase in annual comparison. Revenue from fees remained practically the same, rising only four percent to CZK 2.2 billion.

The bank's growth is closely connected with increasing cost of operations, which exceeded CZK 4.6 billion. This figure particularly reflects the cost of the integration and growing employee base, as the bank was employing 2,590 members of staff at the end of 2008.

Total assets of the merged bank approached CZK 182 billion. The balance of loans and credits rose by 28 percent year-to-year, amounting to CZK 139 billion. In the segment of private individuals, the bank registered particularly increasing demand for consumer financing and provided more than 33 thousand loans totalling CZK 3.6 billion. The annual increase of consumer loans was thus 47 percent, while the average loan amount rose approximately by 20 thousand koruna to CZK 110 thousand, also thanks to pre-approved offers. Despite the significant slowdown of the Czech mortgage market, the bank granted mortgage loans worth CZK 21.3 billion, matching the record of the year 2007 and further improving the bank's market share. The area of deposits has seen a rapid growth as well. Total deposits went 20 percent up, totalling CZ 112 billion.

The bank's sales network further expanded and now consists of over 100 branches offices located all over the Czech Republic.

The financial results serve a proof of choosing the right path for the bank and growing revenues and profits reassure our shareholders of the right strategy we have devised. For the upcoming year, we expect the bank to maintain the good economic results of 2008.







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FINANCIAL SECTION

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

Deloitte.

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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: Hvězdova 1716/2b, 140 78 Prague 4
Identification number: 492 40 901
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 16 February 2009 on the unconsolidated financial statements which are included in this annual report on pages 38 to 94:

"We have audited the accompanying financial statements of Raiffeisenbank a.s., which comprise the balance sheet as of 31 December 2008, 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 2008, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter.

As discussed in Note 2 to the financial statements, Raiffeisenbank a.s. and eBanka a.s. merged by amalgamation in 2008, with the merger effective date being 1 January 2008. The information disclosed in these financial statements for the year ended 31 December 2007 does not reflect the impact of the merger and hence it is not fully comparable to the information for the year ended 31 December 2008."

Report on the Consolidated Financial Statements

Based upon our audit, we issued the following audit report dated 3 April 2009 on the consolidated financial statements which are included in this annual report on pages 96 to 164:

"We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s., which comprise the balance sheet as of 31 December 2008, 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 2008, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following matter.

As discussed in Note 2 to the financial statements, Raiffeisenbank a.s. and eBanka a.s. merged by amalgamation in 2008, with the merger effective date being 1 January 2008. The information disclosed in these financial statements for the year ended 31 December 2007 does not reflect the impact of the merger and hence it is not fully comparable to the information for the year ended 31 December 2008."

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 2008 which is included in this annual report on pages 188 to 204. 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 2008 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 24 April 2009

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 2008.

Components of the Financial Statements:

- Balance Sheet
- Profit and Loss Account
- 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 16 February 2009.

Statutory body of the reporting entity:



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



Jan Kubín
Member of the Board of Directors
and Executive Director

Profit and Loss Account

For the Year Ended 31 December 2008

CZK thousand	Note	2008	2007
Interest income and similar income	8	8,910,337	5,215,907
Interest expense and similar expense	8	(3,706,661)	(2,067,676)
Net interest income		5,203,676	3,148,231
Change in provisions for credit risks	9	(1,356,796)	(741,641)
Net interest income after provisions for credit risks		3,846,880	2,406,590
Fee and commission income	10	2,971,985	1,675,863
Fee and commission expense	10	(798,646)	(544,206)
Net fee and commission income		2,173,339	1,131,657
Net profit on financial operations	11	154,774	403,609
Dividend income	12	69,792	16,806
Other operating income	13	118,550	46,731
General administrative expenses	14	(4,612,499)	(2,923,134)
Profit before tax		1,750,836	1,082,259
Income tax expense	16	(350,046)	(302,110)
Net profit for the year attributable to the Bank's shareholders		1,400,790	780,149

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

Balance Sheet

As of 31 December 2008

CZK thousand	Note	2008	2007
Assets			
Cash and balances with central banks	17	4,108,506	2,073,457
Loans and advances to financial institutions	18	27,060,929	15,216,504
Loans and advances to customers	19	138,705,147	97,064,328
Provisions for loans and advances to customers	20	(3,480,631)	(2,095,107)
Positive fair value of financial derivative transactions	36	6,221,292	1,015,317
Securities at fair value through profit or loss	21	3,870,014	1,707,156
Securities available for sale	21	516,493	382
Equity investments	22	81,027	359,999
Intangible fixed assets	23	628,981	216,114
Property and equipment	24	671,615	277,964
Deferred tax asset	25	46,314	35,523
Other assets	26	3,332,127	890,920
Total assets		181,761,814	116,762,557
Liabilities and equity			
Amounts owed to financial institutions	27	27,361,733	14,074,046
Amounts owed to customers	28	112,283,168	72,265,072
Negative fair value of financial derivative transactions	36	3,782,040	1,140,129
Debt securities issued	29	19,897,591	17,183,137
Income tax liability	16	14,505	115,713
Provisions	30	350,840	168,935
Subordinated loan	31	4,324,109	3,239,055
Other liabilities	32	2,142,636	1,432,415
Total liabilities		170,156,622	109,618,502
Equity			
Share capital	33	6,564,000	4,889,000
Other capital funds		0	0
Statutory reserve fund		177,754	138,747
Gains and losses from revaluation		220,427	(188)
Retained earnings		3,242,221	1,336,347
Profit for the period		1,400,790	780,149
Total equity		11,605,192	7,144,055
Total liabilities and equity		181,761,814	116,762,557

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

Statement of Changes in Equity

For the Year Ended 31 December 2008

CZK thousand	Share capital	Other capital funds	Statutory reserve fund	Gains and losses from revaluation	Retained Earnings	Profit for the period	Total equity
At 1 January 2007	3,614,000	117,817	110,636	1,431	767,519	562,212	5,173,615
Capital increase	1,275,000	-	-	-	-	-	1,275,000
Dividends	-	-	-	-	-	(83,090)	(83,090)
Allocation to reserve funds	-	-	28,111	-	-	(28,111)	-
Allocation to retained earnings	-	(117,817)	-	-	568,828	(451,011)	-
Gains and losses from revaluation of AFS	-	-	-	(1,619)	-	-	(1,619)
Net profit for the period	-	-	-	-	-	780,149	780,149
At 31 December 2007	4,889,000	-	138,747	(188)	1,336,347	780,149	7,144,055
Merger with eBanka	-	-	-	(43)	1,317,795	-	1,317,752
At 1 January 2008	4,889,000	-	138,747	(231)	2,654,142	780,149	8,461,807
Capital increase	1,675,000	-	-	-	-	-	1,675,000
Dividends	-	-	-	-	-	(153,063)	(153,063)
Allocation to reserve funds	-	-	39,007	-	-	(39,007)	-
Allocation to retained earnings	-	-	-	-	588,079	(588,079)	-
Gains and losses from revaluation of AFS	-	-	-	220,658	-	-	220,658
Net profit for the period	-	-	-	-	-	1,400,790	1,400,790
At 31 December 2008	6,564,000	-	177,754	220,427	3,242,221	1,400,790	11,605,192

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

Cash Flow Statement

For the Year Ended 31 December 2008

CZK thousand	2008	2007
Profit before tax	1,750,836	1,082,259
Adjustments for non-cash transactions		
Creation of provisions for credit risks	1,356,796	741,641
Depreciation and amortisation	346,319	165,985
Creation of other provisions	14,808	35,895
Change in fair values of financial derivatives	(2,591,111)	(25,436)
Unrealised loss/(gain) on revaluation of securities	133,815	(33,230)
Dividends received	(69,793)	(16,806)
Gain on the sale of tangible and intangible assets	(3,720)	(1,370)
Other non-cash changes	(701,503)	(311,027)
Operating profit before changes in operating assets and liabilities	236,447	1,637,911
Cash flows from operating activities		
(Increase)/decrease in operating assets		
Minimum reserve deposits with the CNB	(78,704)	227,076
Loans and advances to financial institutions	(7,438,777)	3,094,785
Loans and advances to customers	(30,279,004)	(28,728,256)
Securities	(555,665)	(686,793)
Other assets	(2,272,893)	(651,551)
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	13,203,317	761,539
Amounts owed to customers	18,412,704	15,724,983
Other liabilities	79,810	(325,167)
Net cash flow from operating activities before income tax	(8,692,765)	(8,945,473)
Income taxes paid	(386,380)	(281,485)
Net cash flow from operating activities	(9,079,145)	(9,226,958)
Cash flows from investing activities		
Net cash flow from an equity investment in a subsidiary	293,520	(55,839)
Purchase of property and equipment and intangible assets	(850,719)	(235,854)
Income from the sale of fixed assets	3,719	2,746
Dividends received	69,793	16,806
Net cash flow from investing activities	(483,687)	(272,141)
Cash flows from financing activities		
Increase in the share capital	1,675,000	1,275,000
Dividends paid	(153,063)	(83,090)
Bonds in issue	83,140	6,516,365
Increase in the subordinated loan	638,605	1,583,311
Net cash flow from financing activities	2,243,682	9,291,586
Net increase in cash and cash equivalents	(7,319,150)	(207,513)
Cash and cash equivalents at the beginning of the year (Note 34)	2,601,357	2,808,870
Increase due to merger with eBanka	8,440,581	-
Cash and cash equivalents at the beginning of the year after merger	11,041,938	2,808,870
Cash and cash equivalents at the end of the year (Note 34)	3,722,788	2,601,357

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

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1. CORPORATE DETAILS

Raiffeisenbank a.s. (henceforth the “Bank”), with its registered office address at Hvězdova 1716/2b, Prague 4, 140 78, 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.

The Bank is included in the Raiffeisen Group based in Austria which is managed by the ultimate parent Raiffeisen Zentralbank Oesterreich AG.

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.

2. MERGER

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 its registered office at Na Příkopě 19, corporate ID 00562246, registered in the Register of Companies maintained by the Municipal Court in Prague, File B, Insert 5642 (hereinafter "eBanka") 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.

On 4 October 2007, the shareholder structure changed. The sole shareholder Raiffeisen International Bank-Holding AG transferred part of the shares to other shareholders: 25 percent to RB Prag Beteiligungs GmbH and 24 percent to Raiffeisenlandesbank Niederösterreich – Wien AG.

In 2008, the Bank and eBanka merged and the Bank became the successor company. Subsequently, eBanka was wound up without liquidation and dissolved. The effective date of the merger was determined to be 1 January 2008. The merger was recorded in the Register of Companies on 7 July 2008.

In relation to the merger between the banks, the Bank prepared an opening balance sheet as of 1 January 2008 which is disclosed in Note 4

The Bank assumed components of eBanka's share capital reported in the closing financial statements of eBanka prepared for the year ended 31 December 2007, structured as follows:

- The amount of CZK (43) thousand – Gains or losses from revaluation reported in the closing financial statements of eBanka was transferred to the line 'Gains or losses from revaluation' in the opening balance sheet of the Bank prepared as of the effective date of the merger; and
- The aggregate amount of CZK 1,317,795 thousand composed of Share capital, Accumulated loss brought forward and Profit for the period was transferred to the line 'Retained earnings brought forward' of the Bank prepared as of the effective date of the merger.

The balance sheet items representing liabilities and assets of the dissolving company were combined with the corresponding balance sheet items of the successor company. The following receivables and payables were eliminated in the opening balance sheet of the successor company:

- Loans and advances to financial institutions/amounts owed to financial institutions of CZK 2,614,927 thousand;
- Negative/positive fair values of financial derivative instruments of CZK 12,775 thousand; and
- Other assets/liabilities of CZK 18,570 thousand.

A summary of the combination of the financial statements and the preparation of the opening balance sheet is provided in Note 4.

The information in these financial statements is not fully comparable for the following reasons:

- The balance as of 31 December 2007 represents the balances of the Bank prior to the merger; and
- The balance as of 31 December 2008 represents the closing balances of the Bank after the merger of the Bank and eBanka

3. UNCONSOLIDATED FINANCIAL STATEMENTS OF EBANKA, A.S. PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU FOR THE YEAR ENDED 31 DECEMBER 2007

Profit and Loss Account

For the Year Ended 31 December 2007

CZK thousand	2007
<i>Interest income and similar income</i>	1,029,234
<i>Interest expense and similar expense</i>	(184,266)
Net interest income	844,968
<i>Change in provisions for credit risks</i>	(98,977)
Net interest income after provisions for credit risks	745,991
<i>Fee and commission income</i>	866,764
<i>Fee and commission expense</i>	(277,505)
Net fee and commission income	589,259
<i>Net profit on financial operations</i>	252,178
<i>Dividend income</i>	84
<i>Other operating income</i>	54,458
<i>General administrative expenses</i>	(1,364,469)
Profit before tax	277,501
<i>Income tax expense</i>	(46,922)
Net profit for the year attributable to the Bank's shareholders	230,579

Balance Sheet

As of 31 December 2007

CZK thousand	2007
Assets	
Cash and balances with central banks	8,440,581
Loans and advances to financial institutions	5,175,533
Loans and advances to customers	11,272,091
Provisions for loans and advances to customers	(205,841)
Positive fair value of financial derivative transactions	-
Securities at fair value through profit or loss	1,309,150
Securities available for sale	714
Equity investments	-
Intangible fixed assets	255,285
Property and equipment	287,889
Deferred tax asset	75,666
Other assets	103,439
Total assets	26,714,507
Liabilities and equity	
Amounts owed to financial institutions	64,119
Amounts owed to customers	21,513,240
Negative fair value of financial derivative transactions	27,047
Debt securities issued	2,606,337
Income tax liability	1,469
Provisions	207,417
Subordinated loan	346,715
Other liabilities	630,411
Total liabilities	23,795,348
Equity	
Share capital	1,184,500
Other capital funds	-
Statutory reserve fund	-
Gains and losses from revaluation	(43)
Retained earnings	(97,284)
Profit for the period	230,579
Total equity	1,317,752
Total liabilities and equity	26,714,507

4. PREPARATION OF THE OPENING BALANCE SHEET AS OF 1 JANUARY 2008

CZK thousand	Raiffeisenbank 31 Dec 2007	eBanka 31 Dec 2007	Eliminations & transfers	Opening balance sheet at 1 Jan 2008
Assets				
Cash and balances with central banks	2,073,457	8,440,581	-	10,514,038
Loans and advances to financial institutions	15,216,504	5,175,533	(2,614,927)	17,777,110
Loans and advances to customers	97,064,328	11,272,091	-	108,336,419
Provisions for loans and advances to customers	(2,095,107)	(205,841)	-	(2,300,948)
Positive fair value of financial derivative transactions	1,015,317	-	(12,775)	1,002,542
Securities at fair value through profit or loss	1,707,156	1,309,150	-	3,016,306
Securities available for sale	382	714	-	1,096
Equity investments	359,999	-	-	359,999
Intangible fixed assets	216,114	255,285	-	471,399
Property and equipment	277,964	287,889	-	565,853
Deferred tax asset	35,523	75,666	-	111,189
Other assets	890,920	103,439	(18,570)	975,789
Assets total	116,762,557	26,714,507	(2,646,272)	140,830,792
Liabilities and equity				
Amounts owed to financial institutions	14,074,046	64,119	(2,614,927)	11,523,238
Amounts owed to customers	72,265,072	21,513,240	-	93,778,312
Negative fair value of financial derivative transactions	1,140,129	27,047	(12,775)	1,154,401
Debt securities issued	17,183,137	2,606,337	-	19,789,474
Income tax liability	115,713	1,469	-	117,182
Provisions	168,935	207,417	-	376,352
Subordinated loan	3,239,055	346,715	-	3,585,770
Other liabilities	1,432,415	630,411	(18,570)	2,044,256
Liabilities total	109,618,502	25,396,755	(2,646,272)	132,368,985
Equity				
Share capital	4,889,000	1,184,500	(1,184,500)	4,889,000
Statutory reserve fund	138,747	-	-	138,747
Gains and losses from revaluation	(188)	(43)	-	(231)
Retained earnings	1,336,347	(97,284)	1,415,079	2,654,142
Profit for the period	780,149	230,579	(230,579)	780,149
Total equity	7,144,055	1,317,752	-	8,461,807
Total liabilities and equity	116,762,557	26,714,507	-	140,830,792

5. 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 (e.g. all financial derivatives) and available-for-sale securities through equity.

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 6(g).

The Bank prepares the unconsolidated financial statements in accordance with Accounting Act No. 563/1991 Coll., as amended.

The Bank also prepares consolidated financial statements in accordance with IFRS and interpretations approved by the 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.

The information in these financial statements is not fully comparable for the following reasons:

- The balance as of 31 December 2007 represents the balances of the Bank prior to the merger; and
- The balance as of 31 December 2008 represents the closing balances of the Bank after the merger of the Bank and eBanka.

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.

Key sources of estimation uncertainty are as follows:

- In connection with the current economic environment, management has considered all relevant factors which could have an effect on the valuation of assets and liabilities in these financial statements, liquidity, funding of the Bank's operations and other effects, if any, on the financial statements. All such impacts, if any, have been reflected in these financial statements. Management of the Bank continues to monitor the current situation and a further possible impact of the financial crisis and economic slowdown on its operations.
- As disclosed in Note 40, the Bank creates a provision for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Bank's historical and current experience as well as judgments of the Bank's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date. However, the actual future results may differ from these estimates.
- The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditures required to settle a liability of uncertain timing or amount. Refer to Note 30 for more detailed disclosures of provisions for liabilities.

6. 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 accrual 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 accrual 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 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 Bank 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.

Impairment losses on loans and receivables are recorded when there are reasonable doubts over the recoverability of the loan balance. Impairment 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. If the Bank does not report multiple similar loans, the portfolio approach is not applied. 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 40 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), 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

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the debtor, the loan will be repaid only after the full satisfaction of all other receivables of other creditors, the only exception being receivables that carry the same or similar subordination condition.

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 impairment losses.

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 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 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:

	Depreciation period	Depreciation rate
Software	4 years	25 %
Buildings	30 years	3.33 %
Other (cars, furniture and fixtures, office equipment and computers)	3–5 years	20–33.3 %

Technical improvements on leasehold assets are depreciated on a straight line basis over the lease term or over the term arising from the option arrangement as appropriate. Technical improvements on leasehold assets under lease arrangements for an indefinite period of time are depreciated over 10 years.

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

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 38 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.

7. CHANGES IN ACCOUNTING POLICIES IN 2008

In the year ended 31 December 2008, the Bank made no significant changes to its accounting policies, the only exception being the adoption of IFRICs which came into effect in 2008:

- IFRIC 11: IFRS 2 on Group and Treasury Shares Transactions (effective for the period beginning after 31 March 2007);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008; but not yet endorsed by the EU); and
- IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective 1 January 2008).

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 and interpretations were in issue but not yet effective:

- IFRS 1 – First-time Adoption of IFRS – restructured standard (effective 1 January 2009);
- IFRS 2 – Share-based Payment – revised standard (effective 1 January 2009);
- IFRS 3 – Business Combinations – revised standard (effective 1 July 2009);
- IFRS 8 – Operating Segments (effective 1 January 2009);
- IAS 1 – Presentation of the Financial Statements – revised standard (effective 1 January 2009);
- IAS 23 – Borrowing Costs – revised standard (effective 1 January 2009);
- IAS 27 – Consolidated and Separate Financial Statements – revised standard (effective 1 July 2009);
- IAS 32 – Financial Instruments: Disclosure and Presentation – revised standard (effective 1 January 2009);
- IAS 39 – Financial Instruments: Recognition and Measurement – revised standard (effective 1 January 2009);
- IFRIC 13 – Customer Loyalty Programmes (effective for periods beginning on or after 1 July 2008);
- IFRIC 15 – Agreements for the Construction of Real Estate (effective 1 January 2009);
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008);
- IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for periods beginning on or after 1 July 2009);
- and
- Improvements to International Financial Reporting Standards (effective 1 January 2009).

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 2009 will not have a material impact on the financial statements for the year ended 31 December 2008, including comparative information.

8. NET INTEREST INCOME

CZK thousand	2008	2007
Interest income arising from		
Loans and advances to financial institutions	836,831	663,989
Loans and advances to customers	8,011,345	4,490,024
Of which: default interest on impaired assets	105,111	56,255
Fixed income securities	62,161	61,894
Total	8,910,337	5,215,907
Interest expense arising from		
Deposits from financial institutions	(940,457)	(519,241)
Deposits from customers	(1,857,286)	(1,066,350)
Securities issued	(701,282)	(389,633)
Subordinated liabilities	(207,636)	(92,452)
Total	(3,706,661)	(2,067,676)
Net interest income	5,203,676	3,148,231

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 2,050,716 thousand (2007: CZK 900,170 thousand) and project financing loans of CZK 1,501,763 thousand (2007: CZK 926,251 thousand). The increase in interest expenses arising from deposits was primarily due to term deposits from customers of CZK 1,263,843 thousand (2007: CZK 774,978 thousand).

9. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

CZK thousand	2008	2007
Changes in loan loss provisions		
Charge for provisions	(2,062,009)	(1,370,552)
Release of provisions	845,030	662,755
Write-offs	(118,910)	(1,997)
Recoveries	1,103	957
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(73,700)	(76,804)
Release of provisions	51,690	44,000
Change in provisions for credit risk	(1,356,796)	(741,641)

10. NET FEE AND COMMISSION INCOME

CZK thousand	2008	2007
Fee and commission income arising from		
Payment transactions	1,479,149	579,555
Provided loans and guarantees	516,124	499,852
Securities transactions	77,011	62,894
Foreign currency transactions	818,673	490,011
Management, administration, custody and safe-keeping of assets	25	24,521
Other banking services	81,003	19,030
Total	2,971,985	1,675,863
Fee and commission expense arising from		
Payment transactions	(431,778)	(112,809)
Receiving of loans and guarantees	(110,136)	(55,277)
Securities transactions	(13,588)	(18,274)
Securitisation	(34,629)	(33,939)
Foreign currency transactions	(14,930)	(3,098)
Management, administration, custody and safe-keeping of assets	(2)	(2,478)
Mediation of the sale of the Bank's products	(168,615)	(287,618)
Other banking services	(24,968)	(31,213)
Total	(798,646)	(544,206)
Net fee and commission income	2,173,339	1,131,657

11. NET PROFIT OR LOSS ON FINANCIAL OPERATIONS

CZK thousand	2008	2007
Net profit/(loss) on financial operations		
Derivative transactions	(483,479)	98,841
Foreign currency transactions	469,339	250,630
Securities transactions	168,914	54,138
Total	154,774	403,609

12. DIVIDEND INCOME

CZK thousand	2008	2007
Income from associated undertakings	-	16,250
Income from other shares and participation interests	69,792	556
Total	69,792	16,806

"Income from other shares and participation interest" includes the dividends from Raiffeisen stavební spořitelna a.s. (in 2007, these dividends were reported under "Income from associated undertakings") and VISA Inc.

13. OTHER OPERATING INCOME

CZK thousand	2008	2007
Income from non-banking activities	114,830	45,361
Gain from disposal of in-/tangible fixed assets	3,720	1,370
Total	118,550	46,731

14. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2008	2007
Payroll costs (Note 15)	(2,341,484)	(1,650,409)
Operating expenses:	(1,826,497)	(1,039,970)
Rental, repairs and other office management expenses	(476,327)	(232,236)
Advertising costs	(327,905)	(225,289)
Costs of legal and advisory services	(247,947)	(179,727)
Of which: Audit	(12,250)	(12,996)
Tax advisory	-	(398)
Other advisory	(11,855)	(527)
IT support costs	(194,857)	(113,404)
Telecommunication, postal and other services	(170,501)	(76,275)
Deposit and transaction insurance	(87,869)	(63,800)
Training costs	(48,159)	(36,804)
Travel costs	(40,005)	(21,070)
Fuel	(28,404)	(16,337)
Security costs	(39,790)	(12,118)
Office equipment	(54,797)	(15,600)
Other administrative expenses	(109,936)	(47,310)
Depreciation and amortisation of fixed assets (Notes 23 and 24)	(346,319)	(165,985)
Other operating expenses	(98,199)	(66,770)
Total	(4,612,499)	(2,923,134)

15. PAYROLL COSTS

CZK thousand	2008	2007
<i>Wages and salaries</i>	(1,755,105)	(1,201,530)
<i>Social security and health insurance</i>	(493,647)	(405,407)
<i>Other staff costs</i>	(92,731)	(43,472)
Total	(2,341,484)	(1,650,409)
Of which wages and salaries paid to:		
<i>Members of the Board of Directors</i>	(61,408)	(47,066)
<i>Members of the Supervisory Board</i>	(6,985)	(4,918)
<i>Other members of management</i>	(148,441)	(91,401)
Total	(216,835)	(143,385)

The average number of the Bank's employees as of 31 December 2008 and 2007 was as follows:

	2008	2007
<i>Employees</i>	2,202	1,627
<i>Members of the Board of Directors</i>	7	7
<i>Members of the Supervisory Board</i>	9	9
<i>Other members of management</i>	63	61

The financial arrangements between the Bank and members of the Board of Directors and Supervisory Board are disclosed in Notes 41b and 41c.

16. INCOME TAX

(a) Income tax expense

CZK thousand	2008	2007
<i>Current income tax payable</i>	(292,000)	(305,000)
<i>Tax overpayment/(underpayment) from the previous period</i>	6,828	2,226
<i>Deferred income tax credit/(charge)</i>	(64,874)	664
Total income tax	(350,046)	(302,110)

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	2008	2007
Pre-tax profit (general tax base)	1,730,418	1,081,716
Pre-tax profit (separate tax base)	20,418	542
Tax calculated at the tax rate for the general tax base - 21% (2007: 24%)	(363,388)	(259,612)
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(3,063)	(81)
Non-taxable income	275,774	61,160
Non-tax deductible expenses	(201,460)	(106,624)
Tax relief and credit	137	157
Tax liability for the period	(292,000)	(305,000)
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	6,828	2,226
Deferred tax	(64,874)	664
Total income tax	(350,046)	(302,110)
Effective tax rate	19.99%	27.91%

(b) Income tax liability

CZK thousand	2008	2007
Tax calculated at the tax rate for the general tax base - 21 % (2007: 24%)	(288,937)	(304,919)
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(3,063)	(81)
Tax liability for the period	(292,000)	(305,000)
Additional current income tax assessment for previous years	-	-
Advances paid for current income tax	277,495	189,287
Total income tax liability	(14,505)	(115,713)

17. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2008	2007
Cash on hand and other cash equivalents	3,130,561	1,954,591
Balances with central banks	31,700	14,990
Statutory minimum reserves maintained with the CNB	946,245	103,876
Total	4,108,506	2,073,457

18. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

(a) Types of Loans and Advances to Financial Institutions

CZK thousand	2008	2007
<i>Placements with financial institutions</i>	560,527	631,776
<i>Term deposits with banks</i>	6,457,490	6,836,233
<i>Loans and other advances to financial institutions</i>	20,042,912	7,748,495
Total	27,060,929	15,216,504

(b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2008, the Bank received a loan in the aggregate amount of CZK 28,003 thousand under a repurchase transaction. The loan received under this repurchase transaction was secured by the Czech National Bank's bonds in the amount of CZK 28,645 thousand. As of 31 December 2007, the Bank reported no repurchase transactions.

The Bank advanced loans in the aggregate amount of CZK 20,006,996 thousand (2007: CZK 3,408,020 thousand) under reverse repurchase transactions.

19. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

CZK thousand	2008	2007
<i>Overdrafts</i>	10,546,130	8,528,640
<i>Term loans</i>	73,744,719	53,683,416
<i>Mortgage loans</i>	51,621,370	32,072,376
<i>Other</i>	2,792,928	2,779,896
Total	138,705,147	97,064,328

In 2008, the Bank restructured loans and advances to customers in the aggregate amount of CZK 106,991 thousand (2007: CZK 296,112 thousand).

(b) Repurchase and reverse repurchase transactions

As of 31 December 2008 and 2007, the Bank reported no repurchase transactions. The Bank advanced loans in the aggregate amount of CZK 808,703 thousand (2007: CZK 73,004 thousand) under reverse repurchase transactions.

(c) Analysis of Loans Provided to Customers by Sector

CZK thousand	2008	2007
Government sector	888,869	1,023,838
Loans to corporate entities	74,209,254	58,863,115
Loans to private individuals	59,017,661	35,612,353
Small and medium size enterprises (SME)	4,306,916	1,284,046
Other	282,447	280,976
Total	138,705,147	97,064,328

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

CZK thousand	2008	2007
Czech Republic	132,486,371	92,425,972
Slovakia	1,218,472	799,862
The Netherlands	242,545	341,259
Poland	162,028	180,999
Other EU member countries	2,967,993	1,974,236
Serbia and Montenegro	609,848	742,724
Russian Federation	278,959	162,984
Switzerland	94,353	86,055
Other (Canada, USA, Ukraine, United Arab Emirates etc.)	644,578	350,237
Total	138,705,147	97,064,328

(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:

CZK thousand	Overdue loans and receivables		Collateral		
	Overdue in days	2008	2007	2008	2007
0 - 30		1,540,870	267,303	1,644,357	45,476
31 - 90		134,575	1,440	123,354	410
91 - 180		55,152	-	65,606	-
181 - 360		11,348	-	12,464	-
1 year – 5 years		31	3	-	-
Over 5 years		-	-	-	-

The increase in the "0 – 30" category is principally due to the increase in the past due loans which are fully collateralised.

(f) Securitisation

In March 2006, the Bank completed a synthetic securitisation of the Corporate 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 2008, the loan portfolio included in this securitisation amounted to EUR 200 million.

(g) Syndicated Loans

Pursuant to concluded syndicated loan agreements, the Bank acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 6,630,576 thousand as of 31 December 2008 (2007: CZK 5,430,986 thousand), of which the proportion of the Bank amounted to CZK 3,419,201 thousand (2007: 2,023,866 thousand) and the proportion of other syndicate members amounted to CZK 3,211,375 thousand (2007: CZK 3,407,120 thousand).

As of 31 December 2008, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 5,782,330 thousand (2007: CZK 3,830,927 thousand), of which the proportion of the Bank was CZK 3,058,697 thousand (2007: CZK 1,246,623 thousand) and the proportion of other syndicate members was CZK 2,723,633 thousand (2007: CZK 2,584,304 thousand).

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

2008	Cash collateral	State guarantees	Bank Guarantee	Real Estate	Company Guarantee	Personal and bill guarantee	Other guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry And Fishing	1,529	27,144	135,713	216,588	239,211	334,054	217,157	222,487	84,888	1,478,771
Mining And Quarrying	1,850	-	-	48,841	-	41,092	-	6,943	10,732	109,458
Manufacturing	181,376	146,601	1,950,947	2,279,167	1,521,369	3,905,261	1,704,851	4,407,981	2,238,775	18,336,328
Electricity, Gas And Water Supply	124,487	-	97,536	7,648	-	8,918	998	194,323	30,185	464,095
Construction	12,796	2,083	248,381	390,839	150,084	657,932	63,676	758,480	109,193	2,393,463
Wholesale And Retail Trade; Repair Of Motor Vehicles, Motorcycles And Personal And Household Goods	236,268	83,059	1,234,066	1,398,137	1,944,022	2,596,385	1,133,382	3,839,193	1,081,564	13,546,078
Hotels And Restaurants	2,145	-	36,801	1,366,193	18,337	594,444	4,944	128,523	63,134	2,214,521
Transport, Storage And Communication	4,688	-	49,326	172,483	51,130	507,716	61,598	381,318	83,175	1,311,434
Financial Intermediation	-	45,944	740,829	62,331	133,734	248,015	1,685,858	256,310	1,015,381	4,188,401
Real Estate	2,226,337	-	3,580,372	12,688,988	2,305,717	5,406,492	1,496,634	814,681	1,296,595	29,815,816
Public Administration And Defence; Compulsory Social Security	1,367	-	-	98,235	-	53,416	957	337,375	406,110	897,460
Education	-	-	-	7,089	-	13,266	288	10,755	14	31,412
Health And Social Work	-	146,117	48,646	172,942	-	158,078	14,258	28,032	141,541	709,615
Other Community, Social And Personal Service Activities	14	-	69,722	265,091	37,632	317,258	47,590	48,335	67,658	853,299
Private Households With Employed Persons	-	-	-	48,802,969	105,705	2,117,660	4,972,154	796	6,355,713	62,354,996
Total	2,792,856	450,949	8,192,340	67,977,540	6,506,940	16,959,989	11,404,345	11,435,531	12,984,657	138,705,147

2007	Cash collateral	State guarantees	Bank Guarantee	Real Estate	Company Guarantee	Bill guarantees	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry And Fishing	7,055	361,627	72,870	77,659	36,687	182,509	367,041	66,170	34,940	1,206,558
Mining And Quarrying	-	51,634	2,950	1,351	-	16,324	13,220	-	618	86,097
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	14,706,228
Electricity, Gas And Water Supply	-	83,853	17,523	4,037	-	19,597	551,766	39,429	253,636	969,841
Construction	-	361,908	44,047	184,701	96	225,160	279,561	-	148,981	1,244,454
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	6,857,110
Hotels And Restaurants	21,737	-	3,385	1,256,809	-	501,821	110,971	-	115,573	2,010,296
Transport, Storage And Communication	-	9,270	682	59,120	115,624	445,539	145,088	-	47,641	822,964
Financial Intermediation	1,566	83,853	683,399	10,022	7,469	46,908	13,000	-	607,950	1,454,167
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	29,794,983
Public Administration And Defence; Compulsory Social Security	-	-	-	125,280	-	353,187	31,003	431,845	82,523	1,023,838
Education	-	-	-	2,309	-	3,930	1,824	-	34,447	42,510
Health And Social Work	-	128,775	110,708	98,391	-	54,376	22,192	177	7,646	422,265
Other Community, Social And Personal Service Activities	132	83,853	70,622	130,568	-	257,995	51,789	1,775	123,412	720,146
Private Households With Employed Persons	73,018	-	-	30,127,513	29,600	27,912	41,543	-	5,403,285	35,702,871
Total	1,470,043	5,218,732	6,544,402	44,567,584	4,527,016	9,063,416	8,399,793	3,056,698	14,216,644	97,064,328

20. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

CZK thousand	2008	2007
Balance at 1 January prior to the merger	(2,095,107)	-
Merger with eBanka	(205,841)	-
Balance at 1 January	(2,300,948)	(1,452,931)
Creation of provisions	(2,062,009)	(1,370,552)
Release of provisions	845,030	662,755
Usage of provisions	53,805	61,428
FX gains from provisions denominated in a foreign currency	(16,509)	4,193
Balance at 31 December	(3,480,631)	(2,095,107)

21. SECURITIES

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

CZK thousand	2008	2007
Securities held for trading	560,951	558,534
of which:		
- Debt securities	546,959	539,008
- Shares and participation certificates	13,992	19,526
Other securities at fair value through profit or loss	3,309,063	1,148,622
of which:		
- Debt securities	3,062,402	864,317
- Shares and participation certificates	246,661	284,305
Securities at fair value through profit or loss	3,870,014	1,707,156
Securities available for sale	516,493	382
Total	4,386,507	1,707,538

Securities at fair value through profit or loss include state bonds of CZK 2,818,380 thousand (2007: CZK 406,389 thousand) which may be used for refinancing with central banks.

(b) Investment Securities – Available for Sale

The Bank owns minority interests in SWIFT, VISA and RAIFFEISEN STAVEBNÍ SPOŘITELNA with a carrying value of CZK 516,493 thousand (2007: CZK 382 thousand – SWIFT, MASTERCARD INTERCORPORATE and VISA).

On 27 August 2008, the Bank purchased 10 percent of Hypo – stavební spořitelna, a.s. which merged with Raiffeisen stavební spořitelna, a.s. in October 2008.

On 27 August 2008, the Bank sold 15 percent of Raiffeisen stavební spořitelna a.s. The remaining 10 percent is included in the available-for-sale portfolio.

(c) Securities Pledged as Collateral

As of 31 December 2008 and 2007, the Bank reported no securities pledged as collateral.

22. EQUITY INVESTMENTS

(a) Equity Investments

CZK thousand	2008	2007
Balance at 1 January	359,999	304,160
Acquisition of equity investments	-	55,839
Disposal of equity investments	(175,737)	-
Transfer to securities available for sale	(103,235)	-
Balance at 31 December	81,027	359,999

On 27 August 2008, the Bank sold 15 percent of Raiffeisen stavební spořitelna a.s. The remaining 10 percent has been included in the available-for-sale portfolio.

(b) Subsidiaries (Equity Investments with Controlling Influence)

CZK thousand						
Name	Registered office	Equity	Of which Share capital	Share of share capital	Share of voting power	Carrying amount
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	75,469	479	20%	20%	55,839
Total at 31 December 2008						55,839
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
Provisions						(20,000)
Total at 31 December 2007						76,723

MB Leasing a.s.

MB Leasing discontinued its operations and was liquidated on 4 April 2008.

As of 1 April 2007, the company was placed into liquidation.

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
Balance at 31 December 2007						258,088

As of 31 December 2008, the Bank does not hold investments in any associates (refer to Note 21 (b)).

(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.	Hvězdova 1716/2b, Praha 4	132,556	50,000	50%	50%	25,188
Balance at 31 December 2008						25,188

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
Balance at 31 December 2007						25,188

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.

23. INTANGIBLE FIXED ASSETS

CZK thousand	Software	Intangible assets under construction	Total
Cost			
1 January 2007	299,116	41,879	340,995
Additions	52,525	70,853	123,378
Transfers	36,954	(36,954)	-
31 December 2007	388,595	75,778	464,373
Merger with eBanka	183,432	71,853	255,285
1 January 2008	572,027	147,631	719,658
Additions	278,027	250,898	528,925
Disposals	(27,802)	(203,258)	(231,060)
31 December 2008	822,252	195,271	1,017,523
Accumulated amortisation and provisions			
1 January 2007	(179,993)	-	(179,993)
Additions	(68,266)	-	(68,266)
31 December 2007	(248,259)	-	(248,259)
Additions – annual amortisation charges	(165,742)	-	(165,742)
Disposals	25,459	-	25,459
31 December 2008	(388,542)	-	(388,542)
Net book value			
31 December 2007	140,336	75,778	216,114
31 December 2008	433,710	195,271	628,981

The increase in intangible assets under construction in 2008 relates to the merger of the banks and principally includes the increased number of licences (CZK 35,758 thousand), modification of software (CZK 43,099 thousand) and data warehouse (CZK 24,027 thousand).

Since 2008, the Bank has capitalised internal staff costs and lease costs which are required to generate assets and are incurred as part of the development of intangible assets. The capitalisation of internal staff costs relating to development is assessed according to the organisational allocation of employees and their participation in projects implemented in the Bank.

24. 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
Cost					
1 January 2007	262,844	131,312	581,054	31,551	1,006,761
Additions	7,542	5,673	50,874	48,388	112,477
Transfers	13,265	4,142	8,669	(26,076)	-
Disposals	(3,171)	(6,374)	(31,215)	(5,549)	(46,309)
31 December 2007	280,480	134,753	609,382	48,314	1,072,929
Merger with eBanka	121,515	64,515	69,831	32,028	287,889
1 January 2008	401,995	199,268	679,213	80,342	1,360,818
Additions	59,192	16,120	81,428	235,755	392,495
Disposals	(27,662)	(40,246)	(52,603)	(96,715)	(217,226)
31 December 2008	433,525	175,142	708,038	219,382	1,536,087
Accumulated depreciation and provisions					
1 January 2007	(135,731)	(113,299)	(485,112)	-	(734,142)
Additions	(23,633)	(9,403)	(64,683)	-	(97,719)
Disposals	1,662	6,174	29,060	-	36,896
31 December 2007	(157,702)	(116,528)	(520,735)	-	(794,965)
Additions	(56,926)	(27,831)	(95,872)	-	(180,629)
Disposals	25,320	38,214	47,588	-	111,122
31 December 2008	(189,308)	(106,145)	(569,019)	-	(864,472)
Net book value					
31 December 2007	122,778	18,225	88,647	48,314	277,964
31 December 2008	244,217	68,997	139,019	219,382	671,615

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

The increase in tangible assets under construction in 2008 relates to the merger of the banks and principally includes the increased number of branches and their redesign (CZK 136,730 thousand).

(b) Property and Equipment Acquired under Finance Leases

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2008 and 2007.

25. DEFERRED TAX ASSET/LIABILITY

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

Deferred income tax assets are as follows:

CZK thousand	2008	2007
<i>Unpaid social security and health insurance</i>	20,006	20,447
<i>Outstanding vacation days</i>	11,167	5,424
<i>Other provisions</i>	40,771	27,218
Total deferred tax asset	71,944	53,089

Deferred income tax liabilities are as follows:

CZK thousand	2008	2007
<i>Differences between accounting and tax carrying amounts of tangible and intangible assets</i>	(25,630)	(17,566)
Total deferred tax liability	(25,630)	(17,566)

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

CZK thousand	2008	2007
<i>Balance at 1 January</i>	53,089	38,070
<i>Change due to the merger</i>	75,666	-
<i>Movement for the year - income/(expense)</i>	(56,811)	15,019
Total deferred tax asset	71,944	53,089
<i>Balance at 1 January</i>	(17,566)	(3,663)
<i>Movement for the year - income/(expense)</i>	(8,064)	(14,355)
<i>Movement for the year - equity</i>	-	452
Total deferred tax liability	(25,630)	(17,566)
Net deferred tax asset/(liability)	46,314	35,523

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

CZK thousand	2008	2007
<i>Basis for deferred tax asset/(liability)</i>	241,453	173,180
<i>Deferred tax asset/(liability)</i>	46,314	35,523
<i>Recognition of a year-on-year difference due to the change of tax rate</i>	(1,162)	(4,909)
<i>Recognition of a year-on-year difference due to temporary differences in profit or loss</i>	(63,712)	5,573
<i>Recognition of a year-on-year difference due to temporary differences in equity</i>	-	452
Total year-on-year difference for recognition	(64,874)	1,116

26. OTHER ASSETS

CZK thousand	2008	2007
<i>Indirect tax assets</i>	54	475
<i>Receivables arising from non-banking activities</i>	545,774	103,300
<i>Deferred expenses and accrued income</i>	24,864	23,679
<i>Settlement of cash transactions with other banks</i>	2,662,686	666,518
<i>Other</i>	98,749	96,948
Total	3,332,127	890,920

"Settlement of cash transaction with other banks" includes interbank transactions as of 31 December 2008 in the amount of CZK 2,131,943 thousand which was settled on 2 January 2009.

27. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2008	2007
Repayable on demand	2,853,943	1,067,430
Term deposits at banks	24,507,790	13,006,616
<i>Within 3 months</i>	3,831,508	7,370,507
<i>From 3 months to 1 year</i>	1,111,111	4,518,348
<i>From 1 to 5 years</i>	19,565,171	1,117,761
Total	27,361,733	14,074,046

"Term deposits at banks – from 1 to 5 years" predominantly include the deposit from Raiffeisen Zentral Bank in the amount of CZK 18,891,858 thousand.

28. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2008	2007
<i>Repayable on demand</i>	74,819,403	43,307,378
<i>Term deposits with maturity</i>	37,352,264	28,955,427
<i>Other</i>	111,501	2,267
Total	112,283,168	72,265,072

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2008	2007
<i>Public sector</i>	8,727,368	10,997,128
<i>Deposits from corporate clients</i>	44,960,705	35,143,777
<i>Deposits to private individuals</i>	48,326,651	22,584,174
<i>Small and medium size enterprises (SME)</i>	9,377,599	2,998,503
<i>Other</i>	890,845	541,490
Total	112,283,168	72,265,072

29. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2008	2007
<i>Deposit certificates and deposit bills of exchange</i>	8,869,038	7,726,664
<i>Bonds in issue</i>	1,209,996	1,212,118
<i>Mortgage bonds</i>	9,818,557	8,244,355
Total	19,897,591	17,183,137

(b) Analysis of Mortgage Bonds

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2008	2007	2008	2007
18.2.2004	18.2.2009	CZ0002000326	CZK	500,000	499,500	516,108	515,770
23.8.2004	23.8.2009	CZ0002000417	CZK	365,840	370,000	374,205	381,291
23.3.2005	23.3.2010	CZ0002000482	CZK	498,350	499,350	524,875	533,244
29.11.2005	29.11.2010	CZ0002000557	CZK	500,000	-	510,067	-
21.11.2005	21.11.2010	CZ0002000698	CZK	339,850	339,850	348,652	352,472
24.5.2006	24.5.2011	CZ0002000805	CZK	402,770	403,170	424,727	429,649
4.10.2006	4.10.2011	CZ0002000888	CZK	933,000	965,000	961,253	1,001,188
16.2.2007	16.2.2012	CZ0002000946	CZK	1,300,000	1,300,000	1,405,208	1,421,815
12.9.2007	12.9.2012	CZ0002001175	CZK	1,819,600	1,814,500	1,900,409	1,908,066
14.11.2007	14.11.2014	CZ0002001316	CZK	500,000	-	525,157	-
12.12.2007	12.12.2012	CZ0002001662	CZK	10,000	1,517,800	10,195	1,560,820
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	-	1,587,693	-
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	-	555,594	-
12.12.2007	12.12.2022	CZ0002001704	CZK	-	130,000	-	140,040
20.12.2007	20.12.2017	CZ0002001928	CZK	157,500	-	174,414	-
26.11.2008	26.11.2013	CZ0002002058	CZK	-	-	-	-
10.12.2008	10.12.2011	CZ0002002066	CZK	-	-	-	-
Total				9,344,710	7,839,170	9,818,557	8,244,355

In 2008, the Bank recorded two new issues:

- 1) CZ0002002058 - issued 300,000 pieces, repurchased 300,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.
- 2) CZ0002002066 - issued 200,000 pieces, repurchased 200,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.

As part of the merger, the volume of issued mortgage bond issues increased by the four placements of eBanka:

- 1) CZ0002000557 – volume of the issue 50,000 pieces
- 2) CZ0002001316 – volume of the issue 50,000 pieces
- 3) CZ0002001696 – volume of the issue 50,000 pieces
- 4) CZ0002001704 – issued 10,000 pieces, repurchased 10,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.

30. 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 2007	7,874	44,000	21,807	19,000	8,578	101,259
Charge for provisions	7,826	76,804	25,826	-	40,359	150,815
Use of provisions	-	-	(21,807)	(237)	(4,750)	(26,794)
Release of redundant provisions	(75)	(44,000)	-	(12,000)	(270)	(56,345)
31 December 2007	15,625	76,804	25,826	6,763	43,917	168,935
eBanka merger	12,138	-	12,500	-	182,779	207,417
1 January 2008	27,763	76,804	38,326	6,763	226,696	376,352
Charge for provisions	65,379	73,700	54,272	-	38,753	232,104
Use of provisions	(16,126)	-	(36,765)	-	(9,439)	(62,330)
Release of redundant provisions	(5,189)	(51,690)	-	(6,763)	(131,644)	(195,286)
31 December 2008	71,827	98,814	55,833	-	124,366	350,840

31. SUBORDINATED LOAN

As of 31 December 2008, the aggregate amount of the principal of the subordinated loan was CZK 4,224,374 thousand (2007: CZK 3,190,780 thousand). The volume of accrued interest as of 31 December 2008 was CZK 99,735 thousand (2007: CZK 48,275 thousand).

32. OTHER LIABILITIES

CZK thousand	2008	2007
Liabilities arising from non-banking activities	528,771	420,485
Estimated payables for bonuses	414,246	375,566
Accrued expenses	12,609	232
Deferred income	24,411	18,605
Settlement and suspense clearing account	734,806	472,326
Other	427,793	145,210
Total	2,142,636	1,432,415

33. SHARE CAPITAL

On 5 December 2008, an extraordinary General Meeting of the Bank approved an increase in the share capital from CZK 4,889,000 thousand to CZK 6,564,000 thousand through an issue and subscription of new shares. The shareholder structure did not change during 2008. The aggregate nominal value of all the shares was fully paid before the end of 2008. 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 6,564,000 thousand was recorded in the Register of Companies in Prague following the resolution of the court dated 23 December 2008. The resolution came into legal effect on 23 December 2008.

The shareholder structure as of 31 December 2008:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership percentage (in %)
Raiffeisen International Bank-Holding AG	Austria	334,764	3,347,640	51
RB Prag Beteiligungs GmbH	Austria	164,100	1,641,000	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	157,536	1,575,360	24
Total		656,400	6,564,000	100

The following distribution of the profit for the year ended 31 December 2007 was approved in 2008:

2007 net profit after tax	780,149
Approved distribution:	
Transfer to statutory reserve funds	39,007
Dividends to be paid to shareholders	153,063
of which:	
– Raiffeisen International Bank-Holding AG	78,062
– RB Prag Beteiligungs GmbH	38,266
– Raiffeisenlandesbank Niederösterreich – Wien AG	36,735
Transfer to retained earnings	588,079

34. 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 17)	4,108,506	2,073,457
Required minimum reserves (Note 17)	(946,245)	(103,876)
Nostro accounts with financial institutions (Note 18)	560,527	631,776
Total cash and cash equivalents	3,722,788	2,601,357

35. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

(a) Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2008. 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 30) for these litigations in the aggregate amount CZK 71,827 thousand (2007: CZK 15,625 thousand).

(b) Irrevocable Commitments, Guarantees and Issued Letters of Credit

CZK thousand	2008	2007
Banks		
Provided commitments	718,336	102,108
Guarantee issued	41,134	4,847
Letters of credit issued	-	420
Total	759,470	107,375
Customers		
Provided commitments	27,690,787	16,308,164
Guarantee issued	8,964,673	3,144,205
Letters of credit issued	939,167	959,280
Total	37,594,627	20,411,649
Total	38,354,097	20,519,024

(c) Refinancing Agreements

As of 31 December 2008, the Bank is provided with a stand-by credit line facility of CZK 48,474,000 (EUR 1,800,000 thousand) (2007: CZK 13,310,000 thousand, EUR 500,000 thousand) by Raiffeisen Zentralbank Österreich AG.

36. OFF BALANCE SHEET COMPONENTS – FINANCIAL INSTRUMENTS

(a) Analysis of Derivative Financial Instruments – Contractual Amounts

CZK thousand	Contractual amounts	
	2008	2007
Trading instruments		
Cross-currency swaps	-	102,159
Currency forwards and swaps	56,596,943	36,593,562
Interest rate swaps (IRS)	47,275,189	43,856,934
Forward rate agreements (FRA)	332,500,000	200,500,000
Option contracts (purchase)	18,256,825	10,201,915
Option contracts (sale)	18,179,054	10,092,095
Total trading instruments	472,808,011	301,346,665
Financial derivatives - total contractual amount	472,808,011	301,346,665

The Bank reported no hedging instruments in 2008 and 2007.

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2008		Fair value in 2007	
	Positive	Negative	Positive	Negative
Trading instruments				
Cross-currency swaps	-	-	2,649	(2,759)
Currency forwards and swaps	3,876,774	(828,527)	390,631	(541,343)
Interest rate swaps (IRS)	415,413	(1,000,022)	173,538	(168,739)
Forward rate agreements (FRA)	686,739	(715,089)	117,381	(106,607)
Option contracts (purchase)	1,242,366	-	331,116	-
Option contracts (sale)	-	(1,238,402)	-	(320,679)
Total trading instruments	6,221,292	(3,782,040)	1,015,315	(1,140,127)
Financial derivatives - total fair value	6,221,292	(3,782,040)	1,015,315	(1,140,127)

The Bank reported no hedging instruments in 2008 and 2007.

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

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
	At 31 December 2008			
Trading instruments				
Cross-currency swaps	-	-	-	-
Currency forwards and swaps	55,380,386	1,216,557	-	56,596,943
Interest rate swaps (IRS)	9,895,277	33,611,966	3,767,946	47,275,189
Forward rate agreements (FRA)	227,000,000	105,500,000	-	332,500,000
Option contracts (purchase)	11,415,796	6,841,029	-	18,256,825
Option contracts (sale)	11,403,008	6,776,046	-	18,179,054
Total trading instruments	315,094,467	153,945,598	3,767,946	472,808,011
Total financial derivatives	315,094,467	153,945,598	3,767,946	472,808,011
At 31 December 2007				
Trading instruments				
Cross-currency swaps	102,159	-	-	102,159
Currency forwards and swaps	33,400,738	3,192,824	-	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	-	200,500,000
Option contracts (purchase)	7,313,947	2,887,968	-	10,201,915
Option contracts (sale)	7,309,243	2,782,852	-	10,092,095
Total trading instruments	189,310,330	108,585,686	3,450,649	301,346,665
Total financial derivatives	189,310,330	108,585,686	3,450,649	301,346,665

The Bank reported no hedging instruments in 2008 and 2007.

(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
Trading instruments						
Interest rate swaps (IRS)	36,759	307,169	71,485	(62,096)	(788,334)	(149,592)
Forward rate agreements (FRA)	323,352	363,387	-	(270,859)	(444,230)	-
Total trading instruments	360,111	670,556	71,485	(332,955)	(1,232,564)	(149,592)
Financial derivatives – total contractual payments	360,111	670,556	71,485	(332,955)	(1,232,564)	(149,592)

(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
Trading instruments						
Cross-currency swaps	-	-	-	-	-	-
Currency forwards and swaps	55,380,386	1,216,557	-	(52,392,125)	(1,190,141)	-
Option contracts (purchase)	11,415,796	6,841,029	-	(11,168,213)	(6,299,223)	-
Option contracts (sale)	11,166,046	6,299,223	-	(11,403,008)	(6,776,046)	-
Total trading instruments	77,962,228	14,356,809	-	(74,963,346)	(14,265,410)	-
Financial derivatives – total contractual payments	77,962,228	14,356,809	-	(74,963,346)	(14,265,410)	-

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

In the years ended 31 December 2008 and 2007, the Bank provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2008	2007
Assets accepted for management	2,847,935	3,128,364
Assets accepted for administration	6,095,181	9,282,698
Assets accepted for custody	50	50
Total	8,943,166	12,411,112

38. 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	<i>Retail banking</i>	<i>SME banking</i>	<i>Corporate banking</i>	<i>Other</i>	<i>Total</i>
At 31 December 2008					
<i>Income generated outside segments (external income)</i>	2,746,844	2,060,773	2,323,837	470,126	7,601,581
Total gross income	2,746,844	2,060,773	2,323,837	470,126	7,601,581
<i>Segment profit</i>	419,254	665,008	856,444	(323,741)	1,616,965
<i>Other income</i>	-	-	-	133,871	133,871
<i>Tax</i>	-	-	-	(350,046)	(350,046)
Profit or loss					1,400,790
<i>Other information</i>					
<i>Assets by segment</i>	56,864,231	13,795,955	66,313,219	44,788,409	181,761,814
<i>Liabilities by segment</i>	51,501,363	27,806,051	46,350,805	44,498,403	170,156,622
<i>Equity</i>	-	-	-	11,605,192	11,605,192
<i>Reserves and provisions for credit risks</i>	368,390	229,908	681,027	3,771	1,283,096

CZK thousand	Retail banking	SME banking	Corporate banking	Other	Total
At 31 December 2007					
Income generated outside segments (external income)	1,252,633	876,302	1,875,145	696,222	4,700,302
Total gross income	1,252,633	876,302	1,875,145	696,222	4,700,302
Segment profit	(138,616)	107,285	845,356	222,872	1,036,897
Other income	-	-	-	45,361	45,361
Tax	-	-	-	(302,110)	(302,110)
Profit or loss					780,149
<i>Other information</i>					
Assets by segment	40,028,860	11,514,183	61,107,980	4,111,534	116,762,557
Liabilities by segment	37,243,850	25,195,959	45,719,737	1,458,956	109,618,502
Equity	-	-	-	7,144,055	7,144,055
Reserves and provisions for credit risks	205,726	74,787	433,837	27,291	741,641

39. 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 39 (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 39 (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 36 (d) and 36 (e).

Analysis of financial liabilities according to remaining maturity

CZK thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2008					
Amounts owed to financial institutions	31,942,202	30,842,202	1,100,000	-	-
Amounts owed to customers	112,639,731	104,834,091	6,436,863	1,364,505	4,272
Debt securities issued	21,699,717	8,829,381	1,962,267	7,504,357	3,403,713
Subordinated loan	5,065,064	14,460	86,758	3,375,087	1,588,759
Other liabilities	2,142,636	2,142,636	-	-	-
Provided loan commitments to banks and customers	28,409,123	28,409,123	-	-	-
2007					
Amounts owed to financial institutions	15,888,171	9,477,897	5,074,270	1,336,004	-
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	-	-	-
Provided loan commitments to banks and customers	16,410,272	16,410,272	-	-	-

Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Bank's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off balance sheet items. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 39 (c).

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 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 39 (c).

Fair Values of Financial Instruments

CZK thousand	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans and advances to financial institutions	27,060,929	27,064,922	15,216,504	15,226,567
Loans and advances to customers	138,705,147	139,774,877	97,064,328	98,719,307
Liabilities				
Amounts owed to financial institutions	27,361,733	27,443,772	14,074,046	13,968,759
Amounts owed to customers	112,283,168	112,263,062	72,265,072	72,246,613
Debt securities issued	19,897,591	19,851,203	17,183,137	16,944,966
Subordinated loan	4,324,109	4,330,188	3,239,055	3,550,236

(c) Risk Management Methods

The Bank uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits consist of limits determined by the regulator which are complemented by the limits set by the parent bank in a standardised way for the whole CEE region. In some cases, the set of limits is complemented by other 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 2008	Average in 2008	At 31 December 2007	Average in 2007
Total market risk VaR	17,305	17,349	6,387	6,566

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 2008	Average in 2008	At 31 December 2007	Average in 2007
Total interest rate risk VaR	16,267	16,849	6,157	6,563
Interest rate risk VaR – banking book	15,766	16,989	5,334	5,854
Interest rate risk VaR – trading book	823	6,250	3,247	3,234

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 2008	Average in 2008	At 31 December 2007	Average in 2007
Currency risk VaR	2,235	1,323	656	855

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 2008	Average in 2008	At 31 December 2007	Average in 2007
Equity risk VaR	1,188	987	270	298

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, 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 monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising these risks. The Bank applies the standardised approach to calculating capital adequacy, it intends to implement the advanced (AMA) approach in the future.

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. Through the Operational Risk Management Committee, the Bank also proposes and implements measures aimed at minimising or fully eliminating further occurrence of similar events.

Risk self-assessment is designed to identify areas with a high operational risk within the Bank. The assessment is performed on an annual basis and also serves to estimate anticipated losses on operational risk.

The Bank (as well as the whole Raiffeisen Group) was part of the KRI initiative organised by the Risk Management Association through January 2008. This initiative involves, among others, the standardised methodology for risk self-assessment. The Bank continues sharing these results within the Raiffeisen Group.

In respect of areas with an identified significant risk the Bank has implemented a set of key risk indicators. 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.

Capital Management

The Bank's principal capital management instrument involves monitoring and adhering to the capital adequacy limit.

The Bank additionally manages its capital to ensure that the Bank and its jointly controlled entities 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 has remained unchanged since 2006.

40. 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

The Bank determines impairment of individual receivables or the portfolio of receivables with similar characteristics in terms of credit risk.

The Bank applies the portfolio approach in respect of individually assessed receivables where no impairment was noted individually. In this case, the Bank also determines impairment of the portfolio of similar individually unimpaired loans. If the Bank does not have multiple similar loans, the portfolio approach is not applied.

The Bank applies the portfolio approach to standard loans. The Bank categorises individually impaired loans into the watch, substandard, doubtful and loss sub-categories which are assessed individually for provisioning purposes, i.e. individual provisions are recognised. All significant loans are assessed by the Distressed Loans Resolution Committee on a monthly basis and this assessment reflects the anticipated cash flows according to the analysis of internal specialists. Provisions are recognised by reference to the assessment of all available information, including the estimated collateral value and the anticipated length of the recovery process.

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.

The credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Notes 19c and 19d.

(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 Bank and Raiffeisen Bank Polska S.A., respectively, in March 2006. At the end of 2008, the Bank's portion amounted to EUR 200 million.

(h) Portfolio quality

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	2008	2007
1,0	462,503	276,789
1,5	2,342,425	1,975,062
2,0	8,872,343	9,923,814
2,5	7,808,486	8,363,895
3,0	15,249,669	19,819,323
3,5	12,680,714	11,952,955
4,0	5,382,032	5,376,391
4,5	3,302,505	2,433,581
5,0	2,596,957	1,477,799
6,1	12,569,211	-
6,2	2,953,168	-
6,3	1,008,212	-
6,4	365,500	-
6,5	138,124	-
UNRATED	1,577,518	1,467,007
Retail	61,395,778	33,997,712
Total	138,705,147	97,064,328

The UNRATED category consists of zero risk transactions where the whole exposition is secured by collateralised securities or cash deposits.

The rating model of the 'Project Financing' product, which is different from the rating model used for other products, was adjusted in 2008. The rating of 'Project Financing' ranges from 6.1 to 6.5.

(i) Credit Quality of Undue and Unimpaired Loans to Customers

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

CZK thousand

Rating	2008	2007
1,0	462,503	267,145
1,5	2,306,533	1,972,850
2,0	8,832,174	9,858,051
2,5	7,740,908	8,158,702
3,0	14,468,112	19,712,723
3,5	12,097,863	11,254,085
4,0	4,397,923	4,387,109
4,5	528,713	393,724
5,0	-	63,945
6,1	11,051,991	-
6,2	2,523,406	-
6,3	935,644	-
6,4	34,609	-
6,5	-	-
UNRATED	1,562,358	1,177,901
Retail	56,636,453	29,040,393
Total unimpaired and undue loans to customers	123,579,190	86,286,628
Total impaired and overdue loans to customers	15,125,957	10,777,700
Total loans to customers	138,705,147	97,064,328

41. RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

31 December 2008

CZK thousand	Equity investments	Shareholders and controlling entities	Other	Total
Receivables	100,017	2,887,264	1,188,914	4,176,195
Payables	169,962	21,911,304	534,148	22,615,414
Subordinated loan	-	3,200,511	1,123,598	4,324,109
Guarantees issued	-	40,278	-	40,278
Guarantees received	-	1,511,506	-	1,511,506
Interest income	4,347	79,559	174,506	258,412
Interest expense	(2,991)	(317,614)	(71,394)	(391,999)
Fee and commission income	588	18,459	5,144	24,191
Fee and commission expense	-	(534)	(87,079)	(87,613)
Net profit or loss on financial operations	90,968	(238,960)	(30,833)	(178,825)

The receivables are principally composed of the following deposits with:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,357,176 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 386,929 thousand;
- Raiffeisenlandesbank Oberösterreich – Wien AG in the amount of CZK 1,111,037 thousand;
- Tatra banka a.s. in the total amount of CZK 446,693 thousand; and
- Raiffeisen bank Polska in the amount of CZK 149,155 thousand.

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

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 311,628 thousand; and
- Raiffeisen Leasing Real Estate in the amount of CZK 400,000 thousand.

An overdraft balance on the nostro account:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 2,439,995 thousand.

Received loan:

- from Raiffeisen Zentralbank Österreich AG in the amount of CZK 18,891,858 thousand.

Subordinated loans from:

- Parent companies in the amount of CZK 3,200,551 thousand;
- Other related parties in the amount of CZK 1,123,598 thousand.

31 December 2007

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

The receivables are 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;
- Tatrabanka a.s. in the 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 principally 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
- Tatrabanka a.s. in the amount of CZK 100,173 thousand.

Subordinated loans from:

- Parent companies in the amount of CZK 2,481,605 thousand;
- Other related parties in the amount of CZK 757,450 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 2007</i>	9,163	9,520	63,619
At 31 December 2008	30,558	2,781	99,918

The 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 2007</i>	2,367	3,491	27,352
At 31 December 2008	9,716	4,372	33,489

Members of Board of Directors held no shares of the Bank. Remuneration of the members of the Board of Directors is disclosed in Note 15.

42. POST BALANCE SHEET EVENTS

No significant events that would have a material impact on the financial statements for the year ended 31 December 2008 occurred subsequent to the balance sheet date.

Information about capital

CZK thousand	individual	consolidated
Information about capital	At 31 December 2008	At 31 December 2008
a) aggregate amount of original capital (Tier 1)	9,354,805	11,900,370
b) aggregate amount of additional capital (Tier 2)	4,576,945	4,576,945
c) aggregate amount of capital designed to cover market risks (Tier 3)	-	-
d) aggregate amount of all deductible items only from Tier 1	629,170	829,496
e) aggregate amount of all deductible items from Tier 1 and Tier 2	5,920	5,920
f) aggregate amount of capital after the consideration of deductible items and stipulated limits applicable to additional capital	13,925,831	16,471,395

CZK thousand	individual	consolidated
Information about capital requirements	At 31 December 2008	At 31 December 2008
Aggregate amount of capital requirements	10,148,955	11,787,529
a) related to credit risks	9,236,076	10,728,293
b) related to settlement risk	-	-
c) related to position, foreign exchange and commodity risks	159,511	159,859
d) related to operational risks	753,368	899,377
e) related to exposure risk in the trading portfolio	-	-
f) related to other instruments in the trading portfolio	-	-
g) temporary capital adequacy	-	-

	individual	consolidated
Ratio indicators		
Capital adequacy ratio	10.98	11.18
Return of average assets (ROAA)	0.96	-
Return of average equity (ROAE)	19.40	-
Assets per one employee	70,349.02	-
Administrative expenses per one employee	1,595.46	-
Net profit per one employee	540.85	-

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 2008

Components of the consolidated financial statements:

- Consolidated balance sheet
- Consolidated profit and loss account
- Consolidated statement of changes in equity
- Consolidated cash flow statement
- 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 2009.

Statutory body of the reporting entity



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



Jan Kubín
Member of the Board of Directors
and Executive Director

Consolidated Profit and Loss Account

For the Year Ended 31 December 2008

CZK thousand	Note	2008	2007
Interest income and similar income	10	9,083,645	5,337,718
Interest expense and similar expense	10	(3,832,939)	(2,144,866)
Net interest income		5,250,706	3,192,852
Change in provisions for credit risks	11	(1,374,231)	(745,005)
Net interest income after provisions for credit risks		3,876,475	2,447,847
Fee and commission income	12	2,989,090	1,684,196
Fee and commission expense	12	(807,990)	(554,422)
Net fee and commission income		2,181,100	1,129,774
Net profit on financial operations	13	49,856	406,281
Dividend income	14	20,417	556
Other operating income	15	328,588	240,312
General administrative expenses	16	(4,812,309)	(3,152,961)
Operating profit		1,644,127	1,071,809
Share in income of associated undertakings	24	1,392	49,902
Profit/loss before income tax		1,645,519	1,121,711
Income tax	18	(350,630)	(303,681)
Net profit for the year attributable to the Group's shareholders		1,294,889	818,030

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

Consolidated Balance Sheet

As of 31 December 2008

CZK thousand	Note	2008	2007
ASSETS			
Cash and balances with central banks	19	4,108,628	2,073,583
Loans and advances to financial institutions	20	27,081,675	14,697,511
Loans and advances to customers	21	141,629,370	99,826,005
Provisions for losses on loans and advances to customers	22	(3,618,614)	(2,252,679)
Positive fair value of financial derivative transactions	38	6,183,020	1,015,169
Securities at fair value through profit or loss	23	3,870,014	1,707,156
Securities available for sale	23	516,493	407
Equity investments in associates and unconsolidated entities	24	1,717	346,745
Intangible fixed assets	25	650,411	236,990
Property and equipment	26	1,060,079	990,138
Investment property	26	53,865	54,822
Deferred tax asset	27	47,216	36,385
Other assets	28	3,880,167	1,151,015
TOTAL ASSETS		185,464,041	119,883,247
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to financial institutions	29	30,422,056	16,694,909
Amounts owed to customers	30	112,567,365	72,252,313
Negative fair value of financial derivative transactions	38	3,781,879	1,131,601
Issued debt securities	31	19,897,591	17,183,137
Income tax liability	18	14,897	115,967
Deferred tax liability	27	27,400	33,425
Provisions	32	365,424	181,409
Subordinated debt	33	4,324,109	3,239,055
Other liabilities	34	2,340,055	1,700,382
TOTAL LIABILITIES		173,740,776	112,532,198
SHAREHOLDERS' EQUITY			
Share capital	35	6,564,000	4,889,000
Other capital funds		-	-
Statutory reserve fund		179,424	200,989
Valuation gains or losses		184,879	(19,523)
Retained earnings		3,500,073	1,462,553
Profit for the year		1,294,889	818,030
TOTAL SHAREHOLDERS' EQUITY		11,723,265	7,351,049
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		185,464,041	119,883,247

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

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2008

CZK thousand	Share capital	Other capital funds	Statutory reserve fund	Gains and losses from revaluation	Retained earnings	Profit for the period	Total equity
Balance at 1 Jan 2007	3,614,000	117,817	163,163	(2,561)	873,388	592,264	5,358,071
Increase in the capital	1,275,000	-	-	-	-	-	1,275,000
Dividends	-	-	-	-	-	(83,090)	(83,090)
Allocation to reserve funds	-	-	37,826	-	-	(37,826)	-
Allocation to retained earnings	-	(117,817)	-	-	589,165	(471,348)	-
Gains/(losses) from the revaluation of securities available for sale	-	-	-	(16,962)	-	-	(16,962)
Net profit for the period	-	-	-	-	-	818,030	818,030
Balance at 31 Dec 2007	4,889,000	-	200,989	(19,523)	1,462,553	818,030	7,351,049
Merger with eBanka	-	-	-	(43)	1,317,795	-	1,317,752
Balance at 1 Jan 2008	4,889,000	-	200,989	(19,566)	2,780,348	818,030	8,668,801
Increase in the capital	1,675,000	-	-	-	-	-	1,675,000
Dividends	-	-	-	-	-	(153,063)	(153,063)
Allocation to reserve funds	-	-	39,057	-	-	(39,057)	-
Allocation to retained earnings	-	-	-	-	625,910	(625,910)	-
Gains/(losses) from the revaluation of securities available for sale	-	-	-	185,110	-	-	185,110
Changes in the consolidation group	-	-	(60,622)	19,335	93,815	-	52,528
Net profit for the period	-	-	-	-	-	1,294,889	1,294,889
Balance at 31 Dec 2008	6,564,000	-	179,424	184,879	3,500,073	1,294,889	11,723,265

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

Consolidated Cash Flow Statement

For the Year Ended 31 December 2008

CZK thousand

	2008	2007
Profit before tax	1,645,519	1,121,711
Adjustments for non-cash transactions		
Change in provisions for credit risks	1,374,231	712,201
Depreciation and amortisation of assets	361,933	191,616
Creation of other provisions	19,050	134,023
Change in fair values of financial derivatives	(2,569,895)	(34,188)
Unrealised gain/loss on revaluation of securities	133,815	(33,230)
Dividends received	(20,417)	(556)
Gain on the sale of tangible and intangible assets	(4,782)	(683)
Gain on the sale of subsidiary and joint ventures	(11,512)	(1,060)
Share in income of associate undertakings	(1,392)	(49,902)
Other non-cash changes	5,247	(97,411)
Operating profit before changes in operating assets and liabilities	931,797	1,942,521
Cash flows from operating activities		
(Increase)/decrease in operating assets		
Mandatory minimum reserve deposits with the CNB	(78,704)	227,076
Loans and advances to financial institutions	(10,587,731)	2,271,181
Loans and advances to customers	(30,531,274)	(29,045,954)
Securities	(555,665)	(686,793)
Other assets	(2,644,283)	(736,514)
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	16,277,955	1,336,657
Amounts owed to customers	18,802,320	15,657,922
Other liabilities	27,832	(161,369)
Net cash flow from operating activities before income tax	(8,357,753)	(9,195,273)
Income taxes paid	(389,733)	(282,995)
Net cash flow from operating activities	(8,747,486)	(9,478,268)
Cash flows from investing activities		
Net cash flow arising from the acquisition of equity interests in subsidiaries and joint ventures	(6,463)	(18,639)
Net cash flow arising from the disposal of subsidiary and joint ventures	9,191	(1,274)
Net cash flow arising from the sale of equity interests in associate undertakings	293,520	-
Dividends received from associates	-	16,250
Purchase of property and equipment and intangible assets	(659,574)	(568,910)
Income from the sale of fixed assets	4,782	3,471
Other dividends received	69,793	556
Net cash flow from investing activities	(288,751)	(568,546)
Cash flows from financing activities		
Share capital increase	1,675,000	1,275,000
Dividends paid	(153,063)	(83,090)
Bonds in issue	83,140	6,516,365
Increase of subordinated loan	638,605	1,583,311
Net cash flow from financing activities	2,243,682	9,291,586
Net decrease in cash and cash equivalents	(6,792,555)	(755,228)
Cash and cash equivalents at the beginning of the year (Note 36)	2,081,799	2,837,027
Increase due to the merger	8,440,581	-
Cash and cash equivalents at the beginning of the year after the merger	10,522,380	2,837,027
Cash and cash equivalents at the end of the year (Note 36)	3,729,825	2,081,799

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 Hvězdova 1716/2b, Prague 4, 140 78, 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.

The Bank is part of the Austrian banking group Raiffeisen which is managed by the parent company Raiffeisen Zentralbank Oesterreich AG.

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.

2. MERGER

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 its registered office at Na Příkopě 19, corporate ID 00562246, registered in the Register of Companies maintained by the Municipal Court in Prague, File B, Insert 5642 (hereinafter "eBanka") 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. Since that date, eBanka, a.s. has been part of the Raiffeisen financial group.

On 4 October 2007, the shareholder structure changed. The sole shareholder Raiffeisen International Bank-Holding AG transferred part of the shares to other shareholders: 25 percent to RB Prag Beteiligungs GmbH and 24 percent to Raiffeisenlandesbank Niederösterreich – Wien AG.

In 2008, the Bank and eBanka merged and the Bank became the successor company. Subsequently, eBanka was wound up without liquidation and dissolved. The effective date of the merger was determined to be 1 January 2008. The merger was recorded in the Register of Companies on 7 July 2008.

In relation to the merger between the banks, the Bank prepared an opening balance sheet as of 1 January 2008 which is disclosed in Note 4.

The Bank assumed components of eBanka's share capital reported in the closing financial statements of eBanka prepared for the year ended 31 December 2007, structured as follows:

- The amount of CZK (43) thousand – Gains or losses from revaluation reported in the closing financial statements of eBanka was transferred to the line 'Gains or losses from revaluation' in the opening balance sheet of the Bank prepared as of the effective date of the merger; and
- The aggregate amount of CZK 1,317,795 thousand composed of Share capital, Accumulated loss brought forward and Profit for the period was transferred to the line 'Retained earnings brought forward' of the Bank prepared as of the effective date of the merger.

The balance sheet items representing liabilities and assets of the dissolving company were combined with the corresponding balance sheet items of the successor company. The following receivables and payables were eliminated in the opening balance sheet of the successor company:

- Loans and advances to financial institutions/amounts owed to financial institutions of CZK 2,615,435 thousand;
- Amounts owed to financial institutions of CZK 2,614,927 thousand;
- Amounts owed to customers of CZK 508 thousand;
- Negative/positive fair values of financial derivative instruments of CZK 12,775 thousand; and
- Other assets/liabilities of CZK 18,570 thousand.

The information in these financial statements is not fully comparable for the following reasons:

- The balance as of 31 December 2007 represents the closing balances of the Group prior to the merger; and
- The balance as of 31 December 2008 represents the closing balances of the Group after the merger of the Bank and eBanka.

3. UNCONSOLIDATED FINANCIAL STATEMENTS OF EBANKA, A.S. PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EU FOR THE YEAR ENDED 31 DECEMBER 2007

Profit and Loss Account

For the Year Ended 31 December 2007

CZK thousand	2007
<i>Interest income and similar income</i>	1,029,234
<i>Interest expense and similar expense</i>	(184,266)
Net interest income	844,968
<i>Change in provisions for credit risks</i>	(98,977)
Net interest income after provisions for credit risks	745,991
<i>Fee and commission income</i>	866,764
<i>Fee and commission expense</i>	(277,505)
Net fee and commission income	589,259
<i>Net profit on financial operations</i>	252,178
<i>Dividend income</i>	84
<i>Other operating income</i>	54,458
<i>General administrative expenses</i>	(1,364,469)
Profit before tax	277,501
<i>Income tax expense</i>	(46,922)
Net profit for the year attributable to the Bank's shareholders	230,579

Balance Sheet

As of 31 December 2007

CZK thousand	2007
ASSETS	
Cash and balances with central banks	8,440,581
Loans and advances to financial institutions	5,175,533
Loans and advances to customers	11,272,091
Provisions for loans and advances to customers	(205,841)
Positive fair value of financial derivative transactions	-
Securities at fair value through profit or loss	1,309,150
Securities available for sale	714
Equity investments	-
Intangible fixed assets	255,285
Property and equipment	287,889
Deferred tax asset	75,666
Other assets	103,439
TOTAL ASSETS	26,714,507
LIABILITIES AND EQUITY	
Amounts owed to financial institutions	64,119
Amounts owed to customers	21,513,240
Negative fair value of financial derivative transactions	27,047
Debt securities issued	2,606,337
Income tax liability	1,469
Provisions	207,417
Subordinated loan	346,715
Other liabilities	630,411
TOTAL LIABILITIES	25,396,755
EQUITY	
Share capital	1,184,500
Gains and losses from revaluation	(43)
Retained earnings	(97,284)
Profit for the period	230,579
TOTAL EQUITY	1,317,752
TOTAL LIABILITIES AND EQUITY	26,714,507

4. PREPARATION OF THE OPENING BALANCE SHEET AS OF 1 JANUARY 2008

CZK thousand	Group 31 Dec 2007	eBanka 31 Dec 2007	Eliminations & transfers	Opening balance sheet at 1 Jan 2008
ASSETS				
Cash and balances with central banks	2,073,583	8,440,581	-	10,514,164
Loans and advances to financial institutions	14,697,511	5,175,533	(2,615,435)	17,257,609
Loans and advances to customers	99,826,005	11,272,091	-	111,098,096
Provisions for loans and advances to customers	(2,252,679)	(205,841)	-	(2,458,520)
Positive fair value of financial derivative transactions	1,015,169	-	(12,775)	1,002,394
Securities at fair value through profit or loss	1,707,156	1,309,150	-	3,016,306
Securities available for sale	407	714	-	1,121
Equity investments	346,745	-	-	346,745
Intangible fixed assets	236,990	255,285	-	492,275
Property and equipment	990,138	287,889	-	1,278,027
Property investment	54,822	-	-	54,822
Deferred tax asset	36,385	75,666	-	112,051
Other assets	1,151,015	103,439	(18,570)	1,235,884
ASSETS TOTAL	119,883,247	26,714,507	(2,646,780)	143,950,974
LIABILITIES AND EQUITY				
Amounts owed to financial institutions	16,694,909	64,119	(2,614,927)	14,144,101
Amounts owed to customers	72,252,313	21,513,240	(508)	93,765,045
Negative fair value of financial derivative transactions	1,131,601	27,047	(12,775)	1,145,873
Debt securities issued	17,183,137	2,606,337	-	19,789,474
Income tax liability	115,967	1,469	-	117,436
Deferred tax liability	33,425	-	-	33,425
Provisions	181,409	207,417	-	388,826
Subordinated loan	3,239,055	346,715	-	3,585,770
Other liabilities	1,700,382	630,411	(18,570)	2,312,223
LIABILITIES TOTAL	112,532,198	25,396,755	(2,646,780)	135,282,173
EQUITY				
Share capital	4,889,000	1,184,500	(1,184,500)	4,889,000
Statutory reserve fund	200,989	-	-	200,989
Gains and losses from revaluation	(19,523)	(43)	-	(19,566)
Retained earnings	1,462,553	(97,284)	1,415,079	2,780,348
Profit for the period	818,030	230,579	(230,579)	818,030
TOTAL EQUITY	7,351,049	1,317,752	-	8,668,801
LIABILITIES AND EQUITY TOTAL	119,883,247	26,714,507	(2,646,780)	143,950,974

5. SHAREHOLDERS OF THE PARENT COMPANY

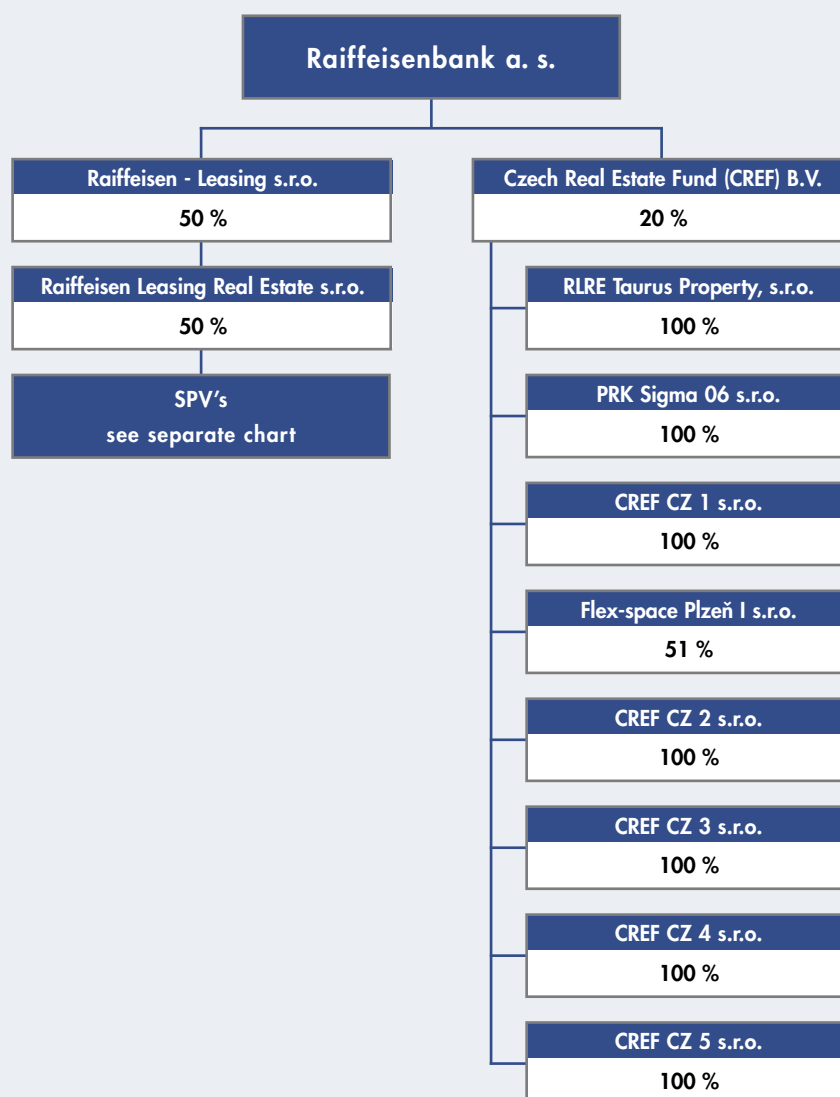
Name, address	Voting power in %	
	2008	2007
Raiffeisen International Bank - Holding AG, Am Stadtpark 9, Vienna, Austria	51 %	51 %
RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria	25 %	25 %
Raiffeisenlandesbank Niederösterreich – Wien AG Raiffeisen Platz 1, 1020 Vienna, Austria	24 %	24 %

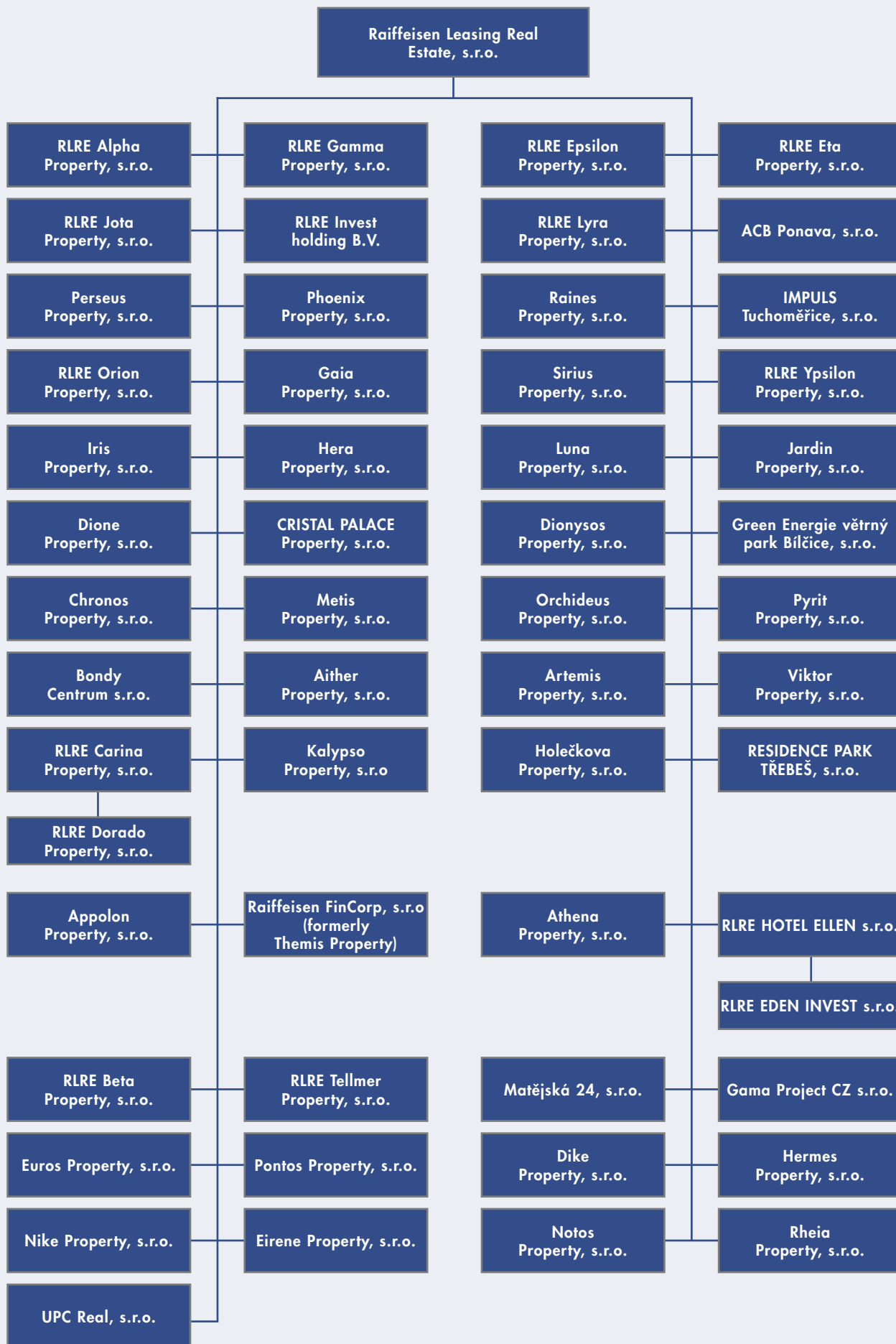
The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of the Banking Act No. 21/1992 Coll., as amended.

For information on the share capital of the parent company refer to Note 35.

6. DEFINITION OF THE CONSOLIDATED GROUP

(a) Group Chart





(b) Group companies included in the consolidation

As of 31 December 2008, the Group comprised the following entities:

Company	The Bank's effective holding in %, 2007	The Bank's effective holding in %, 2008	Indirect holding through	External Auditor	Consolidation method	Registered office
Raiffeisen Leasing s.r.o.	50%	50%	-	Deloitte Audit s.r.o.	Proportionate method	Prague
Czech Real Estate Fund B.V.	100%	100%	-	Deloitte Audit s.r.o.	Full method	Amsterdam
CREF CZ 1, s.r.o.	100%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
CREF CZ 2, s.r.o.	-	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
CREF CZ 3, s.r.o.	-	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
CREF CZ 4, s.r.o.	-	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
CREF CZ 5, s.r.o.	-	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
Flex-space Plzeň I., s.r.o.	51%	51%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
PRK Sigma 06, s.r.o.	100%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	Prague
RLRE Taurus Property s.r.o.	100%	100%	Czech Real Estate Fund B.V.	Deloitte Audit s.r.o.	Full method	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.	12,5%	12,5%	Raiffeisen Leasing Real Estate s.r.o.	None	Equity method	Prague
Athena Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Jardin Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Cristal Palace Real Estate, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Dione Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Dionysos Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Gaia Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Green Energie větrný park Bílčice, s.r.o.	25%	12,5%	Raiffeisen Leasing Real Estate s.r.o.	None	Equity method	Prague
Hera Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Chronos Property, s.r.o.	25%	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.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Kalypso Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Luna Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Metis Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
Orchideus Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague
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.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	None	Proportionate method	Prague

Company	The Bank's effective holding in %, 2007	The Bank's effective holding in %, 2008	Indirect holding through	External Auditor	Consolidation method	Registered office
Raines Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	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.	22,5%	22,5%	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
Bondy Centrum, s.r.o.	12,5%	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
Sirius Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Raiffeisen FinCorp, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Aither Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Artemis Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Viktor Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Holečková Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Residence Park Třebeš, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Appolon Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Matějská 24, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Gama Project CZ, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Euros Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Pontos Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague

Company	The Bank's effective holding in %, 2007	The Bank's effective holding in %, 2008	Indirect holding through	External Auditor	Consolidation method	Registered office
Dike Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Hermes Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Nike Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Eirene Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Notos Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
Rheia Property, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague
UPC Real, s.r.o.	-	25%	Raiffeisen Leasing Real Estate s.r.o.	Deloitte Audit s.r.o.	Proportionate method	Prague

(c) Companies included in the consolidation starting from 2008

Company	Direct holding in %	The Bank's effective holding in %	Indirect holding through	Date of acquisition
CREF CZ 2, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	22 Jan 2008
CREF CZ 3, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	17 April 2008
CREF CZ 4, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	25 April 2008
CREF CZ 5, s.r.o.	0%	100%	Czech Real Estate Fund B.V.	17 April 2008
Aither Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 March 2008
Artemis Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 March 2008
Viktor Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 March 2008
Holečkova Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	13 June 2008
Residence Park Třebeš, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	7 July 2008
Appolon Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	4 March 2008
Matějská 24, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	29 July 2008
Gama Project CZ, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	18 Aug 2008
Euros Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	17 July 2008
Pontos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	17 July 2008
Dike Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	16 Oct 2008
Hermes Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	16 Oct 2008
Nike Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	16 Oct 2008
Eirene Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	1 Dec 2008
Notos Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	1 Dec 2008
Rheia Property, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	1 Dec 2008
UPC Real, s.r.o.	0%	25%	Raiffeisen Leasing Real Estate s.r.o.	17 Dec 2008

For a detailed description of the acquisitions refer to Note 43.

(d) Companies which changed the owner within the Group in 2008

In the year ended 31 December 2008, no group companies changed the owner.

(e) Unconsolidated Equity Investments

In the years ended 31 December 2007 and 2008, all Group companies were included in consolidation (refer to Note 6b).

7. BASIS OF PREPARATION**(a) Accounting Policies**

These statutory 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.

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

The information in these consolidated financial statements is not fully comparable for the following reasons:

- The balance as of 31 December 2007 represents the balances of the Group prior to the merger; and
- The balance as of 31 December 2008 represents the closing balances of the Group after the merger of the Bank and eBanka.

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.

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; and
- Determination of provisioning levels, and determination of fair values of financial assets and liabilities.

In connection with the current economic environment, management of the Group has considered all relevant factors which could have an effect on the valuation of assets and liabilities in these consolidated financial statements, liquidity, funding of the Group's operations and other effects, if any, on the consolidated financial statements. All such impacts, if any, have been reflected in these consolidated financial statements. Management of the Group continues to monitor the current situation and a further possible impact of the financial crisis and economic slowdown on Group's operations.

The Group creates a provision for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Group's historical and current experience as well as judgments of the Group's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date. However, the actual future results may differ from these estimates.

The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditures required to settle a liability of uncertain timing or amount. Refer to Note 32 for more detailed disclosures of provisions for liabilities.

(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 23) and are reported at fair value.

8. 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 42b.

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

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the debtor, the loan will be repaid only after the full satisfaction of all other receivables of other creditors, the only exception being receivables that carry the same or similar subordination condition.

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 thousand.

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

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:

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

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 thousand and tangible assets with a cost lower than CZK 40 thousand 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 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 on the expenses of the Group. Depreciation is presented in the line "General administrative expenses".

The Group's investment property is regularly tested for impairment. When an impairment of investment property is identified, the Group recognises the impairment through the profit and loss account 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

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, loyalty credit card system) is reported within *“General administrative expense”*.

(l) 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.

(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 40 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.

9. CHANGES IN ACCOUNTING POLICIES IN 2008

In the year ended 31 December 2008, the Group made no significant changes to its accounting policies, the only exception being the adoption of IFRICs which came into effect in 2008:

- IFRIC 11: IFRS 2 on Group and Treasury Shares Transactions (effective for the period beginning after 31 March 2007);
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008; but not yet endorsed by the EU); and
- IFRIC 14: IAS 19 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (effective 1 January 2008).

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

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

- IFRS 1 – First-time Adoption of IFRS – restructured standard (effective 1 January 2009);
- IFRS 2 – Share-based Payment – revised standard (effective 1 January 2009);
- IFRS 3 – Business Combinations – revised standard (effective 1 July 2009);
- IFRS 8 – Operating Segments (effective 1 January 2009);
- IAS 1 – Presentation of the Financial Statements – revised standard (effective 1 January 2009);
- IAS 23 – Borrowing Costs – revised standard (effective 1 January 2009);
- IAS 27 – Consolidated and Separate Financial Statements – revised standard (effective 1 July 2009);
- IAS 32 – Financial Instruments: Disclosure and Presentation – revised standard (effective 1 January 2009);
- IAS 39 – Financial Instruments: Recognition and Measurement – revised standard (effective 1 January 2009);
- IFRIC 13 – Customer Loyalty Programmes (effective for periods beginning on or after 1 July 2008);
- IFRIC 15 - Agreements for the Construction of Real Estate (effective 1 January 2009);
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008);
- IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for periods beginning on or after 1 July 2009); and
- Improvements to International Financial Reporting Standards (effective 1 January 2009).

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 considers that the impact of adopting the standards and interpretations that will become effective after 1 January 2009 will not have a material impact on the consolidated financial statements for the year ended 31 December 2008, including comparative information.

10. NET INTEREST INCOME

CZK thousand	2008	2007
Interest income arising from		
Loans and advances to financial institutions	846,940	664,367
Loans and advances to customers	7,999,288	4,470,269
Of which: default interest on impaired assets	109,010	60,249
Derivative financial instruments (non-trading)	998	58
Securities with a fixed yield	62,161	61,894
Finance lease receivables	173,797	141,130
Other	461	-
Total interest income and similar income	9,083,645	5,337,718
Interest expense arising from		
Deposits from financial institutions	(1,069,739)	(597,545)
Deposits from customers	(1,854,282)	(1,065,043)
Securities issued	(701,282)	(389,633)
Subordinated liabilities	(207,636)	(92,452)
Derivative financial instruments (non-trading)	-	(193)
Total interest expense and similar expense	(3,832,939)	(2,144,866)
Net interest income	5,250,706	3,192,852

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 2,050,716 thousand (2007: CZK 900,170 thousand) and loans for project financing of CZK 1,501,763 thousand (2007: CZK 926,251 thousand). The largest proportion in the increase of interest expense was represented by term deposits by customers of CZK 1,263,843 thousand (2007: CZK 774,978 thousand).

11. CHANGE IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2008	2007
Changes in loan loss provisions		
Charge for provisions	(2,077,625)	(1,383,031)
Release of provisions	845,165	669,839
Direct charge-off of receivables	(122,479)	(1,997)
Recoveries	2,718	2,988
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(73,700)	(76,804)
Release of provisions	51,690	44,000
Change in provisions for credit risks	(1,374,231)	(745,005)

12. NET FEE AND COMMISSION INCOME

CZK thousand	2008	2007
Fee and commission income arising from		
Payment transactions	1,478,851	576,908
Provided loans and guarantees	517,734	500,345
Securities transactions	77,011	62,887
Foreign currency transactions	818,673	490,011
Management, administration, custody and safe-keeping of assets	25	24,521
Other services	96,796	29,524
Total fee and commission income	2,989,090	1,684,196
Fee and commission expense arising from		
Payment transactions	(433,213)	(113,582)
Acceptance of loans and guarantees	(114,322)	(59,532)
Securities transactions	(13,695)	(18,274)
Securitisation	(34,629)	(33,939)
Foreign currency transactions	(14,930)	(3,098)
Management, administration, custody and safe-keeping of assets	(2)	(2,478)
Mediation of the sale of the Bank's products	(168,615)	(287,618)
Other services	(28,584)	(35,901)
Total fee and commission expense	(807,990)	(554,422)
Net fee and commission income	2,181,100	1,129,774

13 NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2008	2007
Net profit on financial operations		
Derivative transactions	(529,926)	106,298
Foreign currency transactions	464,191	245,844
Securities transactions	115,591	54,139
Total	49,856	406,281

14. DIVIDEND INCOME

As of 31 December 2008, the Group reported income from other shares and equity investments of CZK 20,417 thousand (2007: CZK 556 thousand).

The increase in the dividend income is due to the dividends received from Raiffeisen stavební spořitelna, a.s. (in 2007, these dividends were eliminated as part of mutual relations) and VISA Inc.

15. OTHER OPERATING INCOME

CZK thousand	2008	2007
Operating income from non-banking activities	323,806	191,083
Income from the sale of intangible and tangible assets	4,782	683
Other	-	48,546
Total	328,588	240,312

16. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2008	2007
Payroll costs (Note 17)	(2,380,574)	(1,689,312)
Operating expenses	(1,868,071)	(1,083,156)
Rental, repairs and other office management expenses	(480,025)	(242,534)
Marketing costs	(332,192)	(228,132)
Costs of legal and advisory services	(255,127)	(184,749)
Of which: Audit	(13,829)	(14,075)
Tax advisory	(162)	(846)
Other advisory	(15,969)	(2,093)
IT support costs	(196,684)	(116,233)
Telecommunication, postal and other services	(172,236)	(77,883)
Deposit and transaction insurance	(87,869)	(63,800)
Training expenses	(48,325)	(36,976)
Travel expenses	(40,413)	(21,586)
Fuel	(29,939)	(17,985)
Security costs	(39,790)	(12,118)
Office equipment	(55,532)	(16,207)
Other administrative expenses	(129,939)	(64,953)
Depreciation and amortisation of fixed assets (Notes 25 and 26)	(361,933)	(191,616)
Sundry operating expenses	(201,731)	(188,877)
Total	(4,812,309)	(3,152,961)

Operating expenses increased predominantly due to the increase in payroll costs which are described in detail in Note 17.

17. PAYROLL COSTS

CZK thousand	2008	2007
<i>Wages and salaries</i>	(1,782,442)	(1,229,685)
<i>Social security and health insurance</i>	(504,586)	(415,409)
<i>Other staff costs</i>	(93,546)	(44,218)
Total	(2,380,574)	(1,689,312)
Of which wages and salaries paid to:		
<i>Members of the Board of Directors</i>	(61,408)	(47,326)
<i>Members of the Supervisory Board</i>	(6,985)	(4,918)
<i>Other key members of management</i>	(148,441)	(91,401)
Total	(216,834)	(143,645)

The average number of the Group's employees as of 31 December 2008 and 2007 was as follows:

	2008	2007
<i>Employees</i>	2,302	1,718
<i>Members of the Board of Directors</i>	7	7
<i>Members of the Supervisory Board</i>	9	9
<i>Other key management members</i>	63	61

Further financial relations of the Group and members of the Board of Directors and Supervisory Board are described in Notes 44b) and 44c).

18. INCOME TAX

(a) Income tax expense

CZK thousand	2008	2007
<i>Income tax payable</i>	(294,334)	(305,932)
<i>Tax overpayments from the previous period</i>	6,828	6,529
<i>Deferred income tax charge</i>	(63,124)	(4,278)
Total income tax	(350,630)	(303,681)

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

CZK thousand	2008	2007
Pre-tax profit (general tax base)	1,645,519	1,121,168
Pre-tax profit (separate tax base)	20,418	543
Tax calculated at the tax rate for the general tax base – 21 % (2007: 24%)	(345,559)	(269,080)
Tax calculated at the tax rate for the separate tax base (rate of 15 %)	(3,063)	(81)
Non-taxable income	330,616	98,529
Non-tax deductible expenses	(218,762)	(110,830)
Tax relief and credit	137	183
Tax loss of the period	(47,334)	(24,653)
Tax liability for the period	(294,334)	(305,932)
Tax overpayment from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	6,828	6,529
Provision for additional tax assessed	-	-
Deferred tax	(63,124)	(4,278)
Total income tax	(350,630)	(303,681)
Effective tax rate	20.05%	27.07%

(b) Income Tax Liability

CZK thousand	2008	2007
Tax calculated at the tax rate for the general tax base - 21% (2007: 24%)	291,271	305,851
Tax calculated at the tax rate for the separate tax base (rate of 15%)	3,063	81
Tax liability for the period	294,334	305,932
Additional current income tax assessment for previous years	-	-
Advances paid for current income tax	(279,437)	(189,965)
Total income tax liability	14,897	115,967

19. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2008	2007
Cash on hand and other cash equivalents	3,130,683	1,954,717
Balances with central banks	31,700	14,990
Minimum reserve deposit with the CNB	946,245	103,876
Total	4,108,628	2,073,583

20. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

(a) Types of Loans and Advances to Financial Institutions

CZK thousand	2008	2007
<i>Placements with financial institutions</i>	567,442	112,092
<i>Term deposits with banks</i>	6,471,114	6,836,545
<i>Loans and other advances to financial institutions</i>	20,043,119	7,748,874
Total	27,081,675	14,697,511

(b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2008, the Group received a loan in the aggregate amount of CZK 28,003 thousand under a repurchase transaction. The loan received under this repurchase transaction was secured by the Czech National Bank's bonds in the amount of CZK 28,645 thousand. As of 31 December 2007, the Bank reported no repurchase transactions.

The Group advanced loans in the aggregate amount of CZK 20,006,996 thousand (2007: CZK 3,408,020 thousand) under reverse repurchase transactions.

21. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

CZK thousand	2008	2007
<i>Loans repayable on demand</i>	10,721,134	8,732,771
<i>Term deposits</i>	73,436,380	53,479,127
<i>Mortgage loans</i>	51,623,804	32,081,851
<i>Finance leases</i>	2,660,722	2,460,111
<i>Other</i>	3,187,330	3,072,145
Total	141,629,370	99,826,005

In 2008, the Group restructured loans and advances to customers in the aggregate amount of CZK 106,991 thousand (2007: CZK 296,112 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 2008 and 2007. Under reverse repurchase transactions the Group provided loans of CZK 808,703 thousand (2007: CZK 73,004 thousand).

(c) Analysis of Loans Provided to Customers by Sector

CZK thousand	2008	2007
<i>Public sector</i>	888,869	1,023,838
<i>Loans to corporate entities</i>	76,505,770	60,946,773
<i>Loans to private individuals</i>	59,105,304	35,671,529
<i>Small and medium size enterprises (SME)</i>	4,846,980	1,771,359
<i>Other</i>	282,447	412,506
Total	141,629,370	99,826,005

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

CZK thousand	2008	2007
Czech Republic	135,410,594	95,187,649
Slovakia	1,218,472	799,862
Netherlands	242,545	341,259
Poland	162,028	180,999
Other – EU countries	2,967,993	1,974,236
Serbia and Montenegro	609,848	742,724
Russian Federation	278,959	162,984
Switzerland	94,353	86,055
Other (Canada, USA, Ukraine, UAE, etc.)	644,578	350,237
Total	141,629,370	99,826,005

(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.

CZK thousand <i>Past due</i>	<i>Past due date</i>		<i>Collateral</i>	
	2008	2007	2008	2007
0 - 30	1,477,349	389,024	1,582,568	105,119
31 - 90	140,409	34,162	129,188	23,315
91 - 180	57,079	5,257	67,533	3,680
181 - 360	11,404	-	12,520	-
1 – 5 years	78	3	47	-
Over 5 years	-	-	-	-

(f) Securitisation

In March 2006, the Group completed a synthetic securitisation of the Corporate Banking loans portfolio in the original volume of EUR 183 million (refer to Note 42). The entire transaction will mature in 2016. At the end of 2008, the loan portfolio included in this securitisation amounted to EUR 200 million.

(g) Syndicated loans

Pursuant to concluded syndicated loan agreements, the Group acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 6,630,576 thousand as of 31 December 2008 (2007: CZK 5,430,986 thousand), of which the proportion of the Group amounted to CZK 3,419,201 thousand (2007: 2,023,866 thousand) and the proportion of other syndicate members amounted to CZK 3,211,375 thousand (2007: CZK 3,407,120 thousand).

As of 31 December 2008, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 5,782,330 thousand (2007: CZK 3,830,927 thousand), of which the proportion of the Group was CZK 3,058,697 thousand (2007: CZK 1,246,623 thousand) and the proportion of other syndicate members was CZK 2,723,633 thousand (2007: CZK 2,584,304 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:

CZK thousand	2008	2007
Gross finance lease investment	3,199,801	2,951,309
- of which remaining maturity up to 3 months	261,705	240,900
- of which remaining maturity from 3 months to 1 year	693,115	634,448
- of which remaining maturity of more than 1 to 5 years	1,644,771	1,507,109
- of which remaining maturity of more than 5 years	600,210	568,852
Unearned financial income	(539,079)	(491,198)
- of which remaining maturity up to 3 months	(39,812)	(35,405)
- of which remaining maturity from 3 months to 1 year	(114,218)	(90,231)
- of which remaining maturity of more than 1 to 5 years	(269,407)	(222,206)
- of which remaining maturity of more than 5 years	(115,642)	(143,356)
Net investment value	2,660,722	2,460,111

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

CZK thousand	2008	2007
Vehicles leasing	693,466	656,271
Real estate leasing	763,008	792,550
Equipment leasing	1,204,248	1,011,290
Total	2,660,722	2,460,111

Cumulative provisions for the net investment in finance leases amounted to CZK 137,983 thousand as of 31 December 2008 (2007: CZK 157,572 thousand).

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

2008	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantees	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, hunting, forestry and fishing	1,529	27,144	135,713	216,588	239,211	334,054	217,157	353,120	84,888	1,609,404
Mining	1,850	-	-	48,841	-	41,092	-	17,634	10,732	120,149
Manufacturing	181,376	146,601	1,950,947	2,488,707	1,521,369	3,905,261	1,704,851	5,218,142	2,238,775	19,356,029
Production and distribution of electricity, gas and water	124,487	-	97,536	7,648	-	8,918	998	230,003	30,185	499,775
Construction	12,796	2,083	248,381	418,046	150,084	657,932	65,826	902,105	109,193	2,566,446
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	236,268	83,059	1,234,066	1,752,079	1,944,022	2,596,385	1,133,382	4,243,663	1,081,564	14,304,488
Accommodation and public catering	2,145	-	36,801	1,437,512	18,337	594,444	4,944	145,942	63,134	2,303,259
Transportation, storage and communications	4,688	-	49,326	219,439	51,130	507,716	61,598	759,709	83,175	1,736,781
Financial mediation	-	45,944	740,829	395,656	133,734	248,015	1,685,858	317,497	965,381	4,532,914
Real estate and rent activities, other business activities	2,227,537	-	3,580,372	12,417,514	2,254,190	5,406,492	1,469,577	801,585	1,296,595	29,453,862
Public administration; mandatory social security	1,367	-	-	98,235	-	53,416	957	337,375	406,110	897,460
Education	-	-	-	11,569	-	13,266	288	10,755	14	35,892
Health care and social care	-	146,117	48,646	187,180	-	158,078	14,258	65,475	141,541	761,295
Other public, social and personal services	14	-	69,722	265,091	37,632	317,258	47,590	204,011	67,658	1,008,976
Household activities	-	-	-	48,802,969	105,705	2,117,660	4,972,154	88,439	6,355,713	62,442,640
Total	2,794,057	450,948	8,192,339	68,767,074	6,455,414	16,959,987	11,379,438	13,695,455	12,934,658	141,629,370

2007	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantees	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, hunting, forestry and fishing	7,055	361,627	72,870	77,659	36,687	182,509	367,041	132,237	34,938	1,272,623
Mining	-	51,634	2,950	1,351	-	16,324	13,220	11,752	618	97,849
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	15,490,670
Production and distribution of electricity, gas and water	-	83,853	17,523	4,037	-	19,597	551,766	66,060	253,636	996,472
Construction	-	361,908	44,047	184,701	96	225,160	279,561	170,074	148,981	1,414,528
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	7,409,577
Accommodation and public catering	21,737	-	3,385	1,576,278	-	501,821	110,971	15,247	115,573	2,345,012
Transportation, storage and communications	-	9,270	682	114,509	115,624	445,539	145,088	504,427	47,641	1,382,780
Financial mediation	1,566	83,853	683,399	171,316	7,469	46,908	13,000	12,211	607,950	1,627,672
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	29,721,583
Public administration; mandatory social security	-	-	-	125,280	-	353,187	31,003	433,878	82,523	1,025,871
Education	-	-	-	2,309	-	3,930	1,824	-	34,447	42,510
Health care and social care	-	128,775	110,708	98,391	-	54,376	22,192	64,618	7,646	486,706
Other public, social and personal services	132	83,853	70,622	130,568	-	257,995	51,789	45,893	123,412	764,264
Household activities	73,018	-	-	30,127,513	29,600	27,912	41,543	45,017	5,403,285	35,747,888
Total	1,470,043	5,218,732	6,544,402	45,509,160	4,527,016	9,063,416	8,399,793	5,049,819	14,043,624	99,826,005

22. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

CZK thousand	2008	2007
Balance at 1 Jan before the merger	(2,252,679)	-
Merger with eBanka	(205,841)	-
At 1 January	(2,458,520)	(1,620,110)
Impact of changes in the scope of consolidation	-	(10,941)
Creation of provisions	(2,077,625)	(1,383,031)
Release of provisions	845,165	669,839
Use for the write-off and transfer of receivables	88,875	87,371
FX differences on provisions denominated in foreign currencies	(16,509)	4,193
At 31 December	(3,618,614)	(2,252,679)

23. SECURITIES

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

CZK thousand	2008	2007
Securities held for trading	560,951	558,534
out of which:		
- Debt securities	546,959	539,008
- Shares and participation certificates	13,992	19,526
Other securities at fair value through profit or loss	3,309,063	1,148,622
of which:		
- Debt securities	3,062,402	864,317
- Shares and participation certificates	246,661	284,305
Securities at fair value through profit or loss	3,870,014	1,707,156
Securities available for sale	516,493	407
Total	4,386,507	1,707,563

Securities at fair value through profit or loss include state bonds of CZK 2,818,380 thousand (2007: CZK 406,389 thousand) which may be used for refinancing with central banks.

(b) Investment Securities – Available for Sale

The Group owns minority interests in SWIFT, VISA and RAIFFEISEN STAVEBNÍ SPOŘITELNA with a carrying value of CZK 516,493 thousand (2007: CZK 407 thousand – SWIFT and VISA).

On 27 August 2008, the Group purchased 10 percent of Hypo – stavební spořitelna, a.s. which merged with Raiffeisen stavební spořitelna, a.s. in October 2008.

On 27 August 2008, the Group sold 15 percent of Raiffeisen stavební spořitelna a.s. The remaining 10 percent is included in the available-for-sale portfolio in carrying value of CZK 323,850 thousand.

(c) Securities Pledged as Collateral

The Group carried no securities pledged as collateral as of 31 December 2008 or 2007.

24. EQUITY INVESTMENTS IN ASSOCIATES AND UNCONSOLIDATED ENTITIES

CZK thousand	2008	2007
Opening balance	346,745	329,685
Share in the profit or loss of the associate	1,392	49,902
Dividends paid	-	(16,250)
Share in the revaluation of securities	-	(15,343)
Other	-	(1,249)
Disposal of equity investments	(243,185)	-
Transfer of securities held for sale	(103,235)	-
Closing balance	1,717	346,745

In the year ended 31 December 2008, the Group sold 15 percent of Raiffeisen stavební spořitelna, a.s. (refer to Note 23b).

CZK thousand	Country	Assets	Liabilities	Revenue	Profit	Share of equity	
ACB Pohnava, s.r.o..	CZ	236,318	259,045	9,102	(17,629)	12.50%	-
Impuls Tuchoměřice s.r.o.	CZ	387,683	432,867	53,796	11,937	12.50%	-
Bondy Centrum, s.r.o. (RLRE Sigma Property s.r.o.)	CZ	1,183,545	1,170,225	94,645	10,926	12.50%	1,665
RLRE Ypsilon Property s.r.o.	CZ	61,940	62,079	4,192	(505)	12.50%	-
Green Energie větrný park Bílčice, s.r.o.	CZ	2,739	2,751	-	212	12.50%	52
At 31 Dec 2008							1,717
Raiffeisen stavební spořitelna a.s.	CZ	45,045,162	43,657,333	2,256,476	200,935	25.00%	346,400
ACB Pohnava, s.r.o	CZ	231,359	236,457	3,436	(5,235)	12.50%	-
Impuls Tuchoměřice s.r.o.	CZ	395,055	438,406	53,214	14,428	12.50%	-
RLRE Sigma Property s.r.o.	CZ	1,052,472	1,050,078	10,571	2,241	12.50%	299
RLRE Ypsilon Property s.r.o.	CZ	70,248	69,882	3,552	340	12.50%	46
At 31 Dec 2007							346,745

25. INTANGIBLE FIXED ASSETS

CZK thousand	Goodwill	Software	Intangible assets under construction	Total
Cost				
1 Jan 2007	26,902	306,910	41,879	375,691
Impact of changes in the scope of consolidation	15,051	-	-	15,051
Additions	-	57,033	70,853	127,886
Transfers	-	37,036	(36,954)	-
Disposals	(788)	-	(1,070)	(1,776)
31 Dec 2007	41,165	400,979	74,708	516,852
Merger with eBanka	-	183,432	71,853	255,285
1 Jan 2008	41,165	584,411	146,561	772,137
Additions	1,012	288,973	250,898	540,883
Disposals	(27,315)	(40,031)	(203,258)	(270,604)
31 Dec 2008	14,862	833,353	194,201	1,042,416
Accumulated amortisation				
1 Jan 2007	(26,114)	(183,506)	-	(209,620)
Additions	-	(70,242)	-	(70,242)
Disposals	-	-	-	-
31 Dec 2007	(26,114)	(253,748)	-	(279,862)
1 Jan 2008	(26,114)	(253,748)	-	(279,862)
Additions – annual depreciation	-	(168,757)	-	(168,757)
Disposals	26,114	30,500	-	56,614
31 Dec 2008	-	(392,005)	-	(392,005)
Net book value				
31 Dec 2007	15,051	147,231	74,708	236,990
31 Dec 2008	14,862	441,348	194,201	650,411

The increase in intangible assets under construction in 2008 relates to the merger of Raiffeisenbank, a.s. and eBanka, a.s. as of 1 January 2008 and principally includes the increased number of licences (CZK 35,758 thousand), modification of software (CZK 43,099 thousand) and data warehouse development (CZK 24,027 thousand).

Since 2008, the Group has capitalised internal staff costs and lease costs which are required to generate assets and are incurred as part of the development of intangible assets. The capitalisation of internal staff costs relating to development is assessed according to the organisational allocation of employees and their participation in projects implemented in the Group.

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 2008 (resp. 2007) suffered no impairment as of 31 December 2008 (resp. 2007).

26. 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
Cost						
1 January 2007	284,115	131,312	621,370	31,551	80,733	1,149,081
Impact of changes in the scope of consolidation	422,441	-	-	-	-	422,441
Additions	319,616	5,673	59,337	48,388	3,064	436,078
Other movements	13,265	4,142	8,669	(26,076)	-	-
Disposals	(3,171)	(6,374)	(52,998)	(5,549)	-	(68,092)
31 December 2007	1,036,266	134,753	636,378	48,314	83,797	1,939,508
Merger with eBanka	121,515	64,515	69,831	32,028	-	287,889
1 January 2008	1,157,781	199,268	706,209	80,342	83,797	2,227,397
Additions	81,032	16,120	86,769	235,755	-	419,676
Disposals	(485,522)	(40,246)	(59,103)	(96,715)	(6,475)	(688,061)
31 December 2008	753,291	175,142	733,875	219,382	77,322	1,959,012
Accumulated depreciation and provisions						
1 January 2007	(135,731)	(113,299)	(520,779)	-	(1,403)	(771,212)
Impact of changes in the scope of consolidation	(112,516)	-	-	-	-	(112,516)
Additions	(42,909)	(9,403)	(64,954)	-	(2,656)	(119,922)
Disposals	1,662	6,174	46,445	-	-	54,281
31 December 2007	(289,494)	(116,528)	(539,288)	-	(4,059)	(949,369)
Merger with eBanka	(289,494)	(116,528)	(539,288)	-	(4,059)	(949,369)
1 January 2008	(289,494)	(116,528)	(539,288)	-	(4,059)	(949,369)
Additions	(63,037)	(27,831)	(98,486)	-	(2,865)	(192,219)
Disposals	153,996	38,214	50,445	-	-	242,655
31 December 2008	(198,535)	(106,145)	(587,329)	-	(6,924)	(898,933)
Net book value						
31 December 2007	746,772	18,225	97,090	48,314	79,738	990,139
31 December 2008	554,756	68,997	146,546	219,382	70,398	1,060,079

The increase in tangible assets under construction in 2008 relates to the merger of Raiffeisenbank, a.s. and eBanka, a.s. as of 1 January 2008 and principally includes the increased number of branches and their redesign (CZK 136,730 thousand).

The figures presented under "Transfers" 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 2008 and 2007.

(c) Future Operating Lease Receivables

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

CZK thousand	2008	2007
Future minimum lease instalments for irrevocable operating leases		
Less than 1 year	10,209	9,344
From 1 to 5 years	40,835	30,727
More than 5 years	42,781	76,124
Total	93,825	116,195

(d) Investment Property

CZK thousand	2008	2007
Cost		
At 1 January	57,913	52,967
Additions	-	4,946
Acquisition cost at 31 December	57,913	57,913
Accumulated depreciation and provisions		
At 1 January	(3,091)	(1,639)
Annual charges	(957)	(1,452)
Accumulated depreciation and provisions at 31 December	(4,048)	(3,091)
Net book value at 31 December	53,865	54,822

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 2008 and 2007 were CZK 3,828 thousand and CZK 3,816 thousand, respectively (the Group's share was CZK 957 thousand and CZK 1 452 thousand, respectively). Rental proceeds in respect of investment property amounted to CZK 28,896 thousand for the year ended 31 December 2008 (the Group's share is CZK 7,224 thousand) and CZK 23,592 thousand for the year ended 31 December 2007 (the Group's share is CZK 5,898 thousand). Operating expenses associated with this real estate amounted to CZK 656 thousand for the year ended 31 December 2008 (the Group's share is CZK 164 thousand) and CZK 172 thousand for the year ended 31 December 2007 (the Group's share is CZK 43 thousand).

The Group assessed impairment of the reported real estate property by analysing market values of similar real estate properties in the relevant locality and concluded that there is no need to write down the carrying amount of the real estate property as of 31 December 2008.

27. DEFERRED TAX ASSET

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 20 percent (tax rate of 2009), deferred taxation on certain provisions was calculated using the tax rate of 2010 of 19 percent, respectively.

The deferred tax asset is composed of the following items:

CZK thousand	2008	2007
<i>Unpaid social security and health insurance contributions</i>	20,006	20,984
<i>Outstanding vacation days</i>	11,167	5,424
<i>Other provisions</i>	41,549	28,821
<i>Impact of IFRS adjustments - leases</i>	250	250
<i>Tax loss of prior years</i>	62,399	18,675
Total deferred tax asset	135,371	74,154

The deferred tax liability is composed of the following items:

CZK thousand	2008	2007
<i>Other provisions</i>	-	(526)
<i>Difference in accounting and tax carrying values of tangible and intangible assets</i>	(25,630)	(25,581)
<i>Impact of IFRS adjustments - leases</i>	(89,925)	(45,087)
Total deferred tax liability	(115,555)	(71,194)

The calculation of a net deferred tax asset:

CZK thousand	2008	2007
<i>Balance at 1 January</i>	74,154	38,930
<i>Change in the balance due to the change in the consolidation group/merger</i>	75,666	-
<i>Movement for the year - credit/(charge)</i>	(14,449)	35,224
Total deferred tax asset	135,371	74,154
<i>Balance at 1 January</i>	(71,194)	(7,517)
<i>Movement due to the change in the consolidation group/merger</i>	4,314	(24,627)
<i>Movement for the year - charge</i>	(48,675)	(39,502)
<i>Movements for the year against equity</i>	-	452
Total deferred tax liability	(115,555)	(71,194)
Net deferred tax asset	19,816	2,960

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

CZK thousand	2008	2007
Deferred tax asset/(liability)	19,816	2,960
Recognition of a year-on-year difference due to the change of tax rate in profit or loss	(2,337)	(6,704)
Recognition of a year-on-year difference due to temporary differences in profit or loss	(60,787)	2,426
Recognition of a year-on-year difference due to temporary differences in equity	-	452
Total year-on-year difference for recognition into P&L	(63,124)	(3,826)

28. OTHER ASSETS

CZK thousand	2008	2007
Receivables arising from indirect taxes	3,154	4,615
Receivables arising from non-banking activities	623,808	137,855
Deferred expenses and accrued income	25,642	24,135
Assets held for finance leases	437,102	666,518
Settlement of cash transactions with other banks	2,662,686	181,845
Other	127,775	136,047
Total	3,880,167	1,151,015

The increase in "Settlement of cash transaction with other banks" is due to interbank transactions as of 31 December 2008 in the amount of CZK 2,131,943 thousand which was settled on 2 January 2009.

29. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2008	2007
Repayable on demand	2,853,943	1,092,350
Term deposits at banks	27,568,113	15,602,559
Within 3 months	4,668,127	7,656,465
From 3 months to 1 year	1,202,412	4,627,866
From 1 year to 5 years	21,342,652	2,785,104
Over 5 years	354,922	533,124
Total	30,422,056	16,694,909

"Term deposits at banks – from 1 to 5 years" predominantly include the deposit from Raiffeisen Zentral Bank Austria in the amount of CZK 18,891,858 thousand.

30. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2008	2007
<i>Repayable on demand</i>	74,769,037	43,315,013
<i>Term deposits with maturity</i>	37,686,827	28,935,033
<i>Other</i>	111,501	2,267
Total	112,567,365	72,252,313

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2008	2007
<i>Public sector</i>	8,727,368	10,997,128
<i>Corporate clients</i>	45,202,427	35,085,774
<i>Private individuals</i>	48,337,763	22,588,176
<i>Small and medium size enterprises (SME)</i>	9,381,365	3,003,401
<i>Other</i>	918,442	577,834
Total	112,567,365	72,252,313

31. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2008	2007
<i>Deposit certificates and deposit bills of exchange</i>	8,869,038	7,726,664
<i>Bonds in issue</i>	1,209,996	1,212,118
<i>Mortgage bonds</i>	9,818,557	8,244,355
Total	19,897,591	17,183,137

(b) Analysis of Mortgage Bonds

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying amount	
				2008	2007	2008	2007
18.2.2004	18.2.2009	CZ0002000326	CZK	500,000	499,500	516,108	515,770
23.8.2004	23.8.2009	CZ0002000417	CZK	365,840	370,000	374,205	381,291
23.3.2005	23.3.2010	CZ0002000482	CZK	498,350	499,350	524,875	533,244
29.11.2005	29.11.2010	CZ0002000557	CZK	500,000	-	510,067	-
21.11.2005	21.11.2010	CZ0002000698	CZK	339,850	339,850	348,652	352,472
24.5.2006	24.5.2011	CZ0002000805	CZK	402,770	403,170	424,727	429,649
4.10.2006	4.10.2011	CZ0002000888	CZK	933,000	965,000	961,253	1,001,188
16.2.2007	16.2.2012	CZ0002000946	CZK	1,300,000	1,300,000	1,405,208	1,421,815
12.9.2007	12.9.2012	CZ0002001175	CZK	1,819,600	1,814,500	1,900,409	1,908,066
14.11.2007	14.11.2014	CZ0002001316	CZK	500,000	-	525,157	-
12.12.2007	12.12.2012	CZ0002001662	CZK	10,000	1,517,800	10,195	1,560,820
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	-	1,587,693	-
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	-	555,594	-
12.12.2007	12.12.2022	CZ0002001704	CZK	-	130,000	-	140,040
20.12.2007	20.12.2017	CZ0002001928	CZK	157,500	-	174,414	-
26.11.2008	26.11.2013	CZ0002002058	CZK	-	-	-	-
10.12.2008	10.12.2011	CZ0002002066	CZK	-	-	-	-
TOTAL				9,344,710	7,839,170	9,818,557	8,244,355

In 2008, the Group recorded two new issues:

- 1) CZ0002002058 - issued 300,000 pieces, repurchased 300,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.
- 2) CZ0002002066 - issued 200,000 pieces, repurchased 200,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.

As part of the merger, the volume of issued mortgage bond issues increased by the four placements of eBanka:

- 1) CZ0002000557 - volume of the issue 50,000 pieces
- 2) CZ0002001316 - volume of the issue 50,000 pieces
- 3) CZ0002001696 - volume of the issue 50,000 pieces
- 4) CZ0002001704 - issued 10,000 pieces, repurchased 10,000 pieces, the aggregate amount of the issue as of 31 December 2008 was nil.

32. 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 2007	7,874	44,000	22,121	19,000	13,999	106,994
Charge for provisions	7,826	76,804	26,283	-	47,649	158,562
Use of provisions	-	-	(21,807)	(237)	(4,759)	(26,803)
Release of redundant provisions	(75)	(44,000)	-	(12,000)	(1,269)	(57,344)
31 December 2007	15,625	76,804	26,597	6,763	55,620	181,409
Merger with eBanka	12,138	-	12,500	-	182,779	207,417
1 Jan 2008	27,763	76,804	39,097	6,763	238,399	388,826
Charge for provisions	67,422	73,700	54,833	-	46,690	242,645
Use of provisions	(16,126)	-	(36,765)	-	(11,571)	(64,462)
Release of redundant provisions	(5,189)	(51,690)	(572)	(6,763)	(137,371)	(201,585)
31 December 2008	73,870	98,814	56,593	-	136,147	365,424

In 2008, the Bank recognised a provision for credit risk exposure arising from the guarantee provided to one client in the Corporate banking segment.

33. SUBORDINATED DEBT

As of 31 December 2008, the aggregate amount of the principal of the subordinated loan was CZK 4,224,374 thousand (2007: CZK 3,190,780 thousand). The amount of accrued interest as of 31 December 2008 was CZK 99,735 thousand (2007: CZK 48,275 thousand).

34. OTHER LIABILITIES

CZK thousand	2008	2007
Liabilities arising from non-banking activities	533,824	425,473
Payables to bonuses	414,246	375,566
Accrued expenses	17,949	10,265
Deferred income	36,810	52,314
Settlement and suspense clearing account	734,806	472,326
Other	602,420	364,438
Total	2,340,055	1,700,382

35. SHARE CAPITAL

On 5 December 2008, an extraordinary General Meeting of the Bank approved an increase in the share capital from CZK 4,889,000 thousand to CZK 6,564,000 thousand through an issue and subscription of new shares. The shareholder structure did not change during 2008. The aggregate nominal value of all the shares was fully paid before the end of 2008. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10 thousand. The increase in the share capital to CZK 6,564,000 thousand was recorded in the Register of Companies in Prague following the resolution of the court dated 23 December 2008. The resolution came into legal effect on 23 December 2008.

The shareholder structure as of 31 December 2008:

Name	Registered address	Number of ordinary shares	Nominal value (in CZK '000)	Ownership percentage (in %)
Raiffeisen International Bank-Holding AG	Austria	334,764	3,347,640	51
RB Prag Beteiligungs GmbH	Austria	164,100	1,641,000	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	157,536	1,575,360	24
		656,400	6,564,000	100

36. 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	2008	2007
Cash and accounts with central banks (Note 19)	4,108,628	2,073,583
Required minimum reserves (Note 19)	(946,245)	(103,876)
Nostro accounts with financial institutions (Note 20)	567,442	112,092
Total cash and cash equivalents	3,729,825	2,081,799

37. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

(a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2008. 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 32) for these litigations in the aggregate amount CZK 73,870 thousand (2007: CZK 15,625 thousand).

As of 31 December 2008, 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	2008	2007
Banks		
Provided commitments	718,336	102,108
Guarantee commitments	752,122	4,847
Letters of credit and financial guarantees	-	420
Total	1,470,458	107,375
Customers		
Provided commitments	24,519,763	16,308,164
Guarantee commitments	8,780,265	3,144,205
Letters of credit and financial guarantees	919,831	959,280
Total	34,219,859	20,411,649
Total	35,690,317	20,519,024

(c) Refinancing Agreements

As of 31 December 2008, the Group is provided with a stand-by credit line facility of CZK 48,474,000 thousand (EUR 1,800,000 thousand) (2007: CZK 13,310,000 thousand, EUR 500,000 thousand) by Raiffeisen Zentralbank Österreich AG.

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

CZK thousand	Contractual amounts	
	2008	2007
Trading instruments		
Cross-currency swaps	-	85,522
Currency forwards and swaps	56,596,943	36,593,562
Interest rate swaps (IRS)	45,678,434	42,815,908
Forward rate agreements (FRA)	332,500,000	200,500,000
Option contracts (purchase)	18,256,825	10,201,915
Option contracts (sale)	18,179,054	10,092,095
Total trading instruments	471,211,256	300,289,002
Financial derivatives - total contractual amount	471,211,256	300,289,002

The Group reported no hedging instruments in 2008 and 2007.

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2008		Fair value in 2007	
	Positive	Negative	Positive	Negative
Trading instruments				
Cross-currency swaps	-	-	2,649	(2,716)
Currency forwards and swaps	3,876,774	(828,527)	390,631	(541,343)
Interest rate swaps (IRS)	377,141	(999,861)	173,392	(160,257)
Forward rate agreements (FRA)	686,739	(715,089)	117,381	(106,607)
Option contracts (purchase)	1,242,366	-	331,116	-
Option contracts (sale)	-	(1,238,402)	-	(320,679)
Total trading instruments	6,183,020	(3,781,879)	1,015,169	(1,131,601)
Financial derivatives – total fair amount	6,183,020	(3,781,879)	1,015,169	(1,131,601)

The Group reported no hedging instruments in 2008 and 2007.

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

CZK thousand	Up to 1 year	From 1 – 5 years	Over 5 years	Total
	At 31 December 2008			
Trading instruments				
Currency forwards and swaps	55,380,386	1,216,557	-	56,596,943
Interest rate swaps (IRS)	9,874,248	32,472,119	3,332,066	45,678,433
Forward rate agreements (FRA)	227,000,000	105,500,000	-	332,500,000
Option contracts (purchase)	11,415,796	6,841,029	-	18,256,825
Option contracts (sale)	11,403,008	6,776,046	-	18,179,054
Total trading instruments	315,073,438	152,805,751	3,332,066	471,211,255
Total financial derivatives	315,073,438	152,805,751	3,332,066	471,211,255
At 31 December 2007				
Trading instruments				
Cross-currency swaps	85,522	-	-	85,522
Currency forwards and swaps	33,400,737	3,192,824	-	36,593,561
Interest rate swaps (IRS)	17,155,432	22,747,932	2,912,545	42,815,909
Forward rate agreements (FRA)	124,000,000	76,500,000	-	200,500,000
Option contracts (purchase)	7,313,947	2,887,968	-	10,201,915
Option contracts (sale)	7,309,243	2,782,852	-	10,092,095
Total trading instruments	189,264,881	108,111,576	2,912,545	300,289,002
Total financial derivatives	189,264,881	108,111,576	2,912,545	300,289,002

The Group reported no hedging instruments in 2008 and 2007.

(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
Trading instruments						
Interest rate swaps (IRS)	36,796	280,011	60,334	(62,059)	(815,492)	(122,310)
Forward rate agreements (FRA)	323,352	363,387	-	(270,859)	(444,230)	-
Total trading instruments	360,148	643,398	60,334	(332,918)	(1,259,722)	(122,310)
Financial derivatives – total contractual cash flows	360,148	643,398	60,334	(332,918)	(1,259,722)	(122,310)

(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
Trading instruments						
Currency forwards and swaps	55,380,386	1,216,557	-	(52,392,125)	(1,190,141)	-
Option contracts (purchase)	11,415,796	6,841,029	-	(11,168,213)	(6,299,223)	-
Option contracts (sale)	11,166,046	6,299,223	-	(11,403,008)	(6,776,046)	-
Total trading instruments	77,962,228	14,356,809	-	(74,963,346)	(14,265,410)	-
Financial derivatives – total contractual cash flows	77,962,228	14,356,809	-	(74,963,346)	(14,265,410)	-

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

In the years ended 31 December 2008 and 2007, the Group provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2008	2007
Assets accepted for management	2,847,935	3,128,364
Assets accepted for administration	6,095,181	9,282,698
Assets accepted for custody	50	50
Total	8,943,166	12,411,112

40. 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.

CZK thousand	<i>Retail banking</i>	<i>SME banking</i>	<i>Corporate banking</i>	<i>Leasing</i>	<i>Other</i>	<i>Total</i>
At 31 December 2008						
Net segment income	2,746,844	2,060,773	2,323,837	27,930	445,391	7,604,775
Segment profit/(loss)	419,254	665,008	856,444	(23,835)	(302,527)	1,614,344
Other income	-	-	-	-	31,175	31,175
Tax	-	-	-	-	(350,630)	(350,630)
Profit or loss						1,294,889
<i>Other information</i>						
Assets by segment	56,864,231	13,795,955	66,313,219	4,226,670	44,263,966	185,464,041
Liabilities by segment	51,501,363	27,806,051	46,350,805	4,226,670	43,855,887	173,740,776
Equity	-	-	-	-	11,723,265	11,723,265
Reserves and provisions for credit risks	368,390	229,908	754,727	17,435	3,771	1,374,231

CZK thousand	Retail banking	SME banking	Corporate banking	Leasing	Other	Total
At 31 December 2007						
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	221,211	1,076,350
Other income	-	-	-	-	45,361	45,361
Tax	-	-	-	-	(303,681)	(303,681)
Profit or loss						818,030
<i>Other information</i>						
Assets by segment	40,028,860	11,514,183	61,107,980	3,370,981	3,861,243	119,883,247
Liabilities by segment	37,243,850	25,195,959	45,719,737	3,370,981	1,001,671	112,532,198
Equity	-	-	-	-	7,351,049	7,351,049
Reserves and provisions for credit risks	205,726	74,787	433,837	3,364	27,291	745,005

41. 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 41 (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 41 (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 38 (d) and 38 (e).

Remaining Maturity of the Group's Assets and Liabilities

CKZ thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2008					
Amounts owed to financial institutions	35,721,843	31,740,775	1,271,117	1,921,477	788,474
Amounts owed to customers	113,417,935	105,132,455	6,496,029	1,463,187	326,264
Debt securities issued	21,699,718	8,829,381	1,962,267	7,504,357	3,403,713
Subordinated loan	5,065,064	14,460	86,758	3,375,087	1,588,759
Other liabilities	2,340,055	2,340,055	-	-	-
Provided loan commitments to customers	28,545,797	28,450,530	93,717	1,550	-
2007					
Amounts owed to financial institutions	18,846,860	11,242,868	6,019,198	1,584,794	-
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	-	-	-
Provided loan commitments to customers	16,410,272	16,410,272	-	-	-

Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off balance sheet items. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 41 (c).

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 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 41 (c).

Fair Values of Financial Instruments

CZK thousand	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans and advances to financial institutions	27,081,675	27,086,004	14,697,511	14,707,574
Loan and advances to customers	141,629,370	142,805,296	97,573,326	99,228,305
Liabilities				
Amounts owed to financial institutions	30,422,056	30,504,095	16,694,909	16,589,622
Amounts owed to customers	112,567,365	112,547,259	72,252,313	72,233,854
Debt securities issued	19,897,591	19,851,203	17,183,137	16,944,966
Subordinated loan	4,324,109	4,330,188	3,239,055	3,550,236

(c) Risk Management Methods

The Group uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits consist of limits determined by the regulator which are complemented by the limits set by the parent bank in a standardised way for the whole CEE region. In some cases, the set of limits is complemented by other internal limits that reflect the specifications of local markets to which the Bank 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). Foreign currency and interest rate positions of other Group companies are closed.

CZK thousand	At 31 December 2008	Average in 2008	At 31 December 2007	Average in 2007
Total market risk VaR	17,305	17,349	6,387	6,566

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.

CZK thousand	At 31 December 2008	Average in 2008	At 31 December 2007	Average in 2007
Total interest rate risk VaR	16,267	16,849	6,157	6,563
<i>Interest rate risk VaR – banking book</i>	15,766	16,989	5,334	5,854
<i>Interest rate risk VaR – trading book</i>	823	6,250	3,247	3,234

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. Foreign currency positions of other Group companies are closed.

CZK thousand	At 31 December 2008	Average in 2008	At 31 December 2007	Average in 2007
Currency risk VaR	2,235	1,323	656	855

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.

CZK thousand	At 31 December 2008	Average in 2008	At 31 December 2007	Average in 2007
Equity risk VaR	1,188	987	270	298

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, operational risk is defined as the risk of the Group's 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 monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising these risks. The Bank applies the standardised approach to calculating capital adequacy, it intends to implement the advanced (AMA) approach in the future.

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. Through the Operational Risk Management Committee, the Bank also proposes and implements measures aimed at minimising or fully eliminating further occurrence of similar events.

Risk self-assessment is designed to identify areas with a high operational risk within the Bank. The assessment is performed on an annual basis and also serves to estimate anticipated losses on operational risk.

The Group (as well as the whole Raiffeisen Group) was part of the KRI initiative organised by the Risk Management Association through January 2008. This initiative involves, among others, the standardised methodology for risk self-assessment. The Group continues sharing these results within the Raiffeisen Group.

In respect of areas with an identified significant risk the Bank has implemented a set of key risk indicators. 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.

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.

42. 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 of the Group 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 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 Group against individuals; and
- Other individually assessed events relating to the anticipated customer's compliance with contractual obligations.

(b) Provisioning for Receivables

The Group determines impairment of individual receivables or the portfolio of receivables with similar characteristics in terms of credit risk.

The Group applies the portfolio approach in respect of individually assessed receivables where no impairment was noted individually. In this case, the Group also determines impairment of the portfolio of similar individually unimpaired loans. If the Group does not have multiple similar loans, the portfolio approach is not applied.

The Group applies the portfolio approach to standard loans. The Group categorises individually impaired loans into the watch, substandard, doubtful and loss sub-categories which are assessed individually for provisioning purposes, i.e. individual provisions are recognised. All significant loans are assessed by the Distressed Loans Resolution Committee on a monthly basis and this assessment reflects the anticipated cash flows according to the analysis of internal specialists. Provisions are recognised by reference to the assessment of all available information, including the estimated collateral value and the anticipated length of the recovery process.

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 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 40.

(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. At the end of 2008, the Bank's portion amounted to EUR 200 million. As of 31 December 2008, the portfolio of loans included in securitisation amounted to CZK 5,816,196 thousand (31 December 2007: CZK 5,647,838 thousand).

(h) Portfolio quality

The Group regularly assesses information regarding the quality of its 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

Rating	2008	2007
1.0	475,981	307,871
1.5	2,316,991	2,014,259
2.0	9,012,757	10,150,201
2.5	7,963,458	8,488,033
3.0	15,660,212	20,035,908
3.5	13,658,133	12,553,830
4.0	5,728,768	5,741,747
4.5	3,364,133	2,522,934
5.0	2,613,088	1,480,864
6.1	12,680,013	-
6.2	2,896,068	-
6.3	1,182,596	-
6.4	365,500	-
6.5	138,124	-
UNRATED	1,743,233	2,005,636
Retail	61,830,313	34,524,722
Total	141,629,370	99,826,005

The UNRATED category consists of zero risk transactions where the whole exposure is secured by securities or cash deposits.

The rating model of the 'Project Financing' product, which is different from the rating model used for other products, was adjusted in 2008. The rating of 'Project Financing' ranges from 6.1 to 6.5.

(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

Rating	2008	2007
1.0	471,632	298,227
1.5	2,275,957	2,012,047
2.0	8,971,076	10,084,438
2.5	7,892,243	8,282,840
3.0	14,877,607	19,929,308
3.5	13,048,996	11,854,960
4.0	4,719,112	4,752,465
4.5	582,772	483,077
5.0	12,761	67,010
6.1	11,162,793	-
6.2	2,466,306	-
6.3	1,110,028	-
6.4	34,609	-
6.5	-	-
UNRATED	1,715,325	1,716,530
Retail	57,026,124	29,407,704
Total of unimpaired and undue loans to customers	126,367,339	88,888,606
Total of impaired and overdue loans to customers	15,262,031	10,937,399
Total of loans to customers	141,629,370	99,826,005

43. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

(a) Acquisitions for the Year Ended 31 December 2008

In July 2008, the Group acquired 25 percent equity investments in Gama Project CZ, s.r.o., Holečkova Property, s.r.o., Matějská 24, s.r.o., Residence Park Třebeš, s.r.o., UPC Real, s.r.o., Musilkova, s.r.o. and Vester reality, s.r.o. Musilkova s.r.o. subsequently merged with Appolon Property, s.r.o. and Vester reality, s.r.o. merged with Athena Property, s.r.o. As of 31 December 2008, the Group held an aggregate equity interest of 25 percent in each of these entities.

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 2008 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
	Gama Project CZ s.r.o.	Holečkova Property, s.r.o.	Matějská 24, s.r.o.	Residence Park Třebeš, s.r.o.	UPC Real, s.r.o.	Musilkova, s.r.o.	Vester reality, s.r.o.	Total
Assets								
Cash	-	2	6	-	9	-	-	17
Loans and advances to financial institutions	72	206	79	1,085	2,700	-	4	4,146
Loans and advances to customers	-	-	1	-	-	-	-	1
Provisions to provided loans and receivables	-	-	-	-	-	-	-	-
Tangible and intangible fixed assets	-	-	-	-	-	-	-	-
Other assets	8,944	4,521	4,850	7,562	103,110	25,476	4,125	158,588
Liabilities								
Amounts owed to financial institutions	-	-	-	-	-	-	-	-
Amounts owed to customers	(8,975)	(4,287)	(1,250)	(1,684)	(103,200)	(14,728)	(2,525)	(136,649)
Provisions	-	(271)	-	-	-	(1,985)	(392)	(2,648)
Other liabilities	(11)	(225)	(3,665)	(3,240)	(3,020)	-	(6)	(10,167)
Fair value of identifiable net assets	30	(54)	21	3,723	(401)	8,763	1,206	13,288
Goodwill/ negative goodwill	-	-	-	-	-	-	-	1,012
	20	107	29	(3,673)	451	11	394	(3,673)
Cost of acquisition	(50)	(53)	(50)	(50)	(50)	(8,774)	(1,600)	(10,627)
- cash and cash equivalents	72	208	86	1,085	2,709	-	4	4,164
Cash inflow/ (outflow) resulting from acquisition	22	155	36	1,035	2,659	(8,774)	(1,596)	(6,463)

(b) Acquisitions for the Year Ended 31 December 2007

In July 2007, the Group acquired 25 percent investments in Bezručova Investiční, a.s. and Cristal Palace Real Estate, s.r.o. In addition, the Group acquired 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 2008 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
Assets								
Cash	-	1	-	3	1	-	-	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	-	-	47,712	1,074	70,485	-	-	119,271
Provisions to provided loans and receivables	-	-	-	-	(45)	-	-	(45)
Tangible and intangible fixed assets	2,833	111,920	-	43,429	-	106,025	45,718	309,925
Other assets	14	5,654	109	327	59	45	175	6,383
Liabilities								
Amounts owed to financial institutions	-	(113,844)	-	(38,279)	-	-	-	(152,123)
Amounts owed to customers	-	(1,630)	(43,119)	(6,938)	(13,892)	(108,051)	(51,470)	(225,100)
Provisions	-	(54)	-	-	-	-	-	(54)
Other liabilities	-	(8,488)	(32)	(1,040)	(10,402)	(988)	(29,469)	(50,419)
Fair value of identifiable net assets	2,869	279	5,558	(104)	46,210	(432)	9,375	63,755
Goodwill / negative goodwill	-	-	-	-	-	-	-	15,051
	1,206	(149)	1,296	1,282	10,319	948	(9,175)	(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)

(c) Disposals for the Year Ended 31 December 2008

In 2008, the Group sold the 25 percent equity investment in RLRE & EUBE OC – TERRONIC II. s.r.o. Sen Property, s.r.o. and 100 percent equity investment in RLRE Columba Property s.r.o.

The following table summarises assets and liabilities of the companies disposed of at the disposal date.

CZK thousand	<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>
	SEN PROPERTY, s.r.o.	RLRE & EUBE OC - TERRONIC II., s.r.o.	RLRE Columba Property, s.r.o.	Total
Assets				
Cash	-	1	-	1
Loans and advances to financial institutions	30	3,676	14,546	18,252
Loans and advances to customers	-	5,899	14,972	20,871
Provisions to provided loans and receivables	-	-	(2,330)	(2,330)
Tangible and intangible fixed assets	-	-	299,091	299,091
Other assets	-	352	1,645	1,997
Liabilities				
Amounts owed to financial institutions	-	-	(278,958)	(278,958)
Amounts owed to customers	-	(81)	(20,031)	(20,112)
Collateralised liabilities	-	-	(8,016)	(8,016)
Other liabilities	-	(9,798)	(5,065)	(14,863)
Fair value of identifiable net assets	30	49	15,854	15,933
Selling price of the investment	50	50	27,345	27,445
Gain from sale	20	1	11,491	11,512
- cash and cash equivalents	(30)	(3,678)	(14,546)	(18,254)
Cash inflow/(outflow) resulting from sale	20	(3,628)	12,799	9,191

The fair value of the identifiable net assets at disposal of the joint ventures represent the proportionate share of the Group.

(d) Disposals 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 22.5 percent equity investment in RLRE Carina Property, s.r.o. In addition, it sold RLRE Columba Property, s.r.o. and RLRE Taurus Property, s.r.o. in the Group, the income from the sale amounted to CZK 516 thousand. The following table summarises assets and liabilities of the companies disposed of at the disposal date.

CZK thousand	<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>
	RLRE & EUBE OC - TERRONIC I. s.r.o.	RLRE Theta Property, s.r.o.	RLRE Carina Property, s.r.o.	Total
Assets				
Cash	1	-	1	2
Loans and advances to financial institutions	197	1,128	87	1,412
Loans and advances to customers	-	-	-	-
Provisions to provided loans and receivables	-	-	-	-
Tangible and intangible fixed assets	-	-	-	-
Other assets	937	7,744	12,818	21,499
Liabilities				
Amounts owed to financial institutions	-	-	(12,825)	(12,825)
Amounts owed to customers	(284)	(2,956)	-	(3,240)
Collateralised liabilities	(189)	(359)	-	(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)

The fair value of the identifiable net assets at disposal of the joint ventures represent the proportionate share of the Group.

44. RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

31 December 2008

CZK thousand	Shareholders and controlling entities	Other	Total
Receivables	2,887,264	908,045	3,795,309
Payables	21,911,304	94,532	22,005,836
Subordinated loan	3,200,511	1,123,598	4,324,109
Guarantees issued	40,278	-	40,278
Guarantees received	1,511,506	-	1,511,506
Interest income	79,559	145,950	225,509
Interest expense	(317,624)	(67,094)	(384,718)
Fee and commission income	18,459	4,436	22,895
Fee and commission expense	(534)	(87,049)	(87,583)
Net profit or loss on financial operations	(238,960)	(30,833)	(269,793)

The receivables are principally composed of the following deposits with:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 1,357,176 thousand;
- Raiffeisenlandesbank Niederösterreich – Wien AG in the amount of CZK 386,929 thousand;
- Raiffeisenlandesbank Oberösterreich – Wien AG in the amount of CZK 1,111,037 thousand;
- Tatra banka a.s. in the total amount of CZK 446,693 thousand; and
- Raiffeisen bank Polska in the amount of CZK 149,155 thousand.

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

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 311,628 thousand; and
- Raiffeisen Leasing Real Estate in the amount of CZK 400,000 thousand;

An overdraft balance on the nostro account:

- Raiffeisen Zentralbank Österreich AG in the amount of CZK 2,439,995 thousand

Received loan:

- from Raiffeisen Zentralbank Österreich AG in the amount of CZK 18,891,858 thousand.

Subordinated loans from:

- Parent companies in the amount of CZK 3,200,511 thousand.
- Other related parties in the amount of CZK 1,123,598 thousand.

31 December 2007

CZK thousand	Shareholders and controlling entities	Other	Total
Receivables	2,117,356	4,653,917	6,771,273
Payables	6,079,954	125,917	6,205,871
Subordinated loan	2,481,605	757,450	3,239,055
Guarantees issued	34,962	4,000	38,962
Guarantees received	5,954,597	-	5,954,597
Interest income	77,794	192,238	270,032
Interest expense	(243,856)	(18,689)	(262,545)
Fee and commission income	688	5,893	6,581
Fee and commission expense	(13,346)	(42,154)	(55,500)
Net profit or loss on financial operations	(11,996)	3,855	(8,141)

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:

- Parent companies in the amount of CZK 2,481,605 thousand
- Other related parties in the amount of CZK 757,450 thousand.

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

CZK thousand	Management bodies	Supervisory bodies	Other
At 31 December 2007	9,163	9,520	63,619
At 31 December 2008	30,558	2,781	99,918

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 Group

CZK thousand	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
At 31 December 2007	2,367	3,491	27,352
At 31 December 2008	9,716	4,372	33,489

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 17.

45. POST BALANCE SHEET EVENTS

No significant events that would have a material impact on the financial statements for the year ended 31 December 2008 occurred subsequent to the balance sheet date.

General Information about the Issuer

Company name:

Raiffeisenbank a.s.

Registered office:

Hvězdova 1716/2b, 140 78 Praha 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 2008, 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 be of fundamental significance for the issuer's business activities or profitability. .

Information in accordance with Section 118 of Act no. 256/2004 Coll., Capital Market Act

Section 118(3c):

Monetary and natural income received by top managers and supervisory board members from the issuer for the accounting period:

	Monetary income	Natural income
All board members (jointly)*	CZK 61,408,360	CZK 387,325
All supervisory board members (jointly)**	CZK 6,985,477	CZK 179,905
Other top managers***	CZK 10,043,792	CZK 91,813

* of which, total wages for the CEO and executive directors (board members) amounted to CZK 5,886,533 (9,6%)

** of which, total wages for the issuer's employees (supervisory board members) amounted to CZK 6,985,477

*** of which, manager's wages amounted to CZK 10,043,792

Monetary and natural income received by top managers and supervisory board members from entities controlled by the issuer for the accounting period:

	Monetary income	Natural income
All board members (jointly)	CZK 144,000	CZK 0
All supervisory board members (jointly)	CZK 216,000	CZK 0
Other top managers	CZK 0	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 7,751,900.

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.

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 1,931,200.

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 2,242,500.

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.

Section 118 (3f):

The principles of remuneration of auditors:

Consolidated	CZK thousands
Audit	13,829
Tax consulting	162
Other consulting	15,969

Individual	CZK thousands
Audit	12,250
Tax consulting	0
Other consulting	11,855

Section 118 (3g):

All shares are dematerialised, bearer shares. The shares are unlisted and their par value is CZK 10,000.

Section 118 (3h):

The transferability of Raiffeisenbank's bonds is not restricted.
The transferability of the bank's shares is described below.

Section 118 (3e):

The direct shareholdings in the registered capital and voting rights are as follows:

Raiffeisen International Bank-Holding AG	51 %
RB Prag Beteiligung GmbH	25 %
Raiffeisenlandesbank Niederösterreich – Wien AG	24 %

The indirect shareholdings in the registered capital and voting rights are as follows:

Cembra Beteiligungs GmbH	51 %
Raiffeisen International Beteiligungs GmbH	51 %
Raiffeisen Zentralbank Österreich Aktiengesellschaft	51 %
R-Landesbanken-Beteiligung GmbH	51 %
Raiffeisen-Landesbanken-Holding GmbH	51 %
Invest Holding GmbH	25 %
PRIVAT BANK AG der Raiffeisenlandesbank Oberösterreich	25 %
Raiffeisenlandesbank Oberösterreich Aktiengesellschaft	25 %
RLB Holding GmbH OÖ	25 %
Raiffeisen-Holding-Niederösterreich-Wien GmbH	24 %

Section 118 (3j):

Raiffeisenbank has no owners of securities with special rights.

Section 118 (3k):

The voting rights for issued bonds are not restricted. The voting rights for issued shares are governed by the company's Articles of Association and are not restricted.

Section 118 (3l):

The agreement concluded between Raiffeisen International Bank – Holding AG, Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and Raiffeisenlandesbank Niederösterreich – Wien AG, on the basis of which the shares may be transferred only with the consent of all shareholders.

Section 118 (3m):

Appointing and recalling the members of the Board of Directors and amendments to the Articles of Association are governed by the Commercial Code and the Company's valid Articles of Association. No special rights exist.

Section 118 (3n):

In addition to those stipulated in the Commercial Code and in the Company's Articles of Association, there are no special powers granted to the members of the Board of Directors.

Section 118 (3o):

The issuer is not aware of any substantial agreements which would result in any extensive amendment or termination or a change in the issuer's management structure as a result of a takeover offer.

Section 118 (3p):

No such agreements have been concluded.

Section 118 (3q):

No programmes exist in relation to the Company's shares.

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 bond programme for mortgage bonds with a maximum unpaid bond volume of CZK 3,000,000,000, with a programme duration of 10 years and a maturity of 5 years for any bonds issued in this programme. The prospectus for the bond programme containing the general issuing terms was approved by a decision of the Securities Commission of the Czech Republic, no. 45/N/972/2004/2, dated 30 January 2004, coming into legal force on 30 January 2004.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date and in RM-System, a.s. since 25 August 2004.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date and in RM-System, a.s. since 25 March 2005.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 bond programme for Raiffeisenbank a.s. with a maximum unpaid mortgage bond volume of CZK 20,000,000,000 and a programme duration of 15 years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Czech National Bank dated 7 September 2006, no. 45/N/108/2006/3 2006/7164/540, coming into legal force on 8 September 2006.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 (collective bond)
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 (collective bond)
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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 (collective bond)
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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 20 December 2017.

Raiffeisenbank a.s. mortgage bond 4.30/13, maturing in 2013

ISIN (International Securities Identification Number):	CZ0002002058
Issue date:	26 November 2008
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 3,000,000,000
Par value per security:	CZK 10,000
Quantity:	300,000
Number of coupon payments:	5

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.30% p.a., payable once a year retrospectively to 26 November

Method of transferring the bonds: transferability is not restricted; mortgage 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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 26 November 2013.

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 50,000,000,000

Duration of the programme: 15 years

The bond programme for Raiffeisenbank a.s. with a maximum unpaid mortgage bond volume of CZK 50,000,000,000 and a programme duration of 15 years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Czech National Bank dated 20 November 2008, no. 2008/13442/570 Sp/2008/330/572, coming into legal force on 20 November 2008.

The following bonds were issued as a part of the bond programme:

Raiffeisenbank a.s. mortgage bond 4.45/11, maturing in 2011

ISIN (International Securities Identification Number):	CZ0002002066
Issue date:	10 December 2008
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:	3

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.45% p.a., payable once a year retrospectively to 10 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., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 10 December 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 3,000,000,000**Duration of the programme:** 5 years

The bond programme for Raiffeisenbank a.s. with a maximum unpaid mortgage bond volume of CZK 3,000,000,000 and a programme duration of 5 years with a maximum maturity of 7 years for any issue within this programme. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Securities Commission, no. 45/N/47/2005/1, dated 10 May 2005, coming into legal force on 13 May 2005.

There are two mortgage bond issues in the above programme:

eBanka, a.s. mortgage bond 4.50%/2010

ISIN (International Securities Identification Number):	CZ0002000557
Issue date:	29 November 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 4.50% p.a., payable once a year retrospectively to 29 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., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 29 November 2010.

eBanka, a. s. mortgage bond 5.30/14

ISIN (International Securities Identification Number):	CZ0002001316
Issue date:	14 November 2007
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:	7

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.30% p.a., payable once a year retrospectively to 14 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., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 14 November 2014.

In addition, Raiffeisenbank a.s. (as the legal successor of eBanka, a.s.) issued the following individual mortgage bonds:

eBanka, a. s. mortgage bond 6.00/17

ISIN (International Securities Identification Number):	CZ0002001696
Issue date:	12 December 2007
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:	10

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 6.00% 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 and the beginning of trading: Prague Stock Exchange, bonds are traded since the issue date.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2017.

eBanka, a.s. mortgage bond VAR/22

ISIN (International Securities Identification Number):	CZ0002001704
Issue date:	12 December 2007
Class:	mortgage bonds
Form:	bearer
Type:	certificated (collective bond);
Total issue volume:	CZK 1,000,000,000
Par value per security:	CZK 100,000
Quantity:	10,000
Number of coupon payments:	180

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to 1M PRIBOR minus 0.33% p.a. Interest is paid on the 12th day of each month of the year with the first payment on 12 January 2008 and the last payment on 12 December 2022.

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 the 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

Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated or free securities market.

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2022.

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 Parties

prepared in accordance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, for the reporting period from 1 January 2008 to 31 December 2008

Raiffeisenbank a.s. with its registered office at Hvězdova 1716/2b, Prague 4, 140 78, corporate ID: 49240901, recorded in the Commercial Code of the Municipal Court in Prague on 25 June 1993, File B, Insert 2051 (hereinafter the "Bank") is part of the Raiffeisen Zentralbank Österreich AG group in which the following relations between the Bank and controlling entities and the Bank and entities controlled by the same controlling entities (hereinafter "related parties") exist.

The Report on Related Parties among below entities was prepared in accordance with provisions of Section 66a (9) and with respect to the legal definition of the business secrecy according to Section 17 of Act No. 513/1991 Coll., the Commercial Code, as amended.

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1. Controlling Entities

The indirectly controlling entity is Raiffeisen Zentralbank Österreich AG (hereinafter "RZB") with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

The indirectly controlling entity is Raiffeisen International Beteiligungs GmbH (hereinafter "RIB") with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

The indirectly controlling entity is Cembra Beteiligungs GmbH (hereinafter "Cembra") with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

The directly controlling entity is Raiffeisen International Bank-Holding AG (hereinafter "RI") with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

2. Other Related Parties

Czech Republic

Raiffeisen stavební spořitelna a.s. Praha 3, Koněvova 2747/99	Raiffeisen – Leasing, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Raiffeisen – Leasing Real Estate, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	MB Leasing a.s., v likvidaci Mladá Boleslav, T.G. Masaryka 1076
eBanka, a.s. Praha 1, Na Příkopě 19, PSČ 117 19	Raiffeisen finanční poradenství, s.r.o. Praha 3, Koněvova 2747/99
Real Invest Vodičkova, spol. s r.o. Vodičkova 38, 110 00 Praha 1	Raiffeisen Investment, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78

Related parties controlled indirectly through Raiffeisen - Leasing Real Estate, s.r.o.:

RLRE Alpha Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	RLRE HOTEL ELLEN, s.r.o. Mariánskolázeňská 25, Karlovy Vary
RLRE Beta Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	RLRE Gamma Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
RLRE Eta Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	ACB Ponava, s.r.o. (formerly RLRE Pegasus Property, s.r.o.) Praha 4, Hvězdova 1716/2b, 140 78
RLRE Jota Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Phoenix Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
RLRE Epsilon Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Perseus Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
RLRE Lyra Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Athena Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Raines Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Jardin Property, a.s. (formerly Bezručova Investiční a.s.) Praha 4, Hvězdova 1716/2b, 140 78
Dione Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Green Energie větrný park Bílčice, s.r.o. (formerly Helios Property, s.r.o.) Praha 4, Hvězdova 1716/2b, 140 78
Gaia Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Chronos Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Hera Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Metis Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Iris Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Sirius Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Pyrit Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Dionysos Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Raiffeisen FinCorp s.r.o. (formerly Themis Property, s.r.o.) Praha 4, Hvězdova 1716/2b, 140 78	Aither Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Orchideus Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Impuls Tuchoměřice Praha 1, Dlouhá 26, 110 00

Artemis Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	RLRE Ypsilon Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Holečkova Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Viktor Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Euros Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Appolon Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Dike Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Pontos Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Hermes Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Nike Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
Notos Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Eirene Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
RLRE Tellmer Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Rheia Property, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
RESIDENCE PARK TŘEBEŠ, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Matějská 24, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78
UPC Real, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78	Gama Project CZ, s.r.o. Praha 4, Hvězdova 1716/2b, 140 78

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	Raiffeisen Bank S.A. Mircea Vodă Blvd. 44, 030669 Bucharest 3, Romania
Raiffeisenbank Austria d.d. Petrinjska street 59, Zagreb, Croatia	Raiffeisen Centrobank AG Tegetthofstrassel, 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, United Kingdom	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 Belgrade, Serbia
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.	Raiffeisen Investment AG Krugerstrasse 13, A-1015 Vienna, Austria
Raiffeisen Malta Bank PLC 52, Il Piazzetta, Tower Road, SLM 1607 Sliema, Malta	

3. List of Contracts

3.1 List of Contracts with Controlling Entities

Raiffeisen Zentralbank Österreich AG

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Sixth Amendment to the Contract for Subordinated Loan dated 21 Dec 2001	Raiffeisen Zentralbank Österreich AG	20 July 2005	Increase in the aggregate amount of the subordinated debt/payment of the contractual interest
The Agent Service Level Agreement (ASLA)	Raiffeisen Zentralbank Österreich AG	25 Sept 2001	Specification of principal requirements for the administration of securities by Raiffeisenbank a.s. in favour of RZB/payment of contractual fees
Commissionaire Contract	Raiffeisen Zentralbank Österreich AG	1 Oct 2001	Transactions with securities/payment of contractual fees
Contract for the Administration of Securities and Settlement of Securities Transactions	Raiffeisen Zentralbank Österreich AG	17 May 2002	Conditions of the administration of securities and settlement of securities transactions/payment of contractual fees
General Risk Participation Contract	Raiffeisen Zentralbank Österreich AG	18 May 2001	Contract for risk participation based on which 14 risk participation confirmations were issued in 2005/payment of contractual fees
Contract for the Establishment of the Pledge on Receivables arising from Deposits	Raiffeisen Zentralbank Österreich AG	30 Sept 2005	Establishment of the pledge on receivables arising from deposits
Contract for the Establishment of the Pledge on Receivables arising from Deposits	Raiffeisen Zentralbank Österreich AG	23 Nov 2005	Establishment of the pledge on receivables arising from deposits
Contract for the Establishment of the Pledge on Receivables arising from Deposits	Raiffeisen Zentralbank Österreich AG	25 April 2005	Establishment of the pledge on receivables arising from deposits
Pledge Contract for the Receivables arising from Deposits	Raiffeisen Zentralbank Österreich AG	3 June 2005	Establishment of the pledge on receivables arising from deposits
Counter-guarantees for the customs guarantee	Raiffeisen Zentralbank Österreich AG	9 Dec 2005	Issuance of the customs counter-guarantee
Counter-guarantees for the customs guarantee	Raiffeisen Zentralbank Österreich AG	9 Dec 2005	Issuance of the customs counter-guarantee
Bank guarantee	Raiffeisen Zentralbank Österreich AG	15 April 2005	Bank guarantee/fee for the issuance of the guarantee
Amendment No. 1 to the Contract for the Mediation of Payments and Representation dated 16 Oct 2001	Raiffeisen Zentralbank Österreich AG / Raiffeisen Kapitalanlage G.m.b.H.	26 July 2004	Mediation of payments and representation in the Czech Republic/payment of the fees according to the contract
Amendment No. 2 to the Contract for the Mediation of Payments and Representation dated 16 October 2001	Raiffeisen Zentralbank Österreich AG / Raiffeisen Kapitalanlage G.m.b.H.	24 Aug 2004	Mediation of payments and representation in the Czech Republic/payment of fees according to the contract
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	27 Dec 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	13 Oct 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	16 Nov 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	22 Dec 2006	Credit risk participation/payment of contractual fees
General TBMA/ISMA Repo Contract	Raiffeisen Zentralbank Österreich AG	13 Aug 2007	Definition of conditions for trading with securities and financial instruments
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	5 Sept 2007	Credit risk participation/payment of contractual fees
Credit Facility Agreement	Raiffeisen Zentralbank Österreich AG	7 Dec 2007	Intercompany loan/payment of contractual fees and interest
Agreement of an indirect participation in Target2	Raiffeisen Zentralbank Österreich AG	6 June 2008	Conditions of the indirect participation in the Target2 system for settlement of payments in EUR/payment of contractual fees

Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	4 June 2008	Credit risk participation/payment of contractual fees
Margin pooling SLA	Raiffeisen Zentralbank Österreich AG	24 June 2008	Definition of services for margin pooling/payment of contractual fees
Cash-pool Gross Boarder Zero Balancing SLA	Raiffeisen Zentralbank Österreich AG	13 Oct 2008	Definition of services for cash pooling/payment of contractual fees

Raiffeisen International Bank-Holding AG

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Advisory Services Contract	Raiffeisen International Bank-Holding AG	5 Jan 2005	Advisory in Risk, Treasury, HR and Controlling/payment of fees according to the contract
Advisory Services Contract	Raiffeisen International Bank-Holding AG	2 May 2005	Advisory in retail banking/payment of the fees according to the contract
Contract for the Lease of Non-residential Premises	Raiffeisen International Bank-Holding AG	2 May 2005	Lease of non-residential premises/payment of the lease
Prepayment Agreement	Raiffeisen International Bank-Holding AG	14 March 2008	Participation in the Retail Collections and Application Processing group program/payment of fees according to the group
Prepayment Agreement	Raiffeisen International Bank-Holding AG	14 March 2008	Participation in the Active Credit Portfolio Management group program/payment of fees according to the contract
International Group Marketing Agreement	Raiffeisen International Bank-Holding AG	12 March 2008	Coordination and financing of marketing activities in the Raiffeisen group
Contract for the Lease of Non-residential Premises	Raiffeisen International Bank-Holding AG	1 Sept 2008	Lease of non-residential premises/payment of the lease
Sub-licence Agreement for Debt Manager Software	Raiffeisen International Bank-Holding AG	22 Dec 2008	Provision of the sub-licence for the use of software/payment of the contractual fee

In addition to contracts referred to above, the Bank and controlling entities entered into other bank transactions, predominantly loans and borrowings on the money market and fixed-term transactions from which the Bank received or on which it paid interest and fees in the year ended 31 December 2008.

In the reporting 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 List of Contracts with Other Related Parties

Raiffeisen stavební spořitelna a.s.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the Opening of the Current Investment Account	Raiffeisen stavební spořitelna, a.s.	2 Oct 2001	Opening and maintenance of an investment account/payment of contractual fees
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	1 July 2002	Mediation of the sale of construction savings scheme/payment of contractual commissions
Contract for the Use of Call Centre	Raiffeisen stavební spořitelna a.s.	12 May 2004	Provisions of call centre services to RSTS/contractual fee
Contract for the Provision of Call Centre Services	Raiffeisen stavební spořitelna a.s.	23 June 2005	Provision of call centre services for RSTS/contractual fee
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	18 May 2005	Cooperation in the sale of credit cards/contractual fee

Cooperation Contract	Raiffeisen stavební spořitelna a.s.	11 Nov 2005	Cooperation in the sale of credit cards/contractual fee
Contract for the Payment of Additional Expenses for mailing services and production of POS material	Raiffeisen stavební spořitelna a.s.	19 Oct 2005	Payment for the production and sending of advertising leaflets
Amendment No. 1 to the Contract for the Lease of Non-residential premises	Raiffeisen stavební spořitelna a.s.	23 Jan 2006	Lease of non-residential premises/ payment of the lease
Contract for the Mediation of Activities in the Form of Mutual Addressing of Clients	Raiffeisen stavební spořitelna a.s.	20 Dec 2006	Addressing of clients with the purpose of mutual offering of products/ mediation commission
Contract for the Purchase or Sale of Securities, Settlement of Transactions with Securities and Administration of Securities	Raiffeisen stavební spořitelna a.s.	2 April 2007	Sale, purchase and settlement of transactions with securities and stock exchange derivatives/payment of the contractual fee
Contract for the Cooperation in Provision of Advertising and Promotion at Raiffeisen Business Circle	Raiffeisen stavební spořitelna a.s.	16 April 2007	Promotion of RSTS at an event with clients/payment of the contractual fee
Contract for the Cooperation in Addressing of Clients	Raiffeisen stavební spořitelna a.s.	12 Nov 2007	Addressing of clients with the purpose of mutual offering of products/ mediation commission
Contract for the Participation in the Production of a TV Program	Raiffeisen stavební spořitelna a.s.	3 May 2007	Definition of conditions for the participation in the production of a TV program
Amendment No. 1 to the Contract for the Participation in the Production of a TV Program	Raiffeisen stavební spořitelna a.s.	18 Jan 2008	Definition of conditions for the participation in the production of a TV program
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	15 Oct 2008	Definition of conditions of cooperation in mutual offering of products
Benefit Contract	Raiffeisen stavební spořitelna a.s.	15 Oct 2008	Definition of conditions for cooperation in mutual offering of products

MB Leasing a.s., v likvidaci

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the Opening and Maintenance of the Current Account	MB Leasing a.s.	23 March 2006	Opening and maintenance of the current account/payment of contractual fees
Contract for the Opening and Maintenance of the Current Account	MB Leasing a.s.	11 April 2006	Opening and maintenance of the current account/payment of contractual fees
Bookkeeping Contract	MB Leasing a.s. Raiffeisen – Leasing, s.r.o.	1 March 2006	Bookkeeping for MB Leasing a.s./ payment of the contractual fee
Contract for the Administration of Documents and Provision of Certain Services	MB Leasing a.s. Raiffeisen – Leasing, s.r.o.	1 March 2006	Administration of documents of MB Leasing a.s./payment of the contractual fee

Note: MB Leasing a.s. was dissolved as of 4 April 2008

Raiffeisen – Leasing, s.r.o.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Credit Risk Cooperation Contract	Raiffeisen – Leasing, s.r.o.	12 Jan 2004	Provision of credit risk analyses/ payment of fees and payment of costs according to the contract
Treasury Cooperation Contract	Raiffeisen – Leasing, s.r.o.	30 June 2004	Treasury cooperation contract/payment of fees and costs according to the contract
Loan Contract	Raiffeisen – Leasing, s.r.o.	28 Nov 2005	Provision of a loan/payment of the contractual interest
Contract for the Non-exclusive Business Representation	Raiffeisen – Leasing, s.r.o.	3 Dec 2005	Business representation/payment of contractual commissions
Contract for the Provision of the Call Centre Services	Raiffeisen – Leasing, s.r.o.	25 Jan 2005	Provision of call centre services/ payment of the contractual fee

Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating leases of computers and office equipment/contractual fee
Amendment No. 2 to the Lease Contract dated 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 June 2005	Definition of the contractual fee and date when the lease is terminated
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of the equipment of the establishment/contractual fee
Amendment No. 2 to the Lease Contract dated 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 June 2005	Definition of the contractual fee and date when the lease is terminated
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of the equipment of the establishment/contractual fee
Amendment No. 2 to the Lease Contract dated 11 May 2001	Raiffeisen – Leasing, s.r.o.	30 June 2005	Definition of the contractual fee and date when the lease is terminated
Lease Contract	Raiffeisen – Leasing, s.r.o.	5 Oct 2001	Operating lease of the IBM server and accessories/contractual fee
Amendment No. 2 to the Lease Contract dated 5 October 2001	Raiffeisen – Leasing, s.r.o.	30 June 2005	Definition of the contractual fee and date when the lease is terminated
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 Feb 2002	Operating lease of computers and office equipment/contractual fee
Amendment No. 1 to the Lease Contract dated 11 Feb 2002	Raiffeisen – Leasing, s.r.o.	31 March 2005	Definition of the contractual fee and date when the lease is terminated
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 Feb 2002	Operating lease of the set of glass and aluminium structures/contractual fee
Amendment No. 1 to the Lease Contract dated 11 February 2002	Raiffeisen – Leasing, s.r.o.	31 March 2005	Definition of the contractual fee and date when the lease is terminated
Confidentiality Agreement	Raiffeisen – Leasing, s.r.o.	1 Jan 2006	Confidentiality regarding offers of products to customers of both parties
Contract for the Cooperation in Advertising and Promotion	Raiffeisen – Leasing, s.r.o.	6 Jan 2006	Mutual promotion and advertising/payment of costs according to the contract
Cooperation Contract	Raiffeisen – Leasing, s.r.o.	31 March 2006	Mutual offering of products and services to customers of both parties
Credit Risk Cooperation Contract	Raiffeisen – Leasing, s.r.o.	1 Aug 2006	Provision of credit risk analyses/payment of fees and payment of costs according to the contract
Contract for the Cooperation and Provision of Services	Raiffeisen – Leasing, s.r.o.	7 Sept 2006	Provision of system and servicing support in IT/payment of the contracted fee
Amendment No. 1 to the Loan Contract dated 28 November 2005	Raiffeisen – Leasing, s.r.o.	27 Sept 2006	Contractual definition of the possibilities of using the credit letter and maturity of the loan
Amendment No. 2 to the Loan Contract dated 28 November 2005	Raiffeisen – Leasing, s.r.o.	27 Nov 2006	Increase in the loan facility/contractual fee
Contract for the Administration of Documents and Provision of Certain Services	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 March 2006	Administration of documents of MB Leasing a.s./Payment of the contractual fee
Bookkeeping Contract	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 March 2006	Bookkeeping for MB Leasing a.s./payment of the contractual fee
Contract for the Lease of Non-residential Premises	Raiffeisen – Leasing, s.r.o.	26 Nov 2007	Lease of non-residential premises/payment of the lease
Amendment No. 4 to the Lease Contract dated 11 February 2002	Raiffeisen – Leasing, s.r.o.	29 Dec 2008	Definition of the lease termination
Amendment No. 5 to the Lease Contract dated 11 May 2001	Raiffeisen – Leasing, s.r.o.	29 Dec 2008	Definition of the lease termination

Raiffeisen – Leasing Real Estate, s.r.o.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Credit Risk Cooperation Contract	Raiffeisen – Leasing Real Estate, s.r.o.	12 Jan 2004	Provision of credit risk analyses/payment of fees and settlement of costs according to the contract
Contract for the Use of the Electronic Banking	Raiffeisen – Leasing Real Estate, s.r.o.	19 Jan 2004	Installation of the electronic banking system/contractual fee
Amendment No. 1 to the Contract for the Use of the Electronic Banking dated 19 Jan 2004	Raiffeisen – Leasing Real Estate, s.r.o.	26 Oct 2005	Definition of the contractual fee

Contract for the Opening and Maintenance of the Current Account	Raiffeisen – Leasing Real Estate, s.r.o.	19 April 2004	Opening and maintenance of the current account/payment of contractual fees
Treasury Cooperation Contract	Raiffeisen – Leasing Real Estate, s.r.o.	30 Nov 2006	Treasury cooperation contract/payment of the fee and costs according to the contract
Amendment No. 1 to the Contract for the Special-Purpose Account dated 19 Oct 2004	Raiffeisen – Leasing Real Estate, s.r.o. FONTÁNA HOTEL, s.r.o.	1 Feb 2006	Definition of contractual terms
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	28 June 2007	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	28 June 2007	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	19 July 2007	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company	Raiffeisen – Leasing Real Estate, s.r.o.	19 July 2007	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees
Contract for the Opening of 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	Opening a special account for the purposes of founding a business company/payment of contractual fees

<i>Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company</i>	<i>Raiffeisen – Leasing Real Estate, s.r.o.</i>	<i>23 Oct 2007</i>	<i>Opening a special account for the purposes of founding a business company/payment of contractual fees</i>
<i>Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company</i>	<i>Raiffeisen – Leasing Real Estate, s.r.o.</i>	<i>23 Oct 2007</i>	<i>Opening a special account for the purposes of founding a business company/payment of contractual fees</i>
<i>Contract for the Opening of a Special Account for the Purposes of Paying up the Contribution while Founding a Business Company</i>	<i>Raiffeisen – Leasing Real Estate, s.r.o.</i>	<i>23 Oct 2007</i>	<i>Opening a special account for the purposes of founding a business company/payment of contractual fees</i>

As of 31 December 2008, Raiffeisenbank a.s. had concluded 51 contracts for the opening and maintenance of the current account with companies controlled indirectly through Raiffeisen – Leasing Real Estate, s.r.o. based on which it received standard contractual fees and paid standard contractual interest to the above companies.

As of 31 December 2008, Raiffeisenbank a.s. had concluded 61 contracts for the use of electronic banking, or rather authorisation to use electronic banking, with companies indirectly controlled through Raiffeisen – Leasing Real Estate, s.r.o. based on which it received contractual fees from the above companies.

eBanka, a.s.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
<i>General Cooperation Contract</i>	<i>eBanka, a.s.</i>	<i>20 Nov 2006</i>	<i>General definition of rules for mutual provision of products to customers of contractual parties/payment of the contractual fee (commission)</i>
<i>Implementation Contract No. 1 to the General Cooperation Contract</i>	<i>eBanka, a.s.</i>	<i>20 Nov 2006</i>	<i>More detailed definition of rules for mutual provision of products to customers of contractual parties/payment of the contractual fee (commission)</i>
<i>Implementation Contract No. 2 to the General Cooperation Contract</i>	<i>eBanka, a.s.</i>	<i>21 Dec 2006</i>	<i>More detailed definition of rules for mutual provision of products to customers of contractual parties/payment of the contractual fee (commission)</i>
<i>Risk Management Cooperation Contract</i>	<i>eBanka, a.s.</i>	<i>27 Oct 2006</i>	<i>Credit Risk Analyses/ Payment of the contractual fee</i>
<i>Contract for Special-purpose Account Intended for the Increase of the Share Capital</i>	<i>eBanka, a.s.</i>	<i>28 Dec 2006</i>	<i>Opening of a special-purpose account intended for the increase in the share capital/ payment of the contractual fee</i>
<i>Contract for Special-purpose Account Intended for the Increase of the Share Capital</i>	<i>eBanka, a.s.</i>	<i>25 Oct 2007</i>	<i>Opening of a special-purpose account intended for the increase in the share capital/ payment of the contractual fee</i>
<i>Contract for the Lease of Non-residential Premises</i>	<i>eBanka, a.s.</i>	<i>30 Jan 2007</i>	<i>Lease of non-residential premises/ payment of the lease</i>
<i>Amendment No. 1 to the Contract for the Non-residential Premises</i>	<i>eBanka, a.s.</i>	<i>20 Nov 2007</i>	<i>More detailed definition of rights and obligations resulting from the contract</i>
<i>Cooperation Contract</i>	<i>eBanka, a.s.</i>	<i>31 Jan 2007</i>	<i>Cooperation in organising work activities/payment of the contractual fee</i>
<i>Contract for the Lease of Non-residential Premises</i>	<i>eBanka, a.s.</i>	<i>1 Feb 2007</i>	<i>Lease of non-residential premises/ payment of the lease</i>
<i>Implementation Contract No. 3 to the General Cooperation Contract dated 20 November 2006</i>	<i>eBanka, a.s.</i>	<i>30 March 2007</i>	<i>Cooperation in processing deposits and withdrawals in cash in CZK/ payment of the contractual fee</i>

Contract for the Provisions of Call Centre services	eBanka, a.s.	30 April 2007	Provision of call centre services/ payment of the contractual fee
Implementation Contract No. 1 to the Contract for the Provisions of Call Centre services	eBanka, a.s.	30 April 2007	More detailed definition of rights and obligations resulting from the contract/ payment of the contractual fee
Amendment No. 1 to the Implementation Contract No. 1 to the Contract for the Provisions of Call Centre Services	eBanka, a.s.	25 May 2007	More detailed definition of rights and obligations resulting from the contract/ payment of the contractual fee
Amendment No. 2 to the Implementation Contract No. 1 to the Contract for the Provisions of Call Centre services	eBanka, a.s.	29 June 2007	More detailed definition of rights and obligations resulting from the contract/ payment of the contractual fee
Contract for the Lease of Movable Assets	eBanka, a.s.	7 Sept 2007	Lease of ATM/payment of the lease
Contract for the Lease of Movable Assets	eBanka, a.s.	1 Oct 2007	Lease of ATM/payment of the lease
Contract for the Lease of Movable Assets	eBanka, a.s.	24 Oct 2007	Lease of ATM/payment of the lease
Contract for the Lease of Movable Assets	eBanka, a.s.	3 Dec 2007	Lease of ATM/payment of the lease
Contract for the Opening and Maintenance of a Special-purpose Account	eBanka, a.s.	26 March 2007	Opening and maintenance of a special-purposes account/payment of contractual fees
Amendment to the Contract for the Opening and Maintenance of a Special-Purpose Account	eBanka, a.s.	1 Aug 2007	Change in contractual terms of the contract
Contract for the Opening and Maintenance of a Special-purpose Account	eBanka, a.s.	18 June 2007	Opening and maintenance of a special-purposes account/payment of contractual fees
Contract for the Opening and Maintenance of Foreign Currency Accounts	eBanka, a.s.	25 July 2007	Opening and maintenance of five foreign currency accounts/payment of contractual fees
Contract for the Opening and Maintenance of Special-purpose Accounts	eBanka, a.s.	25 Oct 2007	Opening and maintenance of three special-purpose accounts for investment purposes/payment of contractual fees
Contract for the Opening and Maintenance of Current Investment Account	eBanka, a.s.	28 Nov 2007	Opening and maintenance of a special-purpose account for investment purposes/payment of contractual fees
Contract for the Administration of the Bond Program and Dealing with Issue Payments	eBanka, a.s.	6 Nov 2007	Provision of the administrator function for the issuer of bonds (eBanka)/ payment of the contractual fee
Contract for the Dealing with Investment Instruments Transactions, Settlement of Investment Instruments Transactions and Administration of Securities	eBanka, a.s.	28 Nov 2007	Sale, purchase and settlement of transactions with securities and stock exchange derivatives/payment of the contractual fee
Contract for the Dealing with Bond Issue Payments	eBanka, a.s.	10 Dec 2007	Provision of the administrator function for the issuer of bonds (eBanka)/ payment of the contractual fee
General Risk Participation Contract	eBanka, a.s.	31 Dec 2007	Credit risk participation contract/ Payment of contractual fees
Merger Contract	eBanka, a.s.	26 May 2008	Definition of condition of the merger by amalgamation

Note: eBanka, a.s. was dissolved following the merger with Raiffeisenbank a.s. as the successor company as of 7 July 2008.

Real Invest Vodičkova, spol. s r.o.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the Lease of Non-residential premises	Real Invest Vodičkova, spol. s r.o.	26 Nov 2002	Lease of non-residential premises/ contractual fee

Raiffeisen finanční poradenství, s.r.o.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Business Representation Contract	Raiffeisen finanční poradenství s.r.o.	1 Oct 2005	Offering of products, advertising and promotional/contractual fee
Business Representation Contract	Raiffeisen finanční poradenství s.r.o.	10 Oct 2008	Offering of products, advertising and promotional/contractual fee

Raiffeisen Investment, s.r.o.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the Use of the Electronic Banking	Raiffeisen Investment, s.r.o.	2 Dec 2008	Installation of the electronic banking system/contractual fee

Raiffeisen Bank Rt.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Agreement on the Opening of the Nostro Account	Raiffeisen Bank Rt.	2 Aug 2001	Maintenance of the nostro account/ payment of contractual fees
Contract for the Opening and Maintenance Securities Account	Raiffeisen Bank Rt.	11 July 2005	Definition of conditions for maintenance of securities account of RBCZ in Hungary/payment of contractual fees

Raiffeisenbank a.d.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Loan contract	Raiffeisenbank a.d.	21 Dec 2004	Provision of the loan/payment of the contractual interest
Amendment No. 1 to the Loan Contract dated 21 Dec 2004	Raiffeisenbank a.d.	30 March 2005	Definition of contractual relations until 30 April 2005
Loan Contract	Raiffeisenbank a.d.	14 June 2005	Provision of the loan/payment of the contractual interest

Raiffeisenbank Austria d.d.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Agreement on the Opening of the Nostro Account	Raiffeisenbank Austria d.d.	21 May 2001	Maintenance of the nostro account/ payment of contractual fees

Tatra Banka, a.s.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Risk Participation Confirmation	Tatra Banka, a.s.	18 May 2005	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	18 Aug 2005	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	16 Nov 2005	Credit risk participation/payment of contractual fees
Loan Contract	Tatra Banka, a.s.	17 May 2005	Provision of loan/payment of the contractual interest
Amendment No. 1 to the Loan Contract dated 17 May 2005	Tatra Banka, a.s.	16 Nov 2005	Definition of rights and obligations
Contract for the Pledge on State Bonds	Tatra Banka, a.s.	19 May 2005	Establishing pledge on bonds
Amendment No. 1 to the Contract on the Pledge on Bonds dated 19 May 2005	Tatra Banka, a.s.	16 Nov 2005	Definition of rights and obligations
Contract for the Syndicated Investment Loan	Tatra Banka, a.s.	12 Dec 2005	Provision of the loan/payment of the contractual interest
Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	7 Dec 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	18 Dec 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 Dec 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 Dec 2006	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 Oct 2007	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	22 Nov 2007	Credit risk participation/payment of contractual fees
Cooperation Contract	Tatra Banka, a.s.	30 Nov 2007	Mutual advisory on structured transactions in the Czech Republic and Slovakia/ payment of the contractual price
Amendment No. 4 to the Agreement on the Common Use of the Banker's Almanach On-line dated 15 June 2004	Tatra Banka, a.s.	10 June 2008	Change in the price of the annual subscription
Agreement on the Termination of the Loan Contract dated 17 May 2005	Tatra Banka, a.s.	30 April 2008	Termination of the loan contract due to the completion of all contractual obligations
Risk Participation Confirmation	Tatra Banka, a.s.	27 Feb 2008	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	8 Dec 2008	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 Dec 2008	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 Dec 2008	Credit risk participation/payment of contractual fees

Raiffeisen Bank Polska S.A.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the Establishment of Pledge on Receivables from Deposits	Raiffeisen Bank Polska S.A./ OFO Polska Sp. Z o.o.	25 Aug 2005	Establishment of the pledge on receivables from deposits
Risk Participation Confirmation	Raiffeisen Bank Polska S.A.	22 Dec 2006	Credit risk participation/payment of contractual fees

Raiffeisen Bank S.A.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Agreement on Opening of Nostro Account	Raiffeisen Bank S.A.	19 Aug 2005	Maintenance of the nostro account/ payment of contractual fees

Raiffeisen Centrobank AG

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for Provision of Stock Exchange Analyses	Raiffeisen Centrobank AG	1 May 2005	Provision of analyses of the equity market on the Prague Stock Exchange/ payment of the contractual fee
Contract for Opening and Maintenance of Current/Correspondence Account	Raiffeisen Centrobank AG	23 Oct 2007	Opening and maintenance of current/ correspondence account/payment of contractual fees

Raiffeisen Krekova Banka d.d.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Loan Contract	Raiffeisen Krekova Banka d.d.	3 June 2005	Provision of the loan/payment of the contractual interest
Additional Agreement to the Loan Contract dated 3 June 2005	Raiffeisen Krekova Banka d.d.	3 June 2005	Determining of the loan amount
Amendment No. 1 to the Loan Contract dated 3 June 2005	Raiffeisen Krekova Banka d.d.	26 Aug 2005	Definition of the payment of interest
Loan Contract	Raiffeisen Krekova Banka d.d.	14 Sept 2005	Provision of the loan/payment of the contractual interest
Additional Agreement to the Loan Contract dated 14 Sept 2005	Raiffeisen Krekova Banka d.d.	6 Sept 2005	Determining the amount of used funds
Amendment No. 1 to the Loan Contract dated 14 Sept 2005	Raiffeisen Krekova Banka d.d.	1 Dec 2005	Extension of the loan drawing period

Raiffeisen – Leasing International GmbH

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Creditor Agreement	Raiffeisen – Leasing International GmbH	10 March 2005	Agreement on common proceedings against debtors
Syndicate Contract	Raiffeisen – Leasing International GmbH	3 May 2004	Contract for cooperation in corporate governance
Amendment to the Creditor Contract dated 10 March 2005	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	24 June 2005	Additional modification to contractual relations

Contract for Common Refinancing	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	21 Oct 2005	Contract for the participation in refinancing of the loan
Contract for the Special-purpose Account	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	24 Oct 2005	Opening of an account with specific conditions for dealing with funds
Creditor Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property, s.r.o.	29 Dec 2004	Agreement on the common future proceedings
Contract for Special Purpose Account	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	29 Dec 2004	Opening of an account with specific condition for dealing with funds

Raiffeisen – Leasing Bank AG

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for the establishment of a pledge for receivables from deposits	Raiffeisen-Leasing Bank AG	27 Jan 2005	Establishment of the pledge for the receivables from deposits

Raiffeisen Informatik Service Ausland GmbH (RAISA)

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Maintenance Contract	Raiffeisen Informatik Service Ausland GmbH	3 Jan 2001	Contract on the maintenance of the CS/4 ++ software system/payment of contractual fee
Cooperation Contract	Raiffeisen Informatik Service Ausland GmbH	2 Aug 2002	Cooperation in IT/payment of contractual fees and refund of expenses

Raiffeisen International GROUP IT GmbH

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Framework contract on Provisions of IT services	Raiffeisen International GROUP IT GmbH	27 April 2006	Provision of IT services/payment of the contractual price

Note: Raiffeisen Informatik Service Ausland GmbH (RAISA) was transformed into Raiffeisen International GROUP IT GmbH which became part of Raiffeisen International Bank – Holding AG in 2008.

Centralised Raiffeisen International Services and Payments S.R.L.

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Contract for Provision of Advisory Services	Centralised Raiffeisen International Services and Payments S.R.L.	23 Feb 2007	Provision of services in SWIFT processing of payments/payment of the contractual price
Framework Cooperation Contract	Centralised Raiffeisen International Services and Payments S.R.L.	18 June 2007	Setting of the 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 June 2007	Agreement on dealing with data and protection of data
Appendix No. 3 to the Framework Cooperation Contract	Centralised Raiffeisen International Services and Payments S.R.L.	8 Feb 2008	Cooperation in the group FiSa program, determining fees for scanning of transactions to sanctioned persons

Eastern European Invest GmbH

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Intra Group Stand-by Facility Contract	Eastern European Invest GmbH	1 Aug 2007	Interbank loan/payment of contractual fees and interest
Amendment to Intra Group Stand-by Facility	Eastern European Invest GmbH	11 Dec 2007	Change in contractual conditions of the contract referred to above

RZB Finance LLC

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
General Risk Participation Agreement	RZB Finance LLC	12 Sept 2007	Agreement on participation in credit risk based on which the below risk participation confirmations were issued/payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	12 Sept 2007	Credit risk participation/payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	6 Sept 2007	Credit risk participation/payment of contractual fees

Raiffeisen Investment AG

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Subcontracting Service Agreement	Raiffeisen Investment AG	20 Oct 2008	Agreement on the provision of advisory services in the acquisition of SKLÁRNY KAVALIER, a.s./payment of the contractual interest

Raiffeisen Malta Bank PLC

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Subordinated Loan Contract	Raiffeisen Malta Bank PLC	15 Sept 2008	Provision of the subordinated loan/payment of the contractual interest

In addition to contracts concluded in 2008 referred to above, the Bank and other related parties entered into other transactions in the reporting period, specifically loans and borrowings on the money market and fixed-term transactions from which the Bank received or paid interest and fees.

4. Other Legal Acts**4.1 Other Legal Acts with Controlling Entities****Raiffeisen International Bank-Holding AG**

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Resolution of the Board of Directors of Raiffeisen International – origination of the control of Raiffeisenbank a.s. over eBanka, a.s.	Raiffeisenbank a.s.	23 Nov 2006	Origination of the factual control of Raiffeisenbank a.s. over eBanka, a.s.
Resolution of the General Meeting of Raiffeisenbank a.s. – Payments of dividends for 2007	Raiffeisen International Bank-Holding AG	25 April 2008	Payment of dividends following the resolution of the General Meeting

4.2 Other Legal Acts with Other Related Parties

Legal act	Counterparty	Date of conclusion	Performance/Counter-performance
Resolution of the General meeting of Raiffeisen stavební spořitelna, a.s. – payment of dividends for 2007	Raiffeisenbank a.s.	28 April 2008	Payment of dividends following the resolution of the General Meeting
Resolution of the General Meeting of Raiffeisen stavební spořitelna, a.s. – payment of extraordinary dividends	Raiffeisenbank a.s.	18 Nov 2008	Payment of dividends following the resolution of the General Meeting
Confirmation on the compliance with the obligation	Tatra banka, a.s.	25 April 2008	Confirmation of Raiffeisenbank a.s. for Tatra banka, a.s. on the settlement of all payables arising from the loan contract concluded on 17 May 2005

5. List of Other Factual Measures

5.1 List of the Measures Adopted at the Initiative of Controlling Entities

Raiffeisen Zentralbank Österreich AG

Measure	Counterparty	Date
The Board of Directors of Raiffeisenbank a.s. approved the issue of customs guarantees/counter-guarantees with Raiffeisen Zentralbank Österreich AG	Raiffeisen Zentralbank Österreich AG	15 Nov 2005
Approval of the Board of Directors of Raiffeisenbank a.s. of the increase in the Stand-By Letter of Credit issued by RZB used as regional collateral of risks of MasterCard risks	Raiffeisen Zentralbank Österreich AG	29 Jan 2007

General Limits

The Bank has approved general limits for transactions with related parties that apply to current and term deposits, loans, repurchase transactions, treasury shares, letters of credit, provided and received guarantees based on the resolution of the controlling entity.

5.2 List of Measures Adopted in the Interest of Other Related Parties

Raiffeisen stavební spořitelna, a.s.

Measure	Counterparty	Date
The Board of Directors of Raiffeisenbank a.s. approved the sale of a part of the investment in Raiffeisen stavební spořitelna, a.s. and purchase of the equity investment in HYPO stavební spořitelna a.s.	Raiffeisen stavební spořitelna, a.s.	23 June 2008
The Board of Directors of Raiffeisenbank a.s. approved the requirement for the increase in the guarantee provided by Raiffeisen Zentralbank Österreich AG for Raiffeisenbank a.s. to MasterCard Europe	Raiffeisen Zentralbank Österreich AG	1 Sept 2008

6. Final Statement of the Board of Directors of Raiffeisenbank a.s.

We state that the Report on Related Party transactions between the related parties of Raiffeisenbank a.s. prepared in accordance with Section 66a (9) of the Commercial Code for the reporting period from 1 January 2008 to 31 December 2008, to our best knowledge, includes all:

- Contracts between related parties;
- Performance and counter-performance provided to related parties;
- Other legal acts adopted in the interest of these parties; and
- All other factual measures adopted or made in the interest or at the initiative of these parties

concluded or effected in the reporting period and known to us on the date of signing of this report.

In identifying other related parties, the Board of Directors of Raiffeisenbank a.s. used the information provided by the controlling entities of the Bank, Raiffeisen Zentralbank Österreich AG and Raiffeisen International Bank-Holding AG.

In addition, we state that we are not aware that a detriment to assets was caused as a result of contracts, other legal acts and other factual measures concluded, made or adopted by the Bank in the reporting period from 1 January 2008 to 31 December 2008.

In Prague on 30 March 2007



Lubor Žalman
Chairman of the Board of Directors
and CEO



Jan Kubín
Member of the Board of Directors
and Executive Director

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.



Karel Soukeník
Head of the Financial Controlling
& Accounting Division





**Raiffeisen
BANK**

Client inspired banking

**THE RZB GROUP
AND RAIFFEISEN
INTERNATIONAL
AT A GLANCE**

Raiffeisen International and the RZB Group 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 14.7 million customers in over 3,200 business outlets.

■ 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.
■ Hungary	Raiffeisen Bank Zrt.
■ Kosovo	Raiffeisen Bank Kosovo J.S.C.
■ 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 about 70 per cent of Raiffeisen International's common stock. The balance is free float, owned by institutional and retail investors. The company's shares are traded on the Vienna Stock Exchange.

Raiffeisen International achieved another record result for the full year 2008: the group's consolidated profit (after tax and minorities) rose by 17 per cent to €982 million (compared with the same period in 2007). The balance sheet total was €85.4 billion at year-end, also up 17 per cent. On the balance sheet date, nearly 63,400 employees serviced more than 14.7 million customers in over 3,200 business outlets.

As of 31 December 2008, the RZB Group's balance-sheet total amounted to 156.9 billion, up 14 per cent compared with year-end 2007. While the operating result hit another record high, the effects of the financial market and bank crisis brought about a decrease in profits. Consequently, profit before tax declined by 60 per cent to €597 million. On the reporting date, the Group employed a staff of 66,650 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 representative offices in Harbin and Zhuhai), Xiamen and Singapore as well as representative offices in Ho Chi Minh City, Hong Kong, Mumbai and Seoul. This international presence clearly underlines the bank's emerging markets strategy.

RZB is rated as follows (April 2009):

■ Standard & Poor's	Short-term	A-1
■ Standard & Poor's	Long-term	A
■ Moody's	Short-term	P-1
■ Moody's	Long-term	A1

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Raiffeisen INVESTMENT AG

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**Subsidiaries and representative offices in Bosnia
and Herzegovina, Bulgaria, Czech Republic,
Hungary, Montenegro, Poland, Romania, Russia,
Serbia, Turkey and Ukraine.**

Data accurate on 20 February 2009

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. In 2005, the majority shareholder transferred its stake to its daughter Raiffeisen Bausparkassen Holding GmbH, which became the integrating link between the savings banks of the Raiffeisen group in Austria and other countries.

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.

2008 has been a very successful year for Raiffeisen stavební spořitelna. The bank concluded 156,000 new agreements in total volume of CZK 41.8 billion. The volume of granted loans reached CZK 9.7 billion, of which 8.2 billion were loans to private individuals and 1.5 billion loans to housing.

The main strategic goal of 2008 was the integration process of Hypo stavební spořitelna into the Raiffeisen family. This process was successfully finalized and Hypo stavební spořitelna was cancelled by 31 October 2008. After the integration of Raiffeisen and Hypo, the successor – under the joint name Raiffeisen stavební spořitelna – became third biggest building society in the market servicing more than one million clients. Raiffeisenbank's stake declined to 10% in joint organisation, 90% holds Raiffeisen Bausparkassen Holding GmbH.

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
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Internet: 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 shareholders 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. 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 2.36 billion in 2008, and it has again financed client assets worth CZK 2.6 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 Hi-tech technologies or solar power plants. 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.

Because of the worldwide economic situation, Raiffeisen-Leasing will in 2009 focus primarily on providing optimal financing services with stronger support of those clients with longer and stable perspective. Also, Raiffeisen-Leasing will find proper solutions for already financed clients. The company will continue in the development of areas, which were promoted in 2008, as solar power plants and Hi-tech technologies.

Raiffeisen-Leasing, s.r.o.
 Hvězdova 1716/2b
 140 78 Prague 4
 Tel: 221 511 611
 Fax: 221 511 666
 E-mail: rl@rl.cz
 Internet: 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.

The only shareholder of UNIQA pojišťovna is 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 2008, UNIQA pojišťovna held ninth position on the Czech insurance market. During the fifteen years of its existence, it has always been one of ten largest insurance companies on the Czech market. Currently, it provides its services at over 120 business locations throughout the Czech Republic. Its portfolio reached almost 500.000 insurance contracts and exceeded CZK 4 billion in portfolio premiums.

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, travel insurance or vehicle liability insurance. This helps significantly in simplifying clients' finances and creates important synergetic effects between Raiffeisen and UNIQA pojišťovna.

UNIQA pojišťovna, a.s.
Evropská 136
160 12 Prague 6
Tel: 225 393 111
Fax: 225 393 777
E-mail: uniqa@uniqa.cz
Toll-free infoline: 800 120 020

Raiffeisenbank branches

	Address	Phone
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	Malátova 2, 612 00 Brno-Královo Pole	517 546 153
Brno – Nám. Svobody	Nám. Svobody 2, 602 00 Brno	531 022 900
Brno – Olympia	Olympia, U dálnice 777, 664 42 Modřice	547 243 868
Česká Lípa	Nám. T.G.M 193, 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	Hrozenová 7, 370 01 České Budějovice	386 357 815
Český Krumlov	Náměstí Svornosti 15, 381 01 Český Krumlov	380 712 705
Děčín	Myslbekova 3/84, 405 01 Děčín	412 510 057
Domažlice	Mmgr. B. Staška 68, 344 01 Domažlice	379 775 911
*Frýdek-Místek	J. V. Sládky 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
Liberec	Pražská 6, 460 01 Liberec	483 519 080
*Mladá Boleslav	T. G. Masaryka 1009, 293 01 Mladá Boleslav	326 700 981
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	Týršova 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	Sjízdná 2, 721 00 Ostrava	596 966 432
Ostrava – Kotva	Výškovická 114, 702 00 Ostrava	596 797 011
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 – Palladium	Náměstí Republiky 1, 110 00 Praha 1	225 376 500
Praha 1 – Spálená	Spálená 16, 110 00 Praha 1	224 948 883
Praha 1 – Na Příkopě	Na Příkopě 24, 110 00 Praha 1	225 374 011
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 nám.	Karlovo náměstí 10, 120 00 Praha 2	224 900 711
Praha 2 – Karlovo nám. 2	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 3 – Želivského	Želivského 16, 130 00 Praha 3	225 374 611
Praha 3 – Seifertova	Seifertova 29, 130 00 Praha 3	225 282 611
*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	Arkalovská 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 – Mil. 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 9 – Prosecká	Prosecká 64, 190 00 Praha 9	225 983 611
*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
Praha 10 – Eden	Vršovická 68b, 100 00 Praha 10	225 282 911
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	Parižská 20, 400 01 Ústí nad Labem	475 237 111
Ústí nad Labem	Velká hradební 9, 400 01 Ústí nad Labem	474 434 111
*Zlín	Kvítková 552, 760 01 Zlín	577 008 040
Znojmo	Obroková 15, 669 02 Znojmo	515 209 711
*Žďár nad Sázavou	Náměstí Republiky 42, 591 01 Žďár nad Sázavou	566 652 711

The "" signed branches offer also Business Centers for SME's. Except these "*" branches are SME services available also on following addresses:

	Address	Phone
Chomutov	Školní 1054, 430 01 Chomutov	474 930 909
Jičín	Jungmannovo nám. 1103, 506 50 Jičín	495 069 681
Olomouc	Karolíny Světlé 2, 771 11 Olomouc	585 206 926

Mortgage centres

	Address	Phone
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	Parižská 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

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Valid as of January 2009

