

Výroční zpráva
Annual Report
2004



**Raiffeisen
BANK**

Czech Republic

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Annual Report

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Klíčové ekonomické ukazatele

Key Economic Indicators

Key Economic Indicators

Economic Indicators		2004	2003
Total assets	CZK 000	63,206,869	61,974,222
Receivables from banks	CZK 000	22,253,147	22,495,352
Receivables from clients	CZK 000	35,153,032	31,381,990
Payables to banks	CZK 000	3,559,936	7,657,148
Payables to clients	CZK 000	44,716,649	42,971,630
Registered capital	CZK 000	2,500,000	2,500,000
Profit/loss	CZK 000	302,125	218,827
Number of employees		1,107	1,045
Number of clients		134,658	112,252

Structure of capital		2004	2003
Capital adequacy	%	9.74	10.58
Tier 1	CZK 000	2,652,158	2,414,640
Tier 2 and Tier 3	CZK 000	1,463,488	1,361,577
Total Tier 1 and Tier 2 deductible items	CZK 000	132,683	151,374
Total capital	CZK 000	4,115,646	3,776,217
Capital requirements			
Capital requirement A	CZK 000	3,178,003	2,697,850
Capital requirement B	CZK 000	200,924	157,515
Capital requirement for trade portfolio credit risk	CZK 000	37,465	14,081
Capital requirement for trade portfolio risk exposure	CZK 000	0	0
Quantitative indicators*			
Return on average total assets (ROAA)	%	0.46	0.37
Return on average shareholders' equity (ROAE)	%	11.68	9.77
Assets per one employee	CZK 000	57,097	59,533
Administration costs per one employee	CZK 000	1,322	1,277
Net profit per one employee	CZK 000	273	210

* the indicators were calculated using values valid as of the end of the year

Introducing Raiffeisenbank

Raiffeisenbank a.s. (RBCZ) 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 a.s.), insurance (UNIQA pojišťovna a.s.) and leasing (Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate s.r.o.). RBCZ is one of ten financial institutions in the Czech Republic to offer mortgages, together with financial assistance from the state.

At year-end 2004, Raiffeisenbank had 48 business locations throughout the Czech Republic and employed over 1100 persons. As of the end of 2004, the bank managed assets exceeding CZK 63 billion and provided its products and services to about 135,000 clients.

RBCZ's majority shareholder is the Austrian financial institution, Raiffeisen International Bank-Holding AG, whose parent company is Raiffeisen Zentralbank Österreich AG (RZB). Last year, the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC) invested capital into Raiffeisen International. Additional shareholders include Raiffeisenlandesbank Niederösterreich – Wien AG with 24% and RB Prag Beteiligungs GmbH with 25%.

The Austrian banking group Raiffeisen has been active in the area of financial services for more than 140 years and is the leading banking syndicate for commercial and investment banking in all of Central and Eastern Europe. In Central and Eastern Europe, Raiffeisen International Bank Holding has 15 subsidiary banking institutions. At year-end 2004, these institutions operated with 920 business sites and 2 representative offices in the 16 markets of the region. The Raiffeisen Group's total balance last year exceeded EUR 68 billion, which is a year-on-year increase of more than 20%.

From the very beginning, Raiffeisenbank has made every effort to offer its services to a wide variety of customers with emphasis on the particular needs of clients in the specific 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 2004

February

- The bank launches the first issue of the approved bond programme for mortgage bonds in the amount of CZK 500 million. The second issue took place in August. The overall volume of the bond program is CZK 3 billion.

April

- The bank launches the sale of the Včelička (Busy Bee) Savings Account for children up to 18 years old. The benefits of the account include attractive interest rates and account maintenance free of charge.
- The first affinity card is introduced in the Czech Republic. Raiffeisenbank issues the card together with the National Geographic Society. By using the card, cardholders contribute to wildlife conservation.
- Raiffeisenbank receives three awards as a part of the "Zlatá koruna" competition. In the category of "Corporate Loans", the bank was awarded a "Gold koruna" for Micro Working Capital Financing and a "Bronze koruna" in the same category for Micro Overdraft. In the category of Loans, the bank received a "Silver koruna" for "Rychlá půjčka" (Quick Loan).

May

- As of 1 May, clients may arrange supplementary pension insurance from ING Penzijní fond at all Raiffeisenbank branch offices.
- "Infoservis", a direct banking service for sending messages about the status and transactions on accounts via email or SMS, is launched.
- Lubor Žalman is appointed Chief Executive Officer and Chairman of the Board of Directors of Raiffeisenbank.

June

- The Včelička Savings Account is supplemented with casualty insurance – clients are offered comprehensive casualty insurance for children and their legal guardians.

July

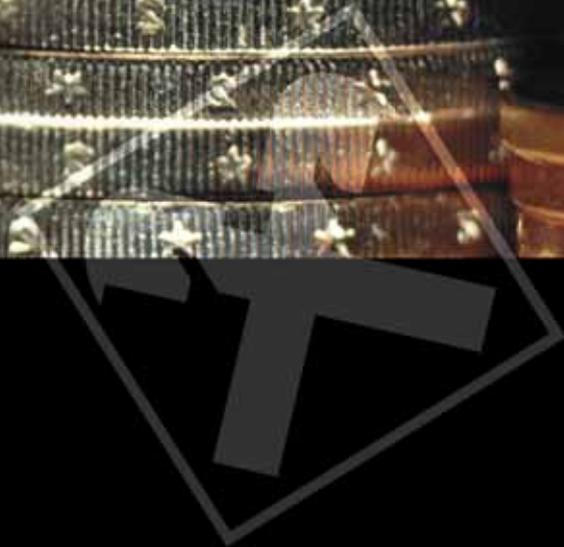
- Raiffeisenbank launches cooperation with the advertising agency, Leo Burnett Advertising, s.r.o., and the media agency, Starcom Media Vest Group, s.r.o.

October

- The bank offers a new insurance package with the Triga Mortgage. The package includes three insurance products: property insurance, life insurance and private health insurance.
- Students may now take advantage of the new Kompletkonto Student package. Students have access to basic banking services with attractive terms.
- The European Bank for Reconstruction and Development and the IFC become shareholders of Raiffeisen International, the majority owner of Raiffeisenbank a.s. Each corporation increases the capital of Raiffeisen International by EUR 100 million.
- Raiffeisenbank's mortgages are improved once again. The maximum maturity period for mortgages is extended to 30 years, and the features of the American-style mortgage are modified. In October and upcoming months, the interest rates for all mortgage maturity periods are reduced.

December

- The 48th branch office in the Czech Republic is opened in Prague-Kobylisy.



Slovo generálního ředitele

CEO's Statement

CEO's Statement

Beyond a doubt, 2004 has been the most successful year to date for Raiffeisenbank Czech Republic. The bank commenced its activities as a universal bank with a foreign exchange licence in 1993. Since then, Raiffeisenbank has worked its way up to being one of the most important financial institutions in the Czech banking sector and has established a firm position on the fiercely competitive market. The success of 2004 only emphasised this development and confirmed the bank's strong dedication and direction.

In 2004, the bank made substantial improvements in practically all areas of business. The bank's profit reached CZK 300 million, an increase of almost 40% over last year. The number of clients increased by 20%, reaching 135,000. Raiffeisenbank's total assets rose over CZK 63 billion, primarily due to significantly growing interest in credit products.

Corporate Customers

In the corporate clientele segment, we exceeded our goals last year. We succeeded in obtaining a range of new clients, and the volume of loans and deposits increased. The results are even more admirable, considering that growth was achieved while sustaining a healthy risk profile for the credit portfolio. In addition to substantial growth in the large corporations segment, the bank focused more on medium-size companies this year than in the past. We have also been successful in attracting as new clients a number of foreign investors entering the Czech Republic. A customer satisfaction survey concerning corporate clients has indicated a rise to 94% in the number of clients satisfied with the quality of services.

As far as corporate client products are concerned, we have focused on trade and export financing, keeping in line with our strategy. Another key product according to the bank's approved strategy includes the provision of structured financing. In the project and structured financing segment, the bank has attained additional, very substantial growth when it successfully concluded syndicated and club transactions significantly exceeding CZK 8 billion in comparison to 3 billion in 2003. The bank has in this way confirmed its position among the important syndicated loan arrangers and strengthened its position as well as one of the three strongest entities on the project financing market.

SME Segment

In the small and medium-size enterprise segment, the bank continued to strengthen its position on the market in 2004, reflected in a rise of 19% in the number of clients. The main emphasis was put on lending in particular, with its 60% rise over last year in the volume of loans. We have drawn down an EBRD credit line of EUR 10 million granted to Raiffeisenbank in 2003 as a part of the programme for financing small and medium-size enterprises – "EU/EBRD financial credits for SME" to support growth and development in this segment.

We have continued successfully in the sale of credit products belonging to the "Micro programme" category, which offers clients quick and convenient application processing and funds from CZK 100,000 to CZK 1 million. The highest gains in the programme can be attributed to Microloan – in 2004, the volume of Microloans granted rose by 74%. Micro Overdraft was next with annual growth of 45%. Interest in Micro Working Capital Financing increased by 18%.

In the area of larger SME clients (i.e. Small Business), the bank focused on project financing in addition to providing investment and working capital loans. A special team was established that prepares offers for clients in the area of project financing or the co-financing of projects backed by EU funds.

As a part of a pilot programme, the bank has also prepared pre-approved overdrafts for selected clients. This offer has been very successful – 19% of the clients approached with the offer responded. The bank continues to work on improving the processes relating to the provision of loans for SME clients, particularly speeding up the approval and drawdown process.

Private Individuals

The successful expansion of services for private individuals also continued in 2004. The bank achieved substantial success not only in its traditional areas of deposit products, but above all in the area of loans. In fact, the volume of loans had almost doubled during a period of one year. In the area of deposits, we have attracted several thousand new clients, who together with existing clients, had entrusted more than CZK 1 billion of new deposits to the bank. The number of clients using the Kompletkonto product package had also increased by more than 10,000. In credits, mortgage sales had registered the highest increase in volume. Mortgages were drawn for more than CZK 2 billion. Consumer loan sales had also developed dynamically, registering almost double the growth of 2003 and confirming Raiffeisenbank's position in the area of consumer financing.

Among the most important product news in 2004 for private individuals was undoubtedly the expansion and accessibility of mortgages. We introduced a mortgage with a 30-year maturity, significantly simplified the American-style mortgage, and made them available for up to 70% of the pledged real estate value. In addition, the mortgage application process has been shortened to an average of five days. We have also introduced an optional insurance package with the Triga Mortgage, which itself combines risk life insurance with property insurance and medical benefits.

Important news last year was also the introduction of an affinity credit card in cooperation with National Geographic, which as the first of its kind in the Czech Republic, caters to charitable aims. The bank contributes a percentage of each transaction made by clients to the National Geographic Fund for the conservation of the world's cultural and natural wealth. In the area of deposits, the bank was among the first to offer modern savings products for children. During the first year, almost 5,000 clients took advantage of the Včelička children's savings account. Other new products include an account for students, and in the area of direct banking, "Infoservis", thanks to which clients may be notified about transactions on their accounts through SMS or email messages.

The success of products for small and medium-size enterprises was confirmed by the three awards in the Zlatá koruna competition. In the category of corporate loans, Raiffeisenbank received a "Gold koruna" for Micro Working Capital Financing. In the same category, the bank received a "Bronze koruna" for Micro Overdraft. In the category of loans, the bank was also granted a "Silver koruna" for Rychlá půjčka (Quick Loan).

Goals for 2005

Clients may now take advantage of the bank's 48 branch offices located throughout the Czech Republic. The trend towards opening small branches geared to services for small business clients and small and medium-size enterprises has continued. We also plan to expand the business site network even further in 2005.

Besides its own banking activities, the bank belongs to the Raiffeisen Financial Group, which also offers products and services in building savings (Raiffeisen stavební spořitelna a.s.), insurance (UNIQA pojišťovna a.s.) and leasing (Raiffeisen-Leasing s.r.o., Raiffeisen-Leasing Real Estate s.r.o.).

Raiffeisenbank also profits on the Czech market from the knowledge and experience of its majority owner, Raiffeisen International Bank – Holding AG. This company in the Raiffeisen Financial Group is responsible for development on the markets of Central and Eastern Europe. The group is very successful in the region, and the business network is constantly growing. Currently, the group network has over 900 business sites in 16 countries of the region. In addition, Raiffeisen International was strengthened even more last year when important international institutions, the International Finance Corporation and the European Bank for Reconstruction and Development, invested capital in the group.

In addition to its business activities, Raiffeisenbank is also involved in a wide range of public service activities related to culture, education, health care and charity – reflecting Raiffeisen's 140-year tradition. Last year, we supported the Motol Hospital in Prague, a special school in Prague 4, the Radost Children's Home, the Junior Achievement Programme for basic and secondary schools, the University of Economics, the Foundation for the Development of Architecture and Construction, and the Prague German Theatre Festival – Burgtheater.

The outstanding achievements of Raiffeisenbank in 2004 would not have been possible without the support of our clients, business partners, shareholders and employees.

I value and greatly respect our clients and would like to thank them for their cooperation last year. We have succeeded in established stable relationships with our clients and business partners based on mutual trust, knowledge and support. I appreciate very much the loyalty that our clients have shown, and I can promise that we will continue next year in improving the bank's services.

I would also like to thank our shareholders for their support. The strength and stability of the Raiffeisen Financial Group provides a firm base for the bank's future success. The employees are primarily responsible for the bank exceeding its goals for 2004. Without their support, similar success would not be achievable.

The traditional emblem and trademark of the Raiffeisen Group is the Giebelkreuz – crossed horse heads. For hundreds of years, the Giebelkreuz has adorned the facades of buildings throughout Europe and is a symbol of protection for families gathered under one roof against evil and life-threatening situations. We will continue to make every effort to ensure that Raiffeisenbank is a symbol of security and stability for our clients. In addition, we will continue, of course, to implement modern banking products and services.

In 2005, we are planning on expanding the bank even further, and we hope to welcome a number of new and satisfied clients. Clients' demand for superior-quality products and services is rising. For this reason, we would like to continue to expand and improve the product line. All of the changes will improve and increase our clients' level of comfort. For Raiffeisenbank, 2004 has been a very successful year, and we are convinced that 2005 will be even better.

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



Statutory and Supervisory Bodies

Board of Directors

Chairman of the Board of Directors

Lubor Žalman

born 22 January 1966

residing at: Pod Šibeničkami 778, 251 64 Mnichovice

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

Chairman of the Assets and Liabilities Committee

Chairman of the Credit Committee

Chairman of the Committee for Selection of Business Partners

Chairman of Retail Risk Administration Committee

Members of the Board of Directors

Rudolf Rabiňák

born 21 February 1958

residing at: K Tuchoměřicům 146, 164 00 Prague 6

Member of the Board of Directors of Raiffeisenbank a.s. and responsible for corporate banking since April 2001. Prior to this position, Mr. Rabiňák worked nine years at Citibank a.s.

Chairman of the Problem Loans Committee

Willem B. Hueting

born 16 February 1962

residing at: U Druhé baterie 3/791, 162 00 Praha 6 – Sřešovice

Member of the Board of Directors of Raiffeisenbank a.s. and responsible for retail banking since August 2001. He worked ten years at ABN AMRO in the Netherlands. In 1999, Mr. Hueting became the Executive Director of Marketing and Products at ABN AMRO in Hungary.

Chairman of the Pricing Committee

Chairman of the Investment Committee

Chairman of the Retail Interest Rates Committee

Pierre H. Brisse

born 27 December 1959

residing at: Vlašská 349, 110 00 Prague 1

Member of the Board of Directors of Raiffeisenbank a.s. since 2000 and responsible for business support areas since 1993. From 1980 to 1991, Mr. Brisse worked at Continental Bank in Brussels, London and Chicago.

Chairman of the Six Sigma Steering 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 1 April 2003 and responsible for treasury activities and investment banking. Up to 2001, Mr. Bláha worked at HypoVereinsbank CZ, a.s. as the Head of the Treasury Department.

Chairman of the Investment Committee for Asset Management

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

Heinz Wiedner

born 28 June 1953

residing at: In den Siebnern 4, A-2102 Hegenbrunn, Austria

Robert Gruber

born 19 April 1956

residing at: Promenadenweg 16, A-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: Palackého 22, Bratislava, Slovakia

Miroslav Uličný

born 14 September 1955

residing at: Pod Rovnicami 61, Bratislava, Slovakia

Jarmila Fialová

born 24 September 1959

residing at: Vokovická 679, Prague 6

Hana Kolářová

born 15 February 1960

residing at: Rýdlova 1091, Říčany u Prahy

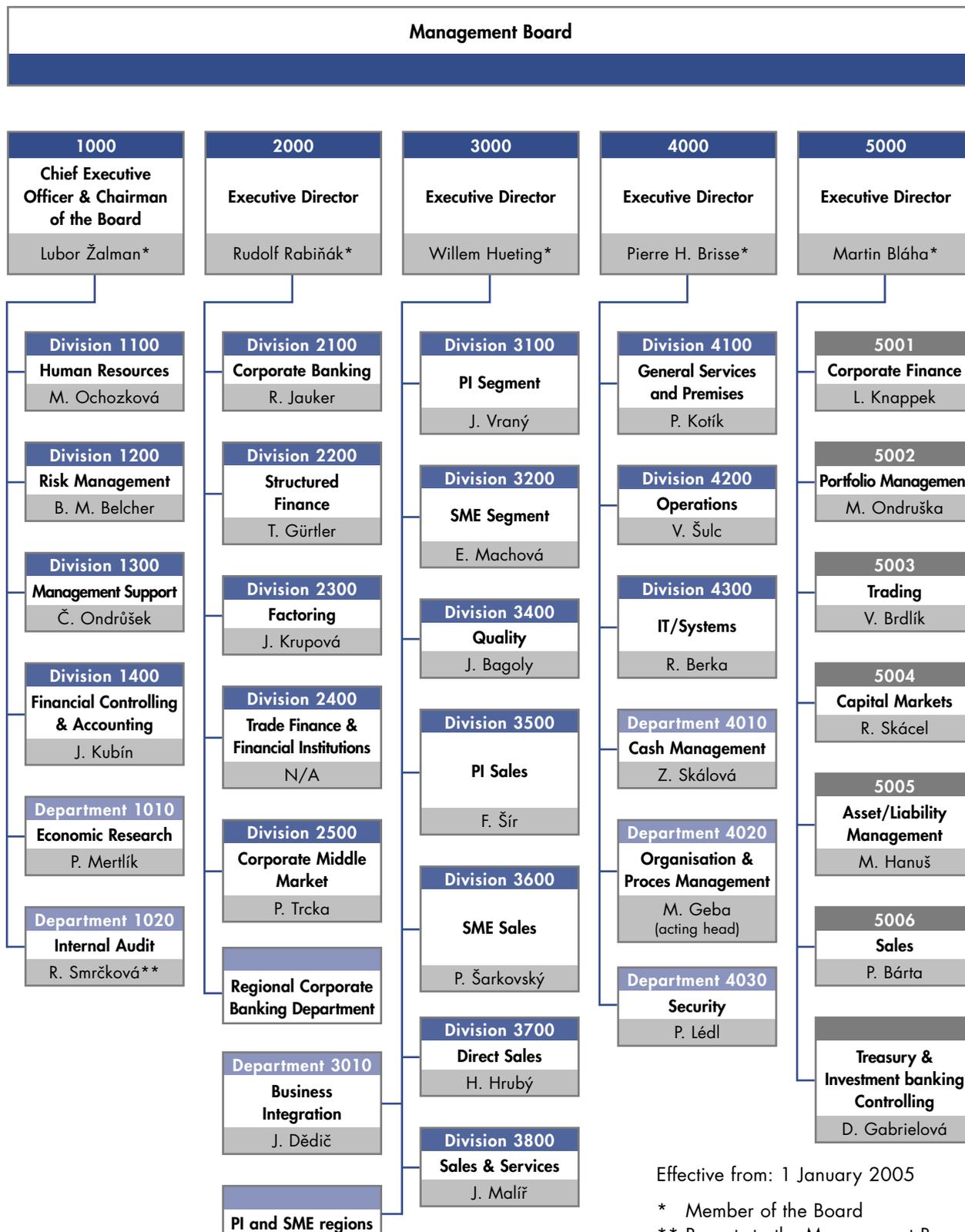
Vladimír Bútorá

born 18 January 1969

residing at: Novinarská 3, Bratislava, Slovakia

Valid as of January 2005

Organisational Chart



Effective from: 1 January 2005

- * Member of the Board
- ** Reports to the Management Board via its Chairman



Ekonomický vývoj v České republice
Economic Development in the Czech Republic

Economic Development *in the Czech Republic*

In 2004, Czech economic growth continued to accelerate – the GDP growth rate in constant prices came to 4%. The Czech economy in this way responded to world economic recovery, which had definitively overcome the recession of 2001/2002. The effects of this recession had already surfaced in the Czech economy during 2003 particularly in the form of imported deflation and lower inflow of foreign direct investment (FDI) against the past year.

The main growth catalyst for the Czech economy in 2004 has been the investment activity boom. The source of this boom was renewed FDI inflow as well as the activity of the Czech corporate sector and a rise in public sector investment. GDP growth significantly supported the trade balance as well. In 2004, the trade deficit was cut in less than one third against 2003, reaching CZK 22.3 billion. The Czech Republic joining the EU in May 2004 showed up as a somewhat unexpectedly strong growth element: in fact, following this date, imports and exports sharply increased. While exports rose in the second half of 2004 by almost a third year-on-year, imports increased during the same period by about one fifth. In 2004 Czech export rose by 23%, import by 20%.

Private consumption growth still contributed to GDP growth in 2004. Private consumption dynamics, however, fell year-on-year against 2003 to approximately one half of the level due to a rise in the inflation rate (a rate of 2.8% in 2004 as opposed to 0.1% in 2003) as well as savings in the public sector where there was a substantial reduction in “thirteenth and fourteenth” salaries.

State expenditure savings as a part of the public finance reforms also reflected negatively on government consumption from the standpoint of GDP growth. The impact of government consumption on GDP creation in 2004 was slightly restrictive (compared to previous years).

More or less the same scenario can be expected for GDP in 2005: growth, which should reach 3.8% in 2005 according to our forecast, will be pulled by investments and an improved trade balance. It will also be supported by private consumption growth and corrected by way of the Government’s slightly restrictive fiscal policy.

An increase in economic growth towards 4% has so far not prompted a reduction in the unemployment rate, which is still hovering between 9% and 10%. The structure of unemployment, however, has improved – the creation of new jobs causes a reduction in unemployment among youth and the part of the population with higher qualification levels. The relatively high rate of unemployment as well as the problem of the relatively high proportion of long-term unemployment are more social problems than economic and are related to the low qualification and low flexibility of the older age-group category.

Recovering from the global recession along with the restless situation on the raw material and commodities markets caused the deflation tendencies of the past two years to pass over in 2004. In the Czech economy, this change in external price conditions surfaced as a return of inflation values to the inflation target area set by the Czech National Bank (CNB). Our expectations for 2005 are directed towards a slight year-on-year decline in average inflation from 2.8% in 2004 to 2.5%. Therefore, inflation should be fluctuating in the lower half of the CNB’s targeted band.

In view of this situation, we can expect only a slow rise in the CNB's key interest rate for 2005. This rate was gradually increased in 2004 from 2% to 2.50%; in 2005, we expect the key rate to continue to rise gradually up to 2.75%. Therefore, the Czech Republic still maintains a low-inflation environment, and interest rates are returning to levels that correspond to this environment and to relatively rapid economic growth.

A significant monetary-policy event in 2004 was the approval of the CNB's new inflation target for the period starting from 2006 up to joining the Eurozone (expected around 2010). The basis of the CNB's monetary strategy will ultimately be a stable inflation target of 2% to 4%; considering that the European Central Bank (ECB) targets inflation in the Eurozone at a level of 2%, this means that the CNB wants to use an inflation differential of around one percentage point in the upcoming period in order to foster continued smooth real convergence of the Czech economy prior to joining the Eurozone. The stipulated inflation target along with the assumptions of the CNB's macroeconomic model lead to the conclusion that the CNB's key nominal interest rate should move over the long run towards 4.5% in the upcoming period.

The Czech Republic's balance of payments in 2004 has improved in comparison to 2003. In addition to the record favourable trade balance mentioned above, the main element of this improvement is renewed FDI dynamics. Following the cyclical decline from 2002 to 2003, Czech FDI inflow in 2004 returned to the level existing at the beginning of the decade. Of course, the volume of reinvested profit and the volume of profit outflow abroad have also increased. Flows related to foreign investment have, therefore, become "two-way", demonstrated by the higher maturity level of the Czech economy compared to the beginning of the investment boom six to seven years ago. Although the surplus on the balance of payment's financial account still remains high, it is shrinking due to the repatriation of profits.

As far as the balance of payment's current account is concerned, the deficit remains relatively high. Besides the rising volume of outflow abroad, a problem has developed concerning in particular the balance of services. Its not-so-positive development points to the large reserves of the Czech economy in the supply of services on the domestic market.

	1999	2000	2001	2002	2003	2004
GDP, % change	1.2	3.9	2.6	1.5	3.7	4.0
Industrial output, % yoy	3.1	5.4	6.5	4.8	5.8	9.9
Unemployment rate, % avg.	8.5	9.0	8.5	9.2	9.9	10.2
CPI, % change, avg.	2.1	3.9	4.7	1.8	0.1	2.8
Exchange rate to EUR, avg.	36.88	35.61	34.08	30.81	31.84	31.90
Trade balance, % of GDP	-3.2	-5.6	-5.0	-3.0	-2.7	-0.8
Current account balance, % of GDP	-2.5	-4.9	-5.4	-5.6	-6.2	-5.2
Foreign direct investment, % of GDP	6.3	5.0	5.6	8.5	2.6	4.2
Budget balance, % of GDP	-2.6	-3.7	-5.9	-6.8	-12.5	-3.0

Overall development of the balance of payments shows up in a return of the Czech koruna to the trajectory of its long-term appreciation trend, which currently means strengthening of the koruna exchange rate by 2% to 4% year-on-year. At the end of 2004, the koruna started to excessively strengthen temporarily above the framework of the fundamentally justifiable appreciation to 30.50 CZK/EUR and continued towards CZK 30 to the euro. Moreover, in view of the historically weak USD exchange rate vis-à-vis the other world currencies, the koruna was within a range of 22 to 23 against the dollar. In relation to the euro, we expect a correction in 2005 back towards 31 CZK/EUR. Due to gradual strengthening, the koruna should then reach 30.50 CZK/EUR once again at the end of 2005, this time, however, on fundamental grounds. Developments against the USD will depend on the limits for USD depreciation on a global scale.

Besides the problem of extensive long-term unemployment, a neuralgic point of the Czech economy continues to be the state and long-term developmental trend of public finances. Last year, 2004, was the first year for the Government's public finance reforms to take effect. These reforms parametrically limited certain allocation flows (gradual extension of the retirement age, corrections in payments for hospital insurance contributions, etc.) and increased in the short run the compound tax quota by offsetting a part of the goods from a reduced VAT rate to the base VAT rate and by increasing some excise tax rates. As a result of these steps, the fiscal deficit has decreased to 3 % of GDP last year and the Czech Republic has reached the Maastricht criteria for the first time. However, further reforms are still needed. The main cause of the deficit is in mandatory expenditures, especially in the pension system and the system of financing health care. These systems need systemic and not parametric changes. Without systemic reforms, there is a threat that the deficits of these expenditure subsystems will plunge Czech public finances into a situation of uncontrollable fiscal deficit and public debt growth after 2010, which would be absolute even in relation to GDP.

Important news in 2004 relating to Czech public finances and the financial markets was the very successful first issue of 10-year Government Eurobonds denominated in euro. If the conditions on the market are favourable, another tranche is expected to be issued in 2005. Overall, the Czech public debt was restructured towards longer maturities through the gradual operations of the Minister of Finance – short-term debt instruments (treasury bills) represent today only about 25% of the volume of issued debt.

Pavel Mertlík
Chief Economist



Market Position

Last year, 2004, will be remembered as the year the Czech Republic joined the European Union. However, this important step did not have any significant impact on the banking sector. Even prior to this, the Czech banking sector was closely tied to the foreign financial markets, either through foreign bank branch offices or by the involvement of foreign strategic investors in Czech banks. Therefore, no shocks had occurred in the banking sphere, and the banking market will continue to function under stabilised standard conditions. Nonetheless, a gradual increase in competition can be expected in the future, whether it be through direct involvement of foreign entities on the domestic market, or more probably, international mergers and acquisitions.

Raiffeisenbank used the relatively stable economic situation in 2004 for further expansion and growth. The volume of total assets rose by 2.0 %, which means that the bank held its position as the sixth largest bank on the market with a market share of 2.4 %. The bank's assets especially grew at a faster rate than on the market, overall lending rose by 12.6 %. The volume of primary deposits increased by 5.1 %, which corresponds with market growth.

As far as its business activities were concerned, the bank continued to focus on providing high-quality banking products and services in all areas of business.

In the private individual segment in particular, the bank attained outstanding long-term results significantly exceeding the market growth rate. The overall volume of loans rose by almost 75 %, which increased the bank's market share to 1.8%. In particular, mortgages in this segment have registered dynamic growth. The volume of mortgages has increased by approximately 64 % against the previous year, and therefore the bank's market share exceeded 3%. In the area of consumer loans, the bank has also fared well against the strong competition of non-banking entities providing instalment sales or credit cards. The bank increased the volume of these loans by more than 109 %, and as a result, the market share in the consumer loan segment has increased to 1.9 %. The deposits of private individuals make up about 39 % of all deposits managed by the bank, and the volume of these deposits in 2004 rose by 5.0 %. For the bank, this means maintaining its market position at a level of 1.8%.

Raiffeisenbank's Market Position:

	2004	Growth in 2004	2003
Total Loans	3.40 %	12.61 %	3.19 %
Mortgages	2.98 %	34.79 %	3.33 %
Consumer Loans	1.86 %	109.01 %	1.00 %
Legal Entities	4.09 %	5.79 %	3.77 %
Private Individuals	1.82 %	74.93 %	1.40 %
Mortgages	3.02 %	63.73 %	2.82 %
Consumer Loans	1.87 %	109.05 %	1.02 %
Professionals	1.09 %	80.61 %	0.70 %
Mortgages	0.63 %	67.57 %	0.47 %

Small business clients have also remained an important segment for the bank. In 2004, the bank provided 81 % higher volume of loans for small businesses than in the previous year. Although these loans make up only a small portion of the bank's credit portfolio, Raiffeisenbank has already gained more than 1% of the market share for this segment. As for deposits, the bank registered growth of almost 11 %, in spite of the slow rate of growth for interest rates. Nevertheless, the market share remains unchanged at 2.6 %.

In 2004, corporate clients have once again formed the majority of the bank's assets and liabilities. Loans granted to this group of clients represent almost 85% of the bank's total lending activities. The volume of lending rose by 5.8 %, while market in total fell down. Bank has increased market share to 4.1 %. In deposits as well, corporate clients entrusted to the bank an 5 % increase in funds. As a result, the bank manages 3.5 % of all deposits for this group.

Raiffeisenbank confirmed its stable position on the Czech financial market in 2004. It demonstrated that it is more than capable of keeping up with the strong competition and of standing its ground in the world of global financial.

In 2005, no substantial change in trends can be expected in the banking sector. Banks will continue their prudent approach to accepting risks in the business sphere, which leads to further development of retail banking, especially in the area of lending. In the area of deposits, pension fund products, life insurance and capital insurance products and capital market products will mean ever-increasing competition for the bank.

A decisive factor for successful banking will be in particular effectively applying the potential of the bank's financial group, which can enrich the traditional banking product line with products in the area of asset management, private banking, and products geared to the ageing population and limiting risks.



Přehled produktů a služeb
Overview of Product and Services

Overview of Products and Services

Products for Private Individuals

Kompletkonto – Personal Accounts (four types)
Current Accounts in local and foreign currency
Efektkonto – Savings Accounts
Zlaté konto (Prestigious Personal Accounts)
Včelička (Busy Bee) Savings Accounts
Time Deposits (single and revolving)
Certificates of Deposit
Internet Banking
GSM Banking
Phone Banking
Infoservis – SMS and E-mail Alerts
Current Account Overdrafts
Domestic and Foreign Payments
Cheques and Exchange Services
Cash Transactions
Debit Card Products from VISA and MasterCard
VISA and MasterCard Credit Cards
National Geographic Credit Cards
Klasik Mortgages
Premium Mortgages
Jistota and Stabilita Mortgages
Profit Mortgages
American Mortgages Start and Univerzal
Triga Mortgage Insurance Package
Mortgage Bonds
Quick Loans (Consumer Loan)
Raiffeisen Open-end Mutual Funds (Periodic or Single Investment)
Brokerage, Mediation and Other Services
Western Union Services
Safe Deposit Boxes
ING Pension Fund
UNIQA Insurance
RSTS Building Society

Products for Business Clients

Current Accounts
Profikonto
Pluskonto
Benefitkonto
Special Accounts for Notaries, Lawyers and Court Executors
Electronic Banking – Home Banking
Internet Banking
GSM Banking
Phone Banking

Infoservis – SMS and E-mail Alerts
Domestic and Foreign Payments
Cash Transactions
Card Products from VISA and MasterCard
Credit Transactions – Overdrafts, Operational Loans, Investment Loans, Mortgages, Project Financing, Syndicates, Public Sector Financing
Microloans
Microoverdrafts
Microoperational Financing
Bank Guarantees
Time Deposits
Mortgage Bonds
Overnight investing
Deposit Transactions
Cash Management
Interest Compensations
Documentary Trading
Trade and Export Financing
Treasury Products
Factoring
Forfaiting
Cheques and Exchange Services
Market Research
Safe Deposit Boxes
Brokerage services

Investment Banking

Investment Banking Services
Portfolio Management
Foreign Mutual Funds
Investment Advisory Services
Market Research

Private Banking

Banking Services
Investment Banking
Finance Planning

Valid as of March 2005

Analysis of Financial Results₂₀₀₄

In 2004, Raiffeisenbank received a record year. The process of expanding the commercial network continued and this was reflected positively in the growth in both the numbers of clients and the financial results. In 2004, the bank reported a net profit of CZK 302.1 million according to Czech accounting standards and this represents an interim growth of 38 percent. The net interest earnings rose by a quarter to CZK 1361.5 million. The bank's earnings from fees and commissions also grew at a similar tempo and they reached CZK 680.5 million. On the other hand, the bank's costs also increased by more than 14 percent.

The bank's total assets increased year-on-year by two percent and exceeded 63.2 billion crowns. The growth was contributed by the successes both in deposits and in the area of loans. The volume of the loans provided to clients rose year-on-year by 11 percent to almost 36 billion crowns. The client deposits increased by more than 4 percent to 44.7 billion crowns.

Last year, the extension of the branch network was accompanied by a subsequent increase in the numbers of clients. The bank opened five new branches and by the end of year it had 48 branches within the territory of the Czech Republic. The number of clients grew year on year by 20 percent to almost 135 thousand. The bank plans to continue in the gradual expansion of its commercial network and it will open several branches every year, especially in Prague and the larger cities.

The capital return indicator (ROAE) further grew to 11.68 percent from the previous 9.77 % and thus provided the bank's shareholders with confirmation of the effectiveness of the set strategy. The bank is prepared to continue in the growth and improvement of its results in 2005.

Future Outlook

Our results last year confirmed that Raiffeisenbank is heading in the right direction, and through joint efforts, we are creating a foundation for improving the value of the bank for its shareholders. We firmly believe that we will be capable of improving last year's results during the upcoming years and succeed in the competitive banking sector environment. Currently, we would like to continue increasing the quality of the bank's services and expand the line of products to fully satisfy our client's changing needs.

Nor will the bank's focus on clients change in the future. We will continue to address and serve private clients, businesses, small and medium-size enterprises, large corporations, and last but not least, public institutions and the non-profit sector. The bank offers clients a complete range of products for their financial needs using the most up-to-date distribution channels so that clients may be served 24 hours a day – quickly, comfortably and securely.

A priority of retail banking is to continue simplifying the lending process and to improve access to loans. We expect continued growing interest in mortgages and consumer loans, and we want to be prepared for this growth. Clients will be able to take advantage of the wide range of products as well as quality advisory services. As for the small and medium-size enterprise segment, we will continue to provide loans to support the further development of these businesses, and in turn, contribute to the growth of the entire domestic economy. In the same way, we will continue to expand products and services for large corporate clients where the focus will be primarily on the medium-size firms of this segment and on project or structured financing.

The focus on clients and further improvements to the bank value are not possible without the involvement of all employees, their continued education, and the effective use of processes and all synergetic effects, not only inside the bank, but also throughout the entire Raiffeisen Group.

In this way, Raiffeisenbank a.s. would like to contribute greatly to fulfilling the vision of the Raiffeisen Group, which has been from the very start to become the leading banking group in Central and Eastern Europe. Raiffeisen's mission remains focused on nurturing long-term relations with its clients and offering a complete range of high-quality services in Austria and Central and Eastern Europe.



Finanční část

Financial Section

Supervisory Board of Raiffeisenbank a.s. Report

- 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 Czech Accounting Standards.
- 3) The financial statements were audited by "KPMG Česká republika 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 2004 and the results of its operations for the year then ended in accordance with the Accounting Act and the relevant legislation of the Czech Republic.
- 4) The Supervisory Board examined the financial statements and the Interconnected Companies Report 2004, including the proposed allocation of earnings, accepted the results of the audit of the financial statements for 2004, and recommended that the General Meeting approve them.

Auditor's Report to the Shareholders



KPMG Česká republika Audit, s.r.o.
Pobřežní 648/1a
186 00 Praha 8
Česká republika

Telephone +420 222 123 111
Fax +420 222 123 100
Internet www.kpmg.cz

Auditor's report to the shareholders of Raiffeisenbank a.s.

On the basis of our audit, on 30 March 2005 we issued an auditor's report on the Bank's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Raiffeisenbank a.s. for the year ended 31 December 2004. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and the auditing standards of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present, in all material respects, a true and fair view of the assets, liabilities, equity and financial position of Raiffeisenbank a.s. as of 31 December 2004 and the results of its operations for the year then ended in accordance with the Act on Accounting and relevant legislation of the Czech Republic."

We have reviewed other financial information in the annual report for consistency with the audited financial statements. In our opinion, the information is consistent in all material respects with the audited financial statements.

The management of the Bank is responsible for the completeness and accuracy of the report on relations between related parties. Our responsibility is to review the accuracy of the information included in the report. During our review nothing came to our attention that would cause us to believe that the information contained in the report is materially inaccurate.

Prague
21 April 2005


KPMG Česká republika Audit, s.r.o.
Licence number 71


Pavel Závitkovský
Licence number 69

KPMG Česká republika Audit, s.r.o., a Czech limited liability company incorporated under the Czech Commercial Code, is a member firm of KPMG International, a Swiss cooperative.

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.
IČ 49619187
DIČ CZ49619187

Živnostenská banka
Praha 1
Č.Ú./account no.
4660160040400

Balance Sheet

as at 31 December 2004

CZK 000	Note	2004	2004	2004	2003
ASSETS		Gross amount	Adjustment	Net amount	Net amount
1 Cash in hand and balances with central banks		1,861,792	0	1,861,792	1,004,486
2 State zero coupon bonds and other securities eligible for refinancing with central bank	15	1,305,806	0	1,305,806	4,648,727
of which: a) securities issued by the government institutions		1,305,806	0	1,305,806	4,648,727
b) others		0	0	0	0
3 Receivables from banks and cooperative savings associations	13	22,253,147	0	22,253,147	22,495,352
a) repayable on demand		2,024,963	0	2,024,963	220,984
b) other receivables		20,228,184	0	20,228,184	22,274,368
4 Receivables from clients – cooperative savings associations' members	14	35,920,762	767,730	35,153,032	31,381,990
of which: a) repayable on demand		61,051	0	61,051	2,001,662
b) other receivables		35,859,711	767,730	35,091,981	29,380,328
5 Debt securities	16	691,376	0	691,376	812,716
of which: a) issued by government institutions		50,399	0	50,399	50,309
b) issued by other entities		640,977	0	640,977	762,407
6 Shares, mutual fund certificates and other investments	17	140,623	0	140,623	138,963
7 Participation interests with substantial influence	18	283,276	10,000	273,276	258,276
of which: in banks		258,088	0	258,088	258,088
8 Participation interests with controlling influence	18	0	0	0	0
of which: in banks		0	0	0	0
9 Intangible fixed assets	19	314,220	181,537	132,683	151,373
of which: a) establishment costs		20,673	20,673	0	0
b) goodwill		0	0	0	0
10 Tangible fixed assets	20	921,843	533,154	388,689	425,445
of which: land and buildings for operating activities		265,876	93,432	172,444	184,776
11 Other assets	21	969,840	400	969,440	602,615
12 Receivables from subscribed registered capital		0	0	0	0
13 Prepaid expenses and accrued income		37,005	0	37,005	54,279
Total assets		64,699,690	1,492,821	63,206,869	61,974,222

» continued on next two pages

as at 31 December 2004

CZK 000	Note	2004	2003
LIABILITIES			
1 Due to banks and cooperative savings associations	22	3,559,936	7,657,148
of which: a) repayable on demand		874,181	756,586
b) other payables		2,685,755	6,900,562
2 Due to clients – cooperative savings associations' members	23	44,716,649	42,971,630
of which: a) repayable on demand		34,121,279	31,858,615
b) other payables		10,595,370	11,113,015
3 Payables from debt securities	24	8,566,868	6,279,282
of which: a) debt securities issued		8,566,868	6,279,282
b) other payables from debt securities		0	0
4 Other liabilities	26	1,766,134	853,599
5 Deferred income and accrued expenses		10,344	10,542
6 Reserves	30	99,806	182,247
of which: a) reserve for pensions and similar obligations		0	0
b) reserve for taxes		16,464	35,460
c) other		83,342	146,787
7 Subordinated liabilities	25	1,282,349	1,117,116
8 Registered capital	27	2,500,000	2,500,000
of which: a) registered paid up capital		2,500,000	2,500,000
b) own shares		0	0
9 Share premium		0	0
10 Reserve funds and other funds from profit	31	76,955	66,014
of which: a) statutory reserve funds and risk funds		76,955	66,014
b) other reserve funds		0	0
c) other funds from profit		0	0
11 Revaluation reserve fund		0	0
12 Capital funds	31	117,817	117,817
13 Gains (losses) from revaluation	32	0	0
14 Retained earnings or accumulated losses from previous years	31	207,886	0
15 Profit or loss for the accounting period		302,125	218,827
Total liabilities		63,206,869	61,974,222

Off-Balance Sheet

as at 31 December 2004

CZK 000	Note	2004	2003
OFF-BALANCE SHEET			
Off-balance sheet assets			
1 Commitments and guarantees granted	34	10,175,717	8,872,888
2 Collaterals granted	34	0	0
3 Receivables from spot transactions		1,362,792	3,869,362
4 Receivables from fixed term transactions	34	160,055,093	137,808,138
5 Receivables from options	34	5,783,711	6,317,402
6 Receivables written-off		19,867	9,365
7 Values placed into custody, administration and deposit	36	0	0
8 Values placed under management	36	0	0
Off-balance sheet liabilities			
9 Commitments and guarantees received		18,345,768	14,263,006
10 Collaterals and pledges received		39,253,610	36,950,640
11 Payables from spot transactions		1,976,907	4,879,822
12 Payables from fixed term transactions	34	159,953,833	137,833,267
13 Payables from options	34	5,783,711	6,317,402
14 Values taken into custody, administration and deposit	35	7,446,519	4,995,896
15 Values taken under management	35	1,600,277	1,337,831

Profit and Loss Account

for the year 2004

CZK 000	Note	2004	2003
1 Interest income and similar income	4	2,272,592	2,239,813
of which: interest income from debt securities		105,196	97,147
2 Interest expense and similar expense	4	(911,071)	(1,167,622)
of which: interest expense from debt securities		(201,347)	(119,458)
3 Income from shares and participation interests		12,268	17,343
of which: a) income from participation interests with substantial influence		12,030	13,813
b) income from participation interests with controlling influence		0	0
c) income from other shares and participation interests		238	3,530
4 Commission and fee income	5	680,451	537,136
5 Commission and fee expense	5	(149,193)	(130,245)
6 Net gains or losses from financial operations	6	397,400	402,132
7 Other operating income	7	19,280	21,958
8 Other operating expenses	7	(82,147)	(54,611)
9 Administrative expenses	8	(1,463,821)	(1,329,351)
of which: a) employee expenses		(801,201)	(717,857)
of which: aa) wages and salaries		(598,255)	(537,412)
ab) social and health insurance		(202,946)	(180,445)
b) other administrative expenses		(662,620)	(611,494)
10 Release of reserves and adjustments to tangible and intangible fixed assets		(0)	0
11 Depreciation, creation and use of reserves and adjustments to tangible and intangible fixed assets		(168,038)	(134,409)
12 Release of adjustments and reserves for receivables and guarantees, income from written-off receivables		265,626	193,883
13 Write-offs, creation and use of adjustments and reserves for receivables and guarantees		(473,757)	(346,535)
14 Release of adjustments to participation interests with controlling and substantial influence		15,000	35,370
15 Losses from transfer of participation interests with controlling and substantial influence, creation and use of adjustments to participation interests with controlling and substantial influence		0	0
16 Release of other reserves		0	0
17 Creation and use of other reserves		123	(4,043)
18 Share of profits or losses from participation interests with controlling or substantial influence		0	0
19 Current year profit (loss) from ordinary activities before tax		414,713	280,819
20 Extraordinary income	9	0	0
21 Extraordinary expenses	9	(0)	(0)
22 Current year profit (loss) from extraordinary activities before tax		0	0
23 Income tax		(112,588)	(61,992)
24 Net profit (loss) for the accounting period		302,125	218,827

Changes in Equity

in 2004

CZK 000	Registered capital	Own shares	Share premium	Reserve funds	Capital funds	Revaluation gains (losses)	Profit (loss)	Total
Balance as at 1 January 2003	2,000,000	0	0	61,091	124,634	0	0	2,185,725
Change in accounting methods	0	0	0	0	0	0	0	0
Corrections of fundamental errors	0	0	0	0	0	0	0	0
FX gains (losses) and gains (losses) not included in the profit and loss statement	0	0	0	0	0	0	0	0
Retained earnings/accumulated losses from previous years	0	0	0	0	0	0	0	0
Net profit (loss) for accounting period	0	0	0	0	0	0	218,827	218,827
Dividends	0	0	0	0	0	0	0	0
Transfers to funds	0	0	0	4,923	0	0	0	4,923
Use of funds	0	0	0	0	(6,817)	0	0	(6,817)
Issue of shares	500,000	0	0	0	0	0	0	500,000
Reduction in registered capital	0	0	0	0	0	0	0	0
Own shares purchased	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Balance as at 31 December 2003	2,500,000	0	0	66,014	117,817	0	218,827	2,902,658
Balance as at 1 January 2004	2,500,000	0	0	66,014	117,817	0	218,827	2,902,658
Change in accounting methods	0	0	0	0	0	0	0	0
Corrections of fundamental errors	0	0	0	0	0	0	0	0
FX gains (losses) and gains (losses) not included in the profit and loss statement	0	0	0	0	0	0	0	0
Retained earnings/accumulated losses from previous years	0	0	0	0	0	0	0	0
Net profit (loss) for accounting period	0	0	0	0	0	0	302,125	302,125
Dividends	0	0	0	0	0	0	0	0
Transfers to funds	0	0	0	10,941	0	0	(10,941)	0
Use of funds	0	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0	0
Reduction in registered capital	0	0	0	0	0	0	0	0
Own shares purchased	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0
Balance as at 31 December 2004	2,500,000	0	0	76,955	117,817	0	510,011	3,204,783

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared on the basis of accounting maintained in accordance with the Act on Accounting and relevant regulations and decrees of the Czech Republic. They have been prepared under the historical cost convention on the basis of full accrual accounting, except for the selected financial instruments that are stated at fair value.

The financial statements have been prepared in accordance with the Czech Ministry of Finance decree No. 501 on regulating the layout and definition of financial statements and disclosure requirements of banks and certain financial institutions dated 6 November 2002, as amended.

Numbers in brackets represent negative amounts.

These financial statements are non-consolidated financial statements.

2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of Raiffeisenbank ("the Bank") financial statements are set out below:

(a) Transaction date

A transaction date is, in particular, the date of payment or collection of cash; the date of purchasing or selling of foreign currency or securities; date of payment or collection from a client's account; date of order to a correspondent to make a payment, settlement date of the Bank's payment orders with the CNB clearing centre, the value date according to a statement received from a Bank's correspondent (statement means SWIFT statement, Bank's notice, received media, Bank statement or other documents); the trade date and settlement date of transactions with securities, foreign currency, options or other derivatives; the date of issue or receipt of a guarantee or opening credit line; the date of acceptance of values into custody.

Accounting transactions involving the purchase or sale of financial assets with a usual term of delivery (spot transactions) as well as fixed term and option contracts shall be recorded in off-balance sheet accounts from the trade date until the settlement date.

A financial asset or its part is derecognised from the balance sheet if the Bank loses control over the contractual rights to this financial asset or its part. The Bank loses this control if it exercises the rights to the benefits defined in the contract, if these rights expire or these rights are waived by the Bank.

(b) Debt securities, shares, mutual fund certificates and other investments

Treasury bills, bonds and other debt securities and shares including mutual fund certificates and other investments are classified into a portfolio which is held to maturity, for trading purposes or available for sale, based on the Bank's intention. Only debt securities can be classified into a portfolio held to maturity.

Treasury bills, bonds and other debt securities are recognised at acquisition cost including the relevant part of discounts or premiums. Accrued interest income is part of the carrying amount of these securities. Shares, mutual fund certificates and other investments are recognised at acquisition cost.

Premiums and discounts on debt securities are amortised/accreted through the profit and loss account over the period from the date of purchase to the date of maturity using the linear method. In the case of securities classified into the portfolio held for trading, available for sale and the securities which have a residual maturity shorter than 1 year, the premium and the discount are amortised/accreted equally through the profit and loss account over the period from the date of purchase to the date of maturity.

Debt securities and shares, mutual fund certificates and other investments held for trading or available for sale are measured at fair value and gains/losses from this revaluation are charged to the profit and loss account in "Net gains or losses from financial operations".

The fair value used for the revaluation of securities is determined based on the market price published as at the date of the fair value statement, if the Bank proves that securities can be sold for that market price.

For debt and equity securities traded on the public market, fair values are equal to the price reached on the public market of OECD countries, if, at the same time, the condition of securities liquidity is fulfilled.

If it is not possible to determine the fair value being the market value (i.e. the Bank does not prove that it is possible to sell securities for such a market price), the fair value is estimated as an adjusted value of securities.

An adjusted value of securities equals the share proportion on equity for shares, share proportion on fund's net assets value for mutual fund certificates and the present value of security for debt securities.

Adjustments are established to debt securities held to maturity. Adjustments to these securities are created by an amount, which only reflects the change in the risk of the issuer, but not the change in the risk-free interest rates, calculated on an individual basis.

The valuation method of securities held to maturity using the acquisition cost was not established because the Bank does not have the portfolio held to maturity.

Transactions where securities are sold under a commitment to repurchase (repurchase commitment) at a predetermined price or purchased under a commitment to resell (resale commitment) are treated as collateralised borrowing and lending transactions. The legal title of securities subject to resale or repurchase commitments is transferred to the lender. Securities transferred under a repurchase commitment are henceforth included in the relevant items of securities in the Bank's balance sheet while the borrowing is recorded in 'Due to banks and cooperative savings associations' or 'Due to clients – cooperative savings associations' members'. Securities received under a resale commitment are recorded in off-balance sheet accounts in "Collateral and pledges received". The lending granted under a resale commitment is recorded in 'Receivables from banks and cooperative savings associations' or 'Receivables from clients – cooperative savings associations' members'. Interest on debt securities transferred under a repurchase commitment is accrued while interest on debt securities received under a resale commitment is not accrued.

Income and expenses arising under repurchase and resale commitments as the difference between the selling and purchase price are accrued over the period of the transaction and charged to the profit and loss account as "Interest income and similar income" or "Interest expense and similar expenses".

(c) Transactions with securities for clients

Securities taken by the Bank into custody, administration or deposit are accounted for in their nominal values and recorded in an off-balance sheet account "Values taken into custody, administration and deposit". Securities received by the Bank for management are accounted for in their market values and recorded in an off-balance sheet account "Values taken under management". The Bank's payables to clients as a result of the cash received for the purchase of securities or the cash to be refunded to clients are accounted for in the balance sheet liability accounts.

(d) Participation interests with controlling and substantial influence

A participation interest with controlling influence is one where the Bank is a major associate. In this case, the Bank has controlling influence over the subject's management and fully supervises its activity. Such influence arises from participation in registered capital, or from agreement or articles of association regardless of the percentage of participation.

A participation interest with substantial influence is one in which the Bank holds at least 20 per cent of an organisation's registered capital. In this case, the Bank has substantial influence over the subject's management, which arises from participation in registered capital, or from agreements or articles of association regardless of the percentage of participation.

Participation interests with controlling and substantial influence are recognised at acquisition cost. Adjustments are established to participation interests by an amount, the book value of which exceeds the Bank's share on participation interest's equity.

Participation interests with an indirect share of the Bank in equity (less than 20 per cent) are disclosed in "Shares, mutual fund certificates and other investments" and are recognised in fair value.

Income from dividends is disclosed as a receivable in "Prepaid expenses and accrued income" and in "Income from shares and participation interests" at the moment of the entitlement for dividend distribution. The receivable is settled against the received cash at the moment of dividend payout.

(e) Receivables from banks and clients

Receivables are carried net of adjustments. Accrued interest income is part of the carrying amount of receivables. Reserves for receivables created prior to 1 January 2002 are included in "Reserves" on the liability side of the balance sheet.

Receivables are reviewed for recoverability. Adjustments are created against specific receivables as considered appropriate. The methodology for the creation of adjustments in the appropriate accounting period is included in Note 38 (a), (b) and (c) of these notes. Adjustments created by debiting expenses are reported in "Write-offs, creation and use of adjustments and reserves for receivables and guarantees" in sub-ledgers used for the calculation of an income tax liability.

The tax-deductible portion of the period charge for the creation of adjustments for credit losses is calculated in accordance with the requirements of section 5 ("Banking reserves and adjustments") and section 8 ("Adjustments to receivables from debtors subject to bankruptcy or composition proceedings") of the Act on Reserves No. 593/1992 Coll.

Receivables are written-off against expenses case by case with simultaneous usage of created adjustment or reserve.

The Bank also accrues interest income from classified receivables. Adjustments for accrued interest income are established in accordance with the appropriate CNB provision.

The write-off of unrecoverable receivables is accounted for as "Write-offs, creation and use of adjustments and reserves for receivables and guarantees" in the profit and loss account. By the equal amount the adjustments and reserves are reduced in the profit and loss account. Recoveries on loans previously written-off are included in the profit and loss account in "Release of adjustments and reserves for receivables and guarantees, income from written-off receivables".

(f) Creation of reserves

Reserves represent a probable fulfilment of an obligation with uncertain time occurrence and height. Reserve is created in case of fulfilling the following criteria:

- a duty (legal or constructive) to perform exists, resulting from past events,
- it is probable that the event will occur and that it will require a cash outflow representing economic benefits; "probable" means a probability exceeding 50%,
- the amount of such performance can be reliably estimated.

The Bank discloses the general reserve for losses from balance sheet and off-balance sheet obligations created prior to 1 January 2002 (reserve for classified loans and guarantees). In accordance with the valid legislation (Act on Reserves No. 593/1992 Coll.) the Bank utilises the reserve for receivable write-off or for the loss coverage from a cession of receivables, or releases it for redundancy by 31 December 2005 at the latest.

(g) Intangible and tangible fixed assets

Tangible and intangible fixed assets are stated at historical cost and are depreciated using the straight-line method over their estimated useful lives.

The annual depreciable lives for each category of intangible and tangible fixed asset are as follows:

Establishment costs	5 years
Software	according to its lifetime, max. 20 years
Buildings	45 years
Other (motor vehicles, furniture, office equipment, computers)	4 – 5 years

Leasehold improvements are depreciated on a straight-line basis over the lease term or over 10 years in case of indefinite lease period. Depreciation is based on internal rules.

Intangible fixed assets costing less than CZK 60,000 and tangible fixed assets costing less than CZK 40,000 having a useful life of less than 1 year are charged to the profit and loss account in the period in which they are acquired.

(h) Foreign currency translation

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates on the date of the transaction. Assets and liabilities denominated in foreign currencies together with unsettled spot foreign exchange transactions are translated into the local currency at the CNB foreign exchange rate prevailing on the balance sheet date. Foreign exchange gains or losses arising from the translation of foreign currency assets and liabilities, except for the net investments in foreign currencies, are recognised in the profit and loss account as "Net gains or losses from financial operations".

(i) Financial derivatives***Embedded derivatives***

In certain cases a derivative may be a component of a hybrid (combined) financial instrument that includes both a host contract (instrument) and the derivative (which is referred to as “an embedded derivative”), which influences cash flows or otherwise modifies the characteristics of the host instrument. An embedded derivative shall be separated from the host instrument and accounted for separately, if all of the following criteria are met at the same time:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host instrument,
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- the host instrument is not remeasured at fair value or is measured at fair value but the changes from revaluation are reported in the balance sheet.

Trading derivatives

Financial derivatives held for trading are carried at fair value and gains (losses) from the changes in fair value are recorded in the profit and loss account in “Net gains or losses from financial operations”.

Hedging derivatives

Hedging derivatives are carried at fair value. The method of recognition of fair value depends on the model of hedge accounting applied.

Hedge accounting can be applied if:

- the hedge is in line with the Bank’s risk management strategy,
- the hedge relationship is formally documented at the inception of the hedge,
- it is expected that the hedge relationship will be highly effective throughout its life,
- the effectiveness of the hedge relationship can be objectively measured,
- the hedge relationship is highly effective throughout the accounting period,
- in the case of hedging the expected transactions, it is highly probable that the transaction will occur.

If the derivative hedges the exposure to changes in the fair value of assets and liabilities, the hedged item attributable to the risk being hedged is also carried at fair value. Gains (losses) from the revaluation of the interest bearing hedged item and hedging derivative are recorded in the profit and loss account in “Interest income and similar income” or “Interest expense and similar expense”.

If the derivative hedges (interest rates swaps) do not fulfil the effectiveness of hedging they are reclassified to the trading portfolio. The correction of the book value of the hedged financial instrument which yielded interest is from the moment when the hedged item is no longer corrected for the changes in real value stemming from the hedge of this risk depreciated to the maturity date.

The fair value of financial derivatives is determined as the present value of expected cash flows from these transactions, using valuation models generally accepted on the market. The parameters ascertained on the active market, such as foreign exchange rates, yield curves, volatility of financial instruments, etc., are used in these models.

(j) Taxation

Tax non-deductible expenses are added to and non-taxable income is deducted from the profit for the period to arrive at the taxable income that is further adjusted by tax allowances and relevant credits to which the current tax rate is applied.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes multiplied by the income tax rate prescribed by the Income Tax Act for the next period. A deferred tax asset is recognised only to the extent that there are no doubts that there will be future taxable profits available against which this asset can be utilised.

(k) Financial leasing

The property used based on financial leasing contracts is not activated during the contract. Assets acquired by the financial leasing shall be recorded in "Tangible fixed assets" when the legal ownership is transferred to the Bank. Lease payments shall be recorded in "Other operating expenses".

(l) Assets securitisation

The Bank did not carry out any transactions related to assets securitisation.

(m) Prior period items and changes in accounting policies

Prior period items and the effects of changes in the accounting policies are reported as income or expense in the current period profit and loss account, with the exception of corrections of fundamental errors in the recording of income and expenses of prior periods, which are reported in "Retained earnings or accumulated losses from previous years" in the Bank's balance sheet.

3. Changes in Accounting Policies

There were no changes in the accounting policies during 2004.

The Bank only changed the method of disclosure of loan transactions (otherwise referred to as funded participations) during 2004. The principle of such transactions is that the Bank concludes an agreement on the provision of funds with another bank in order to grant a loan to an ultimate client. In prior accounting periods the Bank disclosed this type of transaction separately on the liabilities side in the amount payable to the bank that partially provided the funds and on the assets side in the total amount of the loan receivable from the client ("gross-basis" method). For such transactions the risk of default on the loan is transferred to the participating bank in the amount appropriate to its contractual participation. The participating bank provides the funds at the moment the loan is provided to the client. The Bank has changed the disclosure of the funded participations by choosing a similar approach to that of syndicated loans i.e. the "net-basis" method of disclosure.

4. Net Interest Income

CZK 000	2004	2003
Interest income		
from deposits	642,950	506,438
from loans	1,489,945	1,543,256
other	139,697	190,119
Interest expense		
from deposits	(589,529)	(818,939)
from loans	(82,812)	(47,597)
other	(238,730)	(301,086)
Net interest income	1,361,521	1,072,191

5. Fees and Commissions

CZK 000	2004	2003
Fee and commission income from		
securities transactions	8,538	16,555
derivative transactions	0	0
management, administration, deposit and custody	20,287	7,509
other	651,626	513,072
Total	680,451	537,136
Fee and commission expense from		
securities transactions	(7,096)	(6,827)
derivative transactions	(0)	(0)
management, administration, deposit and custody	(1,195)	(570)
Other	(140,902)	(122,848)
Total	(149,193)	(130,245)

6. Net Gains or Losses from Financial Operations

CZK 000	2004	2003
Gains/losses from securities transactions	46,350	8,291
Gains/losses from derivative transactions	83,668	115,537
Gains/losses from foreign exchange transactions (incl. FX differences)	267,382	278,304
Other	0	0
Total	397,400	402,132

7. Other Operating Income and Expenses

CZK 000	2004	2003
Other operating income		
Gains from transfer of part. interests with controlling influence	0	653
Gains from transfer of tangible and intangible assets	2,213	6,512
Other	17,067	14,793
Total	19,280	21,958
Other operating expenses		
Insurance of deposits	(69,795)	(28,937)
Contributions to Guaranty fund	(1,861)	(0)
Loss on transfer of tangible and intangible assets	(721)	(1,690)
Other	(9,770)	(23,984)
Total	(82,147)	(54,611)

8. Administrative Expenses

CZK 000	2004	2003
Personnel expenses		
Wages and salaries paid to employees	(598,255)	(537,412)
Social and health insurance	(202,946)	(180,445)
	(801,201)	(717,857)
Of which wages and salaries paid to:		
members of the Board of Directors	(17,905)	(17,142)
members of the Supervisory Board	(0)	(0)
other executives	(70,263)	(52,145)
	(88,168)	(69,287)
Other administrative expenses	(662,620)	(611,494)
of which: expenses on audit, legal and tax advisory	(11,545)	(14,815)
Total	(1,463,821)	(1,329,351)

Information on bonuses tied to equity is included in Note 29.

The average numbers of the Bank's employees as at 31 December 2004 and 31 December 2003 were as follows:

	2004	2003
Employees	1,102	1,041
Members of the Board of Directors	5	5
Members of the Supervisory Board	9	9
Other executives	44	34

9. Extraordinary Income and Expenses

The Bank did not recognize any extraordinary expenses or extraordinary income in 2004 and 2003.

10. Income and Expense According to Segments

(a) Business segments

CZK 000	Corporate banking	Small and medium-size enterprises	Retail banking	Other	Total
At 31 December 2004					
Interest income	979,714	284,983	562,012	445,883	2,272,592
Interest expense	(392,763)	(114,248)	(225,308)	(178,752)	(911,071)
Fee and commission income	341,178	165,057	165,962	9,254	680,451
Fee and commission expense	(74,805)	(35,970)	(36,388)	(2,030)	(149,193)
Net gains or losses from financial operations	125,658	61,200	24,917	185,625	397,400
At 31 December 2003					
Interest income	1,047,337	244,140	493,431	454,905	2,239,813
Interest expense	(545,980)	(127,271)	(257,227)	(237,144)	(1,167,622)
Fee and commission income	285,703	123,219	128,161	53	537,136
Fee and commission expense	(69,277)	(29,878)	(31,077)	(13)	(130,245)
Net gains or losses from financial operations	149,915	55,173	22,841	174,203	402,132

(b) Geographical segments

The Bank operates only in the Czech Republic.

11. Transactions with Related Parties

CZK 000	2004	2003
Receivable	32,553	28,770
Payable	315,379	277,479
Income	1,177	735
Expense	(10,550)	(13,414)

Additional information about transactions with participation interests with controlling or substantial influence and persons with a special relationship with the Bank are disclosed in Note 12, 13 (e), 14 (h), 22 (b), 23 (c), 34 (c), 34 (d) and 14 (g), 23 (d), 34 (b) respectively.

12. Income and Expenses Resulting from Participation Interests with Controlling and Substantial Influence

CZK 000	2004	2003
Participation interests with controlling influence		
Interest income	143	17
Interest expense	(9,454)	(13,414)
Fee and commission income	542	718
Fee and commission expense	(0)	(0)
Net gains or losses from financial operations	(604)	0
Total	(9,373)	(12,679)

There were no incomes and expenses from transactions with the participation interests with substantial influence in 2004 and 2003.

13. Receivables from Banks

As at 31 December 2004 and 31 December 2003, the Bank did not disclose any receivables from the securities which were acquired in the primary auctions and are not held for trading.

(a) Classification of receivables from banks

CZK 000	2004	2003
Standard	22,253,147	22,495,352
Special mentioned	0	0
Sub-standard	0	0
Doubtful	0	0
Loss	0	0
Adjustments to potential losses from receivables	(0)	(0)
Net receivables from banks	22,253,147	22,495,352

The Bank did not restructure receivables from banks in 2004 and 2003.

(b) Analysis of receivables from banks by type of security received

CZK 000	2004	2003
Personal guarantee	0	0
Bank guarantee	0	0
Mortgage	0	0
Corporate guarantee	0	0
Letter of credit	0	0
Bill of exchange/Promissory Note	0	0
Security held by the Bank	9,739,603	648,000
Other	2,377	0
Unsecured	12,511,167	21,847,352
Total	22,253,147	22,495,352

(c) Subordinated receivables from banks

The Bank did not provide any subordinated loan in 2004 and 2003.

(d) Net receivables from banks written-off and recovered

The Bank did not write off any receivables from banks in 2004 and 2003.

(e) Receivables from participation interests with controlling and substantial influence

The Bank did not recognize any receivables from participation interests with controlling or substantial influence with banking institutions in 2004 and 2003.

List of participation interests with controlling or substantial interest is included in Note 18.

14. Receivables from Clients

As at 31 December 2004 and 31 December 2003, the Bank did not disclose any receivables from the securities which were acquired in the primary auctions and were not held for trading.

(a) Classification of receivables from clients

CZK 000	2004	2003
<i>Standard</i>	31,292,300	29,161,002
<i>Special mentioned</i>	2,659,212	1,426,618
<i>Sub-standard</i>	1,412,452	757,169
<i>Doubtful</i>	102,134	160,585
<i>Loss</i>	454,664	445,173
<i>Adjustment to potential losses from receivables</i>	(767,730)	(568,557)
Net receivables from clients	35,153,032	31,381,990

The total amount of receivables from clients in 2003 would equal to CZK 29,402,182 thousand if the net-basis method of disclosure of funded participations implemented in 2004 would have been applied (see Note 3 – change of disclosure of loans to customers).

In 2004, the Bank restructured receivables from clients in the total volume of CZK 276,481 thousand (in 2003: CZK 562,632 thousand).

In 2004, the Bank ceded receivables from clients in the total volume of CZK 30,958 thousand (in 2003: CZK 83,658 thousand).

(b) Analysis of receivables from clients by sector

CZK 000	2004	2003
Financial institutions	2,230,555	2,249,682
Non-financial institutions	26,449,843	24,863,755
Insurance institutions	15,015	7,132
Government sector	400,339	676,798
Non-profit organisations	5,735	24,676
Self-employed	317,288	170,400
Resident individuals	4,998,939	2,865,654
Non-residents	735,318	490,710
Companies without ICO	0	520
Unallocated	0	32,663
Total	35,153,032	31,381,990

(c) Subordinated receivables from clients

The Bank did not provide any subordinated loan in 2004 and 2003.

(d) Analysis of receivables from clients by sector and type of security received

CZK 000	Personal guarantee	Bank guarantee	Mortgage	Corporate guarantee	Letter of credit	Promissory note	Security held by Bank	Unsecured	Total
As at 31 December 2004									
Financial institutions	0	0	2,860	0	0	0	557,039	1,670,656	2,230,555
Non-financial institutions	0	1,844,277	7,710,054	7,209,211	453,753	49,002	270,474	8,913,072	26,449,843
Insurance institutions	0	0	0	5,000	0	0	10,000	15	15,015
Government sector	0	0	210,186	28,900	4	0	0	161,249	400,339
Non-profit organisations	0	0	2,341	67	0	0	0	3,327	5,735
Self-employed	0	14,202	157,650	30,693	200	0	5,587	108,956	317,288
Resident individuals	54,485	0	3,697,737	206	1,117	0	3,279	1,242,115	4,998,939
Non-residents	0	0	24,777	214,815	0	0	0	495,726	735,318
Companies without ICO	0	0	0	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0	0	0	0
Total	54,485	1,858,479	11,805,605	7,488,892	455,074	49,002	846,379	12,595,116	35,153,032

» continued on next two pages

CZK 000	Personal guarantee	Bank guarantee	Mortgage	Corporate Guarantee	Letter of credit	Promissory note	Security held by Bank	Unsecured	Total
As at 31 December 2003									
Financial institutions	0	0	0	0	0	0	2,055,610	194,072	2,249,682
Non-financial institutions	0	2,828,199	6,913,639	5,400,075	1,589,882	205,751	958,857	6,967,352	24,863,755
Insurance institutions	0	0	0	0	0	0	0	7,132	7,132
Government sector	0	0	148,237	33,594	2,463	0	0	492,504	676,798
Non-profit organisations	0	0	17,467	3,911	0	0	0	3,298	24,676
Self-employed	3	2,825	82,505	23,359	500	0	4,189	57,019	170,400
Resident individuals	61,552	0	2,252,202	1,251	2,421	0	2,616	545,612	2,865,654
Non-residents	0	227,866	18,496	0	0	0	0	244,348	490,710
Companies without ICO	0	520	0	0	0	0	0	0	520
Unallocated	0	0	0	0	0	0	0	32,663	32,663
Total	61,555	3,059,410	9,432,546	5,462,190	1,595,266	205,751	3,021,272	8,544,000	31,381,990

(e) Net receivables from clients written-off and recovered

Overview of written-off loans and revenues from written-off receivables by sector

CZK 000	2004	2003
Written-off receivables		
Financial institutions	0	0
Non-financial institutions	40,527	16,724
Insurance institutions	0	0
Government sector	0	0
Non-profit organisations	3	0
Self-employed	10,826	10,615
Resident individuals	3,066	1,091
Non-residents	409	0
Companies without ICO	0	0
Unallocated	0	0
Total	54,831	28,430

During 2004 the Bank recognized the loss in the total amount of CZK 5,914 thousand when ceding receivables from clients (in 2003: CZK 50,934 thousand).

In 2004, the Bank did not recover any income from written-off receivables (in 2003: CZK 29 thousand).

(f) Syndicated loans

The Bank serves as lead Bank for syndicated loan commitments with original balances totalling CZK 3,183,331 thousand, of which the Bank held CZK 1,677,940 thousand and the participants held CZK 1,505,391 thousand. As at 31 December 2004, the total amount outstanding was CZK 2,063,922 thousand, of which the Bank held CZK 1,157,914 thousand and the participants held CZK 906,008 thousand. All participants share in risk and interest by their proportion in risk engagement.

(g) Receivables from persons with a special relationship to the Bank

CZK 000	<i>Executives</i>	<i>Board of Directors</i>	<i>Supervisory Board</i>	<i>Other</i>
<i>As at 31 December 2003</i>	0	6,611	2,425	16,525
<i>As at 31 December 2004</i>	0	5,141	2,195	22,855

These receivables are mainly consumer loans and mortgages. The loans are provided under standard market conditions.

(h) Receivables from participation interests with controlling and substantial influence

CZK 000	<i>Controlling influence</i>	<i>Substantial influence</i>
<i>As at 1 January 2003</i>	0	9,778
<i>Additions</i>	0	0
<i>Disposals</i>	(0)	(6,569)
<i>As at 31 December 2003</i>	0	3,209
<i>Interest income</i>	0	0
<i>As at 1 January 2004</i>	0	3,209
<i>Additions</i>	0	0
<i>Disposals</i>	(0)	(847)
<i>As at 31 December 2004</i>	0	2,362
<i>Interest income</i>	0	0

15. State Zero Coupon Bonds and other Securities Eligible for Refinancing with the Central Bank**(a) Net book value of state zero coupon bonds and other securities eligible for refinancing with the Central Bank**

CZK 000	<i>2004</i>	<i>2003</i>
<i>State treasury bills</i>	1,095,918	4,525,573
<i>State coupon bonds</i>	209,888	123,154
<i>Net book value</i>	1,305,806	4,648,727

(b) Classification of state zero coupon bonds and other securities eligible for refinancing with the Central Bank into individual portfolios based on the Bank's intention

CZK 000	2004	2003
<i>State coupon bonds held for trading</i>	209,888	8,089
<i>State coupon bonds available for sale</i>	0	115,065
<i>State coupon bonds held to maturity</i>	0	0
<i>State zero coupon bonds held for trading</i>	0	0
<i>State zero coupon bonds available for sale</i>	1,095,918	4,525,573
<i>State zero coupon bonds held to maturity</i>	0	0
Net book value	1,305,806	4,648,727

(c) Repurchase and resale commitments

As at 31 December 2004 and 31 December 2003, the Bank did not disclose any repurchase transactions.

Under resale commitments, the Bank has acquired state zero coupon bonds and other securities in the market value of CZK 8,499,672 thousand (in 2003: CZK 12,622,101 thousand), which are reported in the off-balance sheet in "Collaterals and pledges received".

16. Debt Securities

(a) Net book value of debt securities

CZK 000	2004	2003
<i>Book value of debt securities</i>	691,376	812,716
Net book value of debt securities	691,376	812,716

The book value of debt securities includes accrued interest income as at the balance sheet date of CZK 8,356 thousand (in 2003: CZK 6,574 thousand).

(b) Repurchase and resale commitments

As at 31 December 2004 and 31 December 2003, the Bank did not disclose any repurchase transactions.

Under resale transactions, the Bank has not acquired debt securities in 2004 or 2003 which would be reported in the off-balance sheet in "Collaterals and pledges received".

(c) Classification of debt securities into individual portfolios based on the Bank's intention

CZK 000	2004	2003
<i>Debt securities held for trading</i>	128,644	0
<i>Debt securities available for sale</i>	562,732	812,716
<i>Debt securities held to maturity</i>	0	0
Total	691,376	812,716

(d) Analysis of debt securities held for trading

CZK 000	2004 Market price	2003 Market price
Issued by financial institutions		
- Listed on a recognised CR exchange	0	0
- Listed elsewhere	30,867	0
- Unlisted	0	0
	30,867	0
Issued by non-financial institutions		
- Listed on a recognised CR exchange	0	0
- Listed elsewhere	97,777	0
- Unlisted	0	0
	97,777	0
Issued by government sector	0	0
Issued by insurance institutions	0	0
Other	0	0
Total	128,644	0

(e) Analysis of debt securities available for sale

CZK 000	2004 Market price	2003 Market price
Issued by financial institutions		
- Listed on a recognised CR exchange	0	50,309
- Listed elsewhere	354,536	352,667
- Unlisted	0	0
	354,536	402,976
Issued by non-financial institutions		
- Listed on a recognised CR exchange	157,797	359,445
- Listed elsewhere	0	50,295
- Unlisted	0	0
	157,797	409,740
Issued by government sector		
- Listed on a recognised CR exchange	0	0
- Listed elsewhere	50,399	0
- Unlisted	0	0
	50,399	0
Issued by insurance institutions	0	0
Other	0	0
Total	562,732	812,716

The Bank did not acquire debt securities issued by the Bank which would be held in the portfolio for trading.

Securities listed elsewhere are traded mainly on the RMS market or on foreign markets.

(f) Analysis of debt securities held to maturity

The Bank did not own any debt securities held to maturity as at 31 December 2004 and 31 December 2003.

(g) Debt securities issued by participation interests with controlling and substantial influence purchased by the Bank

The Bank did not own any debt securities held to maturity issued by participation interests with controlling and substantial influence as at 31 December 2004 and 31 December 2003.

17. Shares, Mutual Fund Certificates and other Investments**(a) Classification of shares, mutual fund certificates and other investments into individual portfolios based on the Bank's intention**

CZK 000	2004	2003
Shares, mutual fund certificates and other investments held for trading	20,068	5,828
Shares, mutual fund certificates and other investments available for sale	120,555	133,135
Financial investments in shares	0	0
Total	140,623	138,963

(b) Repurchase and resale commitments

As at 31 December 2004 and 31 December 2003, the Bank did not disclose any repurchase transactions.

Under resale commitments, the Bank has acquired shares, mutual fund certificates and other investments in the market value of CZK 3,319,616 thousand (in 2003: CZK 2,384,758 thousand), which are reported in the off-balance sheet in "Collaterals and pledges received".

(c) Analysis of shares, mutual fund certificates and other investments held for trading

CZK 000	2004 Market price	2003 Market price
Issued by financial institutions		
- Listed on a recognised CR exchange	6,544	0
- Listed elsewhere	0	0
- Unlisted	0	0
	6,544	0
Issued by non-financial institutions		
- Listed on a recognised CR exchange	13,524	5,828
- Listed elsewhere	0	0
- Unlisted	0	0
	13,524	5,828
Issued by government sector	0	0
Issued by insurance institutions	0	0
Other	0	0
Total	20,068	5,828

The Bank did not acquire its own shares for trading in 2004 and 2003.

(d) Analysis of shares, mutual fund certificates and other investments available for sale

CZK 000	2004 Market price	2003 Market price
Issued by financial institutions	0	0
Issued by non-financial institutions		
- Listed on a recognised CR exchange	0	0
- Listed elsewhere	0	12,850
- Unlisted	120,555	120,285
	120,555	133,135
Issued by government sector	0	0
Issued by insurance institutions	0	0
Other	0	0
Total	120,555	133,135

The Bank did not acquire its own shares which would be held in the portfolio for trading in 2004 and 2003.

Securities listed elsewhere are traded mainly on the RMS market or on foreign markets.

(e) Shares and other variable income securities issued by participation interests with controlling and substantial influence purchased by the Bank

As at 31 December 2004 and 31 December 2003, the Bank did not hold any shares or other securities with variable yield issued by participation interests with controlling or substantial influence.

18. Participation Interests with Controlling and Substantial Influence**(a) Participation interests with controlling influence**

The Bank did not disclose any participation interests with controlling influence as at 31 December 2004 and 31 December 2003.

(b) Participation interests with substantial influence

CZK 000						
Name	Registered office	Registered capital	Other equity items	Share in equity	Share in voting rights	Book value
As at 31 December 2004						
Raiffeisen stavební spořitelna a.s.	Koněvova 2747/99, Praha 3	650,000	539,745	25%	25%	258,088
Raiffeisen-Leasing, s.r.o.	Olbrachtova 2006/9, Praha 4	50,000	(19,464)	50%	50%	25,188
		700,000	520,281			283,276
Provisions:						
Raiffeisen stavební spořitelna a.s.						(0)
Raiffeisen-Leasing, s.r.o.						(10,000)
Total						273,276

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Name	Registered office	Registered capital	Other equity items	Share in equity	Share in voting rights	Book value
As at 31 December 2003						
Raiffeisen stavební spořitelna a.s.	Koněvova 2747/99, Praha 3	650,000	434,885	25%	25%	258,088
Raiffeisen-Leasing, s.r.o.	Olbrachtova 2006/9, Praha 4	50,000	(96,842)	50%	50%	25,188
		700,000	338,043			283,276
Provisions:						
Raiffeisen stavební spořitelna a.s.						(0)
Raiffeisen-Leasing, s.r.o.						(25,000)
Total						258,276

Raiffeisen stavební spořitelna a.s. – business activity:

- Providing construction savings as per section 1 of the Act No. 96/1993 Coll., on construction savings and government support of construction savings, carrying out activities listed in section 9 paragraph 1 of the Act No. 96/1993 Coll.

Raiffeisen-Leasing, s.r.o. – business activity:

- Leasing of movable assets and real estate
- Realty broker
- Purchase of goods for resale, except for goods given in appendix to Act No. 455/91 Coll. and goods exempted by this law
- Mediation in trade and services
- Account management
- Granting loans from own sources
- Provision of software

(c) Subscription of shares or interests in the registered capital of participation interests with controlling and substantial influence in 2004

No subscription of shares or participation shares in companies where the Bank exercises controlling or substantial influence took place in 2004.

19. Intangible Fixed Assets

(a) Changes in intangible fixed assets

CZK 000	Fixed assets not yet in use	Software	Establishment costs	Total
Cost				
As at 1 January 2003	37,717	123,964	20,673	182,354
Additions	46,804	30,786	0	77,590
Other adjustments	0	14,440	0	14,440
Disposals	(0)	(63)	(0)	(63)
As at 31 December 2003	84,521	169,127	20,673	274,321
As at 1 January 2004	84,521	169,127	20,673	274,321
Additions	61,200	111,155	0	172,355
Other adjustments	(39)	348	0	309
Disposals	(132,765)	(0)	(0)	(132,765)
As at 31 December 2004	12,917	280,630	20,673	314,220
Amortisation and adjustments				
As at 1 January 2003	0	70,457	20,673	91,130
Charge for the year	0	31,762	0	31,762
Disposals	(0)	(63)	(0)	(63)
Other adjustments	0	119	0	119
Adjustments	0	0	0	0
As at 31 December 2003	0	102,275	20,673	122,948
As at 1 January 2004	0	102,275	20,673	122,948
Charge for the year	0	58,195	0	58,195
Disposals	(0)	(0)	(0)	(0)
Other adjustments	0	394	0	394
Adjustments	0	0	0	0
As at 31 December 2004	0	160,864	20,673	181,537
Net book value				
As at 31 December 2003	84,521	66,852	0	151,373
As at 31 December 2004	12,917	119,766	0	132,683

(b) Establishment costs

Establishment costs from the first year of operation have been fully amortised.

20. Tangible Fixed Assets

(a) Changes in tangible fixed assets

CZK 000	Leasehold improvements	Land and buildings	Fixtures	Equipment	Fixed assets not yet in use	Total
Cost						
As at 1 January 2003	233,832	49,085	110,965	412,063	61,310	867,255
Additions	6,303	0	5,540	61,017	2,049	74,909
Other adjustments	(13,516)	0	(202)	20,314	0	6,596
Disposals	(6,258)	(3,805)	(12,734)	(49,923)	(0)	(72,720)
As at 31 December 2003	220,361	45,280	103,569	443,471	63,359	876,040
As at 1 January 2004	220,361	45,280	103,569	443,471	63,359	876,040
Additions	16,499	99	10,989	74,079	91,162	192,828
Other adjustments	540	0	9,166	(10,049)	10	(333)
Disposals	(16,903)	(0)	(2,009)	(15,961)	(111,819)	(146,692)
As at 31 December 2004	220,497	45,379	121,715	491,540	42,712	921,843
Amortisation and adjustments						
As at 1 January 2003	63,881	7,256	77,090	277,377	0	425,604
Charge for the year	23,504	2,758	9,561	66,824	0	102,647
Disposals	(4,544)	(2,380)	(12,173)	(46,103)	(0)	(65,200)
Other adjustments	(8,185)	(1,425)	(512)	(2,334)	0	(12,456)
Adjustments	0	0	0	0	0	0
As at 31 December 2003	74,656	6,209	73,966	295,764	0	450,595
As at 1 January 2004	74,656	6,209	73,966	295,764	0	450,595
Charge for the year	21,156	1,008	14,078	73,600	0	109,842
Disposals	(9,597)	(0)	(39)	(17,458)	(0)	(27,094)
Other adjustments	0	0	0	(189)	0	(189)
Adjustments	0	0	0	0	0	0
As at 31 December 2004	86,215	7,217	88,005	351,717	0	533,154
Net book value						
As at 31 December 2003	145,705	39,071	29,603	147,707	63,359	425,445
As at 31 December 2004	134,282	38,162	33,710	139,823	42,712	388,689

(b) Assets held under finance leases

CZK 000	Land and buildings	Fixtures	Equipment	Fixed assets not yet in use	Total
Cost					
As at 1 January 2003	0	31,228	0	0	31,228
Additions	0	0	0	0	0
Other adjustments	0	0	0	0	0
Disposals	(0)	(0)	(0)	(0)	(0)
As at 31 December 2003	0	31,228	0	0	31,228
As at 1 January 2004	0	31,228	0	0	31,228
Additions	0	0	0	0	0
Other adjustments	0	0	0	0	0
Disposals	(0)	(31,228)	(0)	(0)	(31,228)
As at 31 December 2004	0	0	0	0	0
Depreciation and adjustments					
As at 1 January 2003	0	2,365	0	0	2,365
Charge for the year	0	4,974	0	0	4,974
Disposals	(0)	(0)	(0)	(0)	(0)
Adjustments	0	0	0	0	0
As at 31 December 2003	0	7,339	0	0	7,339
As at 1 January 2004	0	7,339	0	0	7,339
Charge for the year	0	0	0	0	0
Disposals	(0)	(7,339)	(0)	(0)	(7,339)
Adjustments	0	0	0	0	0
As at 31 December 2004	0	0	0	0	0
Net book value					
As at 31 December 2003	0	23,889	0	0	23,889
As at 31 December 2004	0	0	0	0	0

As at 31 December 2004, the Bank disclosed nil balances of assets held under finance leases. Lease contracts have been terminated during 2004.

21. Other Assets

CZK 000	2004	2003
Other debtors	167,197	176,577
Positive real value of derivatives	742,856	389,444
Deferred tax asset – see Note 33	24,399	17,255
Other	35,388	19,339
Adjustments	(400)	(0)
Total	969,440	602,615

In 2004, the Bank wrote-off other receivables in the amount of CZK 6,751 thousand (in 2003: CZK 0 thousand).

22. Due To Banks

(a) Analysis of due to banks by residual maturity

CZK 000	2004	2003
Repayable on demand	874,181	756,586
Up to 3 month	1,568,810	4,153,827
From 3 month to 1 year	403,724	354,184
From 1 year to 5 years	408,262	1,039,554
Over 5 years	304,959	1,352,997
Total	3,559,936	7,657,148

The total amount of due to banks in 2003 would be equal to CZK 5,677,340 thousand if the net-basis method of disclosure of funded participations used in 2004 would have been applied (see Note 3 – change of disclosure of loans to clients).

(b) Due to participation interests with controlling and substantial influence

CZK 000	Controlling influence	Substantial influence
As at 1 January 2003	0	513,057
Additions	0	0
Disposals	(0)	(418,326)
As at 31 December 2003	0	94,731
As at 1 January 2004	0	94,731
Additions	0	0
Disposals	(0)	(77,253)
As at 31 December 2004	0	17,478

23. Due to Clients

(a) Analysis of due to clients by type

CZK 000	2004	2003
<i>Due to clients on demand</i>	34,121,279	31,858,615
<i>Due to clients with fixed maturity</i>	10,277,482	10,331,889
<i>Due to clients with notice period</i>	287,441	323,882
<i>Other</i>	30,447	457,244
Total	44,716,649	42,971,630

As at 31 December 2004, "Other payables to clients" and "Cash collaterals" amounting to CZK 30,447 thousand (in 2003: CZK 457,244 thousand) are included in row "Due to clients – cooperative savings associations' members".

(b) Analysis of due to clients by sector

CZK 000	2004	2003
Due to clients on demand		
<i>Financial institutions</i>	372,478	964,584
<i>Non-financial institutions</i>	12,162,573	10,869,322
<i>Insurance institutions</i>	144,243	82,297
<i>Government sector</i>	7,824,149	7,192,909
<i>Non-profit organisations</i>	225,286	135,359
<i>Self-employed</i>	1,438,430	1,313,513
<i>Resident individuals</i>	10,500,011	10,174,263
<i>Non-residents</i>	1,454,109	1,118,830
<i>Companies without ICO</i>	0	6,153
<i>Unallocated</i>	0	1,385
	34,121,279	31,858,615
Due to clients with fixed maturity		
<i>Financial institutions</i>	278,540	492,737
<i>Non-financial institutions</i>	2,935,272	3,410,534
<i>Insurance institutions</i>	621,626	303,098
<i>Government sector</i>	480,486	477,445
<i>Non-profit organisations</i>	93,562	163,164
<i>Self-employed</i>	278,695	239,311
<i>Resident individuals</i>	5,083,007	4,666,085
<i>Non-residents</i>	506,294	578,555
<i>Companies without ICO</i>	0	0
<i>Unallocated</i>	0	960
	10,277,482	10,331,889

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CZK 000	2004	2003
Due to clients with notice period		
Financial institutions	0	0
Non-financial institutions	25	50
Insurance institutions	0	0
Government sector	0	0
Non-profit organisations	26	26
Self-employed	153	135
Resident individuals	285,003	322,273
Non-residents	2,234	1,398
Companies without ICO	0	0
Unallocated	0	0
	287,441	323,882
Other payables to clients	30,447	457,244
Total due to clients	44,716,649	42,971,630

(c) Due to participation interests with controlling and substantial influence

CZK 000	Controlling influence	Substantial influence
As at 1 January 2003	1,288	13,577
Additions	0	158,104
Disposals	(1,288)	(0)
As at 31 December 2003	0	171,681
As at 1 January 2004	0	171,681
Additions	0	0
Disposals	(0)	(149,657)
As at 31 December 2004	0	22,024

(d) Due to persons with special relationship to the Bank

CZK 000	Executives	Board of Directors	Supervisory Board	Other
As at 1 January 2003	0	8,342	282	0
Additions	0	1,912	531	0
Disposals	(0)	(0)	(0)	(0)
As at 31 December 2003	0	10,254	813	0
As at 1 January 2004	0	10,254	813	0
Additions	0	0	0	272,248
Disposals	(0)	(7,221)	(218)	(0)
As at 31 December 2004	0	3,033	595	272,248

24. Payables from Debt Securities

(a) Analysis of certificates of deposit and similar bonds by sector

The Bank did not disclose any certificates of deposit and similar bonds in 2004 and 2003.

(b) Analysis of bonds issued

CZK 000

Issue date	Maturity date	Currency	Nominal value		Net present value		Amount due within 1 year
			2004	2003	2004	2003	
17 Sep. 1999	17 Sep. 2005	CZK	1,000,000	1,000,000	1,009,732	1,008,189	1,029,021
Total					1,009,732	1,008,189	1,029,021

(c) Analysis of mortgage bonds

CZK 000

Issue date	Maturity date	Currency	Nominal value		Net book value		Amount due within 1 year
			2004	2003	2004	2003	
3 May 2001	3 May 2006	CZK	2,000,000	2,000,000	2,170,269	2,224,150	0
18 Feb. 2004	18 Feb. 2009	CZK	500,000	0	516,822	0	0
23 Aug. 2004	23 Aug. 2009	CZK	500,000	0	526,896	0	0
Total			3,000,000	2,000,000	3,213,987	2,224,150	0

(d) Analysis of certificates of deposit

CZK 000

	2004	2003
Book value of certificates of deposit	4,343,149	3,046,943
Net book value	4,343,149	3,046,943

25. Subordinated Liabilities

CZK 000

	2004	2003
Subordinated debt	1,282,349	1,117,116
Total	1,282,349	1,117,116

During 2004, the subordinated debt was increased twice – in February 2004 by the amount of EUR 3,810 thousand and in July 2004 by the amount of EUR 3,175 thousand.

As at 31 December 2004, the nominal amount of the subordinated debt equalled to EUR 41,465 thousand.

The maturity of the loan is 31 January 2012 with the interest rate based on the six-month EURIBOR + 1.3% p.a. The loan agreement was approved by the responsible departments of CNB and conforms to the CNB requirements for supplementary capital.

26. Other Liabilities

CZK 000	2004	2003
<i>Other liabilities</i>	626,799	3,551
<i>Negative fair values of derivatives</i>	699,441	454,233
<i>Liabilities to other creditors</i>	119,052	94,148
<i>Estimated payables</i>	320,842	301,667
Total	1,766,134	853,599

The "Other liabilities" balance within the Other liabilities comprise mainly from the items "Settlement and suspense accounts of payments" in the amount of CZK 457,283 thousand (in 2003: CZK 0 thousand) and "Settlement and suspense account of clearing" in the amount of CZK 156,164 thousand (in 2003: CZK 1,097 thousand).

27. Registered Capital

During 2004 there were no changes in registered capital or shareholders. Shares are booked and are not publicly traded. The nominal value of the shares was fully paid.

The shareholders of the Bank as at 31 December 2004:

Name	Registered office	No. of shares (in pcs.)	Nominal value (in CZK 000)	Share in equity (in %)
Raiffeisen International Bank-Holding AG	Austria	127,500	1,275,000	51
RB Prag Beteiligungs GmbH	Austria	62,500	625,000	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	60,000	600,000	24
		250,000	2,500,000	100

28. Earnings per Share

CZK 000	2004	2003
<i>Current period profit (loss) after tax</i>	302,125	218,827
<i>Dividends for preferential shareholders</i>	(0)	(0)
<i>Net profit for ordinary shareholders</i>	302,125	218,827
<i>Weighted average number of shares issued</i>	250,000	232,877
Earnings per share (CZK)	1,209	940

29. Bonuses Tied to Equity

The Bank did not introduce any bonuses tied to equity.

30. Reserves and Adjustments for Possible Credit Losses

(a) Reserves for possible credit and guarantee losses

CZK 000		
Reserves for possible credit and guarantee losses (tax deductible)		
Balance as at 1 January 2003		190,966
Creation during current year		0
Guarantees	0	
Use during current year		(0)
Write-off of loans	(0)	
Cover of losses from loans sold	(0)	
Release of reserves no longer considered necessary		(63,322)
Balance of tax deductible reserves as at 31 December 2003		127,644
Balance as at 1 January 2004		127,644
Creation during current year		0
Guarantees	0	
Use during current year		(0)
Write-off of loans	(0)	
Cover of losses from loans sold	(0)	
Release of reserves no longer considered necessary		(63,322)
Balance of tax deductible reserves as at 31 December 2004		64,322
Total reserves for possible credit and guarantee losses as at 31 December 2004		64,322

The Bank did not disclose other reserves for losses from loans and guarantees (tax non-deductible) in 2004 and 2003.

The balance of reserves as at 31 December 2004 shows CZK 63,322 thousand of reserves for standard loans (in 2003: CZK 126,644 thousand) as well as CZK 1,000 thousand of reserves for guarantees losses (in 2003: CZK 1,000 thousand). In accordance with the Act No. 593/1992 Coll., on Reserves, as subsequently amended, an aliquot part of reserves for standard loans of CZK 63,322 thousand (in 2003: CZK 63,322 thousand) was released into revenues.

(b) Adjustments to classified receivables

CZK 000		
Adjustments to classified receivables (tax deductible)		
Balance as at 1 January 2003		358,398
Creation during current year		343,897
Special mentioned loans	93,268	
Sub-standard loans	86,704	
Doubtful loans	114,418	
Loss loans	49,507	
Receivables from debtors subject to bankruptcy and composition proceedings	0	
Use during current year		(60,958)
Write-off of loans	10,024	
Cover of losses from loans sold	50,934	
Release of adjustments no longer considered necessary		(125,133)
FX differences		2,320
Balance of tax deductible adjustments as at 31 December 2003		518,524
Balance as at 1 January 2004		518,524
Reclassification of the opening balance (tax correction)		(20,242)
Creation during current year		436,229
Special mentioned loans	116,732	
Sub-standard loans	143,612	
Doubtful loans	40,189	
Loss loans	76,881	
Receivables from debtors subject to bankruptcy and composition proceedings	58,815	
Use during current year		(55,743)
Write-off of loans	(50,190)	
Cover of losses from loans sold	(5,553)	
Release of adjustments no longer considered necessary		(181,868)
FX differences		(4,811)
Balance of tax deductible adjustments as at 31 December 2004		692,089

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CZK 000		
Other adjustments to losses from receivables (tax non-deductible)		
Balance as at 1 January 2003		55,432
Reclassification of the opening balance (tax correction)		0
Creation during current year		0
Use during current year		(0)
Write-off of loans	(0)	
Cover of losses from loans sold	(0)	
Release of adjustments no longer considered necessary		(5,399)
FX differences		(0)
Balance of tax non-deductible adjustments as at 31 December 2003		50,033
Balance as at 1 January 2004		50,033
Reclassification of the opening balance (tax correction)		19,997
Creation during current year		27,928
Use during current year		(2,308)
Write-off of loans	(2,308)	
Cover of losses from loans sold	(0)	
Release of adjustments no longer considered necessary		(19,888)
FX differences		(121)
Balance of tax non-deductible adjustments as at 31 December 2004		75,641
Total adjustments to credit losses as at 31 December 2004		767,730

(c) Other reserves

CZK 000		
Balance as at 1 January 2003		73,990
Creation during current year		19,001
Use during current year		(14,958)
Settlement of reserve for tax payable		(23,430)
FX differences		(0)
Balance of other reserves as at 31 December 2003		54,603
Balance as at 1 January 2004		54,603
Creation during current year		19,000
Use during current year		(19,123)
Settlement of reserve for tax payable		(18,996)
FX differences		(0)
Balance of other reserves as at 31 December 2004		35,484

In 2004, the Bank settled a reserve for tax payable of CZK 18,996 thousand (in 2003: CZK 23,430 thousand). Recognised in row 23 "Income tax" of the profit and loss account. This amount represents a partial release of a tax-deductible reserve for possible credit losses (see Note 33).

(d) Other adjustments

CZK 000	
Balance as at 1 January 2003	15,768
Creation during current year	0
Use during current year	(15,768)
Release of adjustments no longer considered necessary	(0)
Balance of other adjustments as at 31 December 2003	0
Balance as at 1 January 2004	0
Reclassification of the opening balance (tax correction)	245
Creation during current year	400
Use during current year	(245)
Release of adjustments no longer considered necessary	(0)
Balance of other adjustments as at 31 December 2004	400

31. Retained Earnings, Reserve Funds and other Funds Allocated from Profit

The Bank has allocated the 2003 profit and proposes to allocate the 2004 profit as follows:

CZK 000	Profit	Retained earnings	Statutory reserve fund	Capital funds and other funds from profit
Balance as at 1 January 2004	0	0	66,014	117,817
Profit for 2003	218,827			
Allocation of the 2003 profit approved by the Supervisory Board:				
Transfer to statutory funds	(10,941)	0	10,941	0
Dividends	(0)	0	0	0
Covering of acc. loss from profit	(0)	0	0	0
Covering of acc. loss from funds	(0)	0	0	0
Transfer to retained earnings	(207,886)	207,886	0	0
Use of funds	0	0	0	0
Balance as at 31 December 2004 before allocation of the 2004 profit	0	207,886	76,955	117,817
Profit for 2004	302,125			
Proposal for the allocation of 2004 profit:				
Transfer to statutory funds	(15,106)	0	15,106	0
Dividends	(30,213)	0	0	0
Transfer to retained earnings	(256,806)	256,806	0	0
Total	0	464,692	92,061	117,817

32. Valuation Differences

The Bank did not disclose any valuation differences in 2004 and 2003.

33. Income Tax and Deferred Tax Asset/liability

(a) Current income tax

CZK 000	2004	2003
Current year profit (loss) before tax	414,713	280,819
Income not liable to tax	(120,320)	(132,095)
Tax non-deductible expenses	183,986	114,114
Tax discounts and offsets used	(4,419)	(2,776)
Subtotal	473,960	260,062
Income tax calculated using the 28% tax rate (31% in 2003)	132,709	80,619
Income tax from separate tax base 15%	98	0
Adjustment of previous year	5,921	(1,652)
Reserve for tax	(18,996)	(23,430)
Deferred tax	(7,144)	6,455
Tax Total	112,588	61,992

(b) Deferred tax asset/liability

Deferred income tax is calculated on all temporary differences using a principal tax rate of 26% relevant for 2005. Deferred income tax assets and liabilities are attributable to the following items:

CZK 000	2004	2003
Deferred tax asset		
Credit adjustments and reserves	0	0
Unpaid interest from loans to non-residents	8,401	532
Unpaid social and health insurance	7,516	6,370
Untaken leave	4,940	5,320
Other reserves	0	0
Accelerated tax depreciation	3,542	5,033
Total	24,399	17,255
Deferred tax asset/(liability)	24,399	17,255
Difference to be adjusted (comparing the last year)	7,144	(6,455)

As at 31 December 2004, the Bank recognised income due to the adjustments of a deferred tax of CZK 7,144 thousand (in 2003: expense of CZK 6,455 thousand).

The Bank's management assumes that present and expected future taxable profits shall be sufficient for realisation of deferred tax receivables stated in the financial statements as at 31 December 2004.

(c) Reserve for tax due

As at 31 December 2002, the Bank created an income tax reserve totalling CZK 58,890 thousand resulting from the tax-deductible reserves for possible credit losses as at 31 December 2002 using the 31% corporation income tax rate. This reserve was recognised based on an expected increase in tax expenses for the next three accounting periods that will not be related to the Bank's ordinary activities but which are based solely on the amendment of the Act on Reserves No. 593/1992 Coll., as subsequently amended.

During 2003, the Bank settled CZK 23,430 thousand. From this amount, CZK 3,800 thousand was released because of adjustments in the income tax rate and CZK 19,630 thousand was released due to the utilisation of reserves. During 2004, the Bank settled CZK 18,996 thousand. From this amount, CZK 1,266 thousand was released because of adjustments in the income tax rate and CZK 17,730 thousand was released due to the utilisation of reserves. The balance of current income tax reserve is CZK 16,464 thousand (in 2003: CZK 35,460 thousand).

34. Off-balance Sheet Items**(a) Irrevocable contingent liabilities arising from acceptances and endorsements, other written contingent liabilities and assets pledged as collateral**

CZK 000	2004	2003
Banks		
<i>Notes acceptances and endorsements</i>	0	0
<i>Granted credit lines</i>	179,744	82,465
<i>Payables resulting from guarantees</i>	12,809	4,475
<i>Letters of credit and financial guarantees</i>	14,489	12,109
<i>Assets pledged as collateral</i>	0	0
<i>Other contingent liabilities</i>	0	0
	207,042	99,049
Clients		
<i>Notes acceptances and endorsements</i>	0	0
<i>Granted credit lines</i>	5,425,289	5,729,078
<i>Payables resulting from guarantees</i>	4,395,527	2,917,740
<i>Letters of credit and financial guarantees</i>	147,859	127,021
<i>Assets pledged as collateral</i>	0	0
<i>Other contingent liabilities</i>	0	0
	9,968,675	8,773,839
Total	10,175,717	8,872,888

(b) Guarantees issued in favour of persons with a special relationship to the Bank

CZK 000	Executives	Board of Directors	Supervisory Board	Other
As at 31 December 2003	0	0	0	2,518
As at 31 December 2004	0	0	0	21,735

(c) Guarantees issued in favour of participation interests with controlling and substantial influence

The Bank had no guarantees issued in favour of participation interests with controlling or substantial influence in 2004 and 2003.

(d) Guarantees received from the participation interests with substantial and controlling interest

CZK 000	2004	2003
Controlling influence	0	0
Substantial influence	0	86,229
Total	0	86,229

(e) Contractual obligations resulting from the recursive agreements

The Bank did not enter into any contract in 2004 and 2003 which would result in potential liabilities from recursive agreements.

(f) Off-balance sheet financial instruments

CZK 000	Contractual amounts		Fair value	
	2004	2003	2004	2003
Hedging instruments				
Forward foreign exchange purchase contracts	0	0	0	0
Forward foreign exchange sale contracts	0	0	0	0
Interest rate swap contracts (IRS)	338,462	968,625	(11,142)	(44,079)
Forward rate agreements (FRA)	0	0	0	0
Option purchase contracts	0	0	0	0
Option sale contracts	0	0	0	0
Trading instruments				
Forward foreign exchange purchase contracts	11,339,728	8,520,446	0	0
Forward foreign exchange sale contracts	11,238,468	8,545,575	102,315	(17,412)
Interest rate swap contracts (IRS)	11,212,953	4,464,667	(40,699)	(959)
Forward rate agreements (FRA)	137,163,950	123,854,400	(7,060)	(2,340)
Option purchase contracts	5,783,711	6,317,402	0	0
Option sale contracts	5,783,711	6,317,402	0	0

All financial instruments mentioned above were negotiated on the OTC market.

(g) Residual maturity of financial derivatives

The allocation of nominal values of individual types of financial derivatives to their residual maturity is as follows:

CZK 000	Up to 3 months	3 mths to 1 year	1 year to 5 years	Over 5 years	Without specif.	Total
As at 31 December 2004						
Hedging instruments						
Forward foreign exchange purchase contracts	0	0	0	0	0	0
Forward foreign exchange sale contracts	0	0	0	0	0	0
Interest rate swap contracts (IRS)	0	104,762	233,700	0	0	338,462
Forward rate agreements (FRA)	0	0	0	0	0	0
Option purchase contracts	0	0	0	0	0	0
Option sale contracts	0	0	0	0	0	0
Trading instruments						
Forward foreign exchange purchase contracts	1,902,972	8,237,932	1,198,824	0	0	11,339,728
Forward foreign exchange sale contracts	6,350,710	4,324,208	563,550	0	0	11,238,468
Interest rate swap contracts (IRS)	0	500,000	9,239,736	1,473,217	0	11,212,953
Forward rate agreements (FRA)	0	86,113,950	51,050,000	0	0	137,163,950
Option purchase contracts	2,863,442	2,213,481	706,788	0	0	5,783,711
Option sale contracts	2,863,442	2,213,481	706,788	0	0	5,783,711
As at 31 December 2003						
Hedging instruments						
Forward foreign exchange purchase contracts	0	0	0	0	0	0
Forward foreign exchange sale contracts	0	0	0	0	0	0
Interest rate swap contracts (IRS)	0	480,668	487,957	0	0	968,625
Forward rate agreements (FRA)	0	0	0	0	0	0
Option contracts	0	0	0	0	0	0
Trading instruments						
Forward foreign exchange purchase contracts	6,865,378	1,203,423	451,645	0	0	8,520,446
Forward foreign exchange sale contracts	6,908,622	1,187,398	449,555	0	0	8,545,575
Interest rate swap contracts (IRS)	230,000	241,667	2,793,000	1,200,000	0	4,464,667
Forward rate agreements (FRA)	56,000,000	65,854,000	2,000,000	0	0	123,854,000
Option purchase contracts	1,393,344	4,924,058	0	0	0	6,317,402
Option sale contracts	1,393,344	4,924,058	0	0	0	6,317,402

(h) Refinancing agreements

As at 31 December 2004 the Bank can draw funds from the stand-by credit line granted by Raiffeisen International Bank-Holding AG in the amount of EUR 109,009 thousand (in 2003: EUR 109,009 thousand).

(i) Contingent assets

As at 31 December 2004, the Bank did not hold any contingent assets other than those disclosed above.

35. Values Taken into Custody, Administration, Deposit and Management

CZK 000	2004	2003
Cash	0	0
Bonds	3,895,347	2,977,953
Shares	5,151,449	3,355,774
Real estate	0	0
Other movable assets	0	0
Other assets	0	0
Total	9,046,796	6,333,727

36. Values Placed into Custody, Administration, Deposit and Management

The Bank did not place any assets into administration or management in 2004 and 2003.

37. Financial Instruments – Market Risk

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

(a) Trading

The Bank holds trading positions in certain financial instruments including financial derivatives. The majority of the Bank's business activities are conducted on the basis of the requirements of the Bank's clients. According to the estimated demand of its clients, the Bank holds a certain supply of financial instruments and maintains the admission to the financial markets through the quoting of bid and ask prices and by trading with other market makers. These positions are also held for the purpose of speculation on the expected future development of financial markets. The Bank's business strategy is thus affected by the speculative expectation and market creation 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 individual types of financial instruments. The basic instruments used for risk management are the volume limits of individual transactions, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to risk management are included in "Risk management methods" in Note 37 (c).

The majority of derivatives are contracted on the OTC market as a result of the non-existence of the public market with financial derivatives in the Czech Republic.

(b) Risk management

The selected risks to which the Bank is exposed as a result of its non-trading activities, management of positions arising as a result of these activities and the Bank's approach to the management of these risks are described below. More details on the procedures used by the Bank to measure and manage these risks are included in "Risk management methods" in Note 37 (c).

Liquidity risk

Liquidity risk arises as a result of the type of financing of the Bank's activities and management of its positions. It includes both the risk of being able to finance the Bank's assets using the instruments with the appropriate maturity and the Bank's ability to dispose of/sell its assets for the appropriate price within the appropriate time period.

The Bank has access to diversified sources of funds, which comprise deposits and other savings, securities issued, loans accepted including subordinated loans and equity. This diversification makes the Bank flexible and limits its dependency on one financing source. The Bank regularly evaluates a liquidity risk, in particular by monitoring 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. The Bank also holds, as part of its liquidity risk management strategy, a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds. The Bank uses internal statistic models for diversification of clients' deposits maturity days. These models are reassessed on a regular basis.

Residual maturity of Bank's assets and liabilities

CZK 000	Up to 3 months	3 mths to 1 year	1 year to 5 years	Over 5 years	Without specification	Total
As at 31 December 2004						
Cash in hand and balances with central banks	1,861,792	0	0	0	0	1,861,792
State zero coupon bonds	1,105,881	193,984	5,453	488	0	1,305,806
Receivables from banks	19,536,606	2,715,897	10	634	0	22,253,147
Receivables from clients	12,733,580	4,644,463	8,456,891	5,396,198	3,921,900	35,153,032
Debt securities	53,771	92,041	410,612	134,952	0	691,376
Shares, mutual fund certificates and other investments	0	0	0	0	140,623	140,623
Participation interests with substantial influence	0	0	0	0	273,276	273,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	10,267	308	158	0	1,480,079	1,490,812
Prepaid expenses and accrued income	0	0	0	0	37,005	37,005
Total	35,301,897	7,646,693	8,873,124	5,532,272	5,852,883	63,206,869
Due to banks	2,442,991	403,724	408,262	304,959	0	3,559,936
Due to clients	43,750,566	803,686	161,471	926	0	44,716,649
Payables from debt securities	4,157,343	1,175,298	3,232,739	0	1,488	8,566,868
Other liabilities	41	0	294,578	1,290,226	3,485,878	5,070,723
Accrued expenses and deferred income	0	0	0	0	10,344	10,344
Subordinated liabilities	0	0	0	1,282,349	0	1,282,349
Total	50,350,941	2,382,708	4,097,050	2,878,460	3,497,710	63,206,869
Gap	(15,049,044)	5,263,985	4,776,074	2,653,812	2,355,173	0
Cumulative gap	(15,049,044)	(9,785,059)	(5,008,985)	(2,355,173)	0	

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CZK 000	Up to 3 months	3 mths to 1 year	1 year to 5 years	Over 5 years	Without specification	Total
As at 31 December 2003						
Cash in hand and balances with central banks	1,004,486	0	0	0	0	1,004,486
State zero coupon bonds	1,761,744	2,766,267	7,216	113,500	0	4,648,727
Receivables from banks	18,695,866	3,151,386	0	648,100	0	22,495,352
Receivables from clients	12,926,747	4,789,610	8,529,491	3,557,831	1,578,311	31,381,990
Debt securities	53,847	159,251	560,160	38,852	606	812,716
Shares, mutual fund certificates and other investments	0	0	0	0	138,963	138,963
Participation interests with substantial influence	0	0	0	0	258,276	258,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	9,754	336	525	0	1,168,818	1,179,433
Prepaid expenses and accrued income	0	0	0	0	54,279	54,279
Total	34,452,444	10,866,850	9,097,392	4,358,283	3,199,253	61,974,222
Due to banks	4,910,413	354,184	1,039,554	1,352,997	0	7,657,148
Due to clients	41,890,187	829,227	252,201	0	15	42,971,630
Payables from debt securities	2,871,441	156,508	3,249,062	0	2,271	6,279,282
Other liabilities	1,097	0	366,078	0	3,571,329	3,938,504
Accrued expenses and deferred income	0	0	0	0	10,542	10,542
Subordinated liabilities	0	0	0	1,117,116	0	1,117,116
Total	49,673,138	1,339,919	4,906,895	2,470,113	3,584,157	61,974,222
Gap	(15,220,694)	9,526,931	4,190,497	1,888,170	(384,904)	0
Cumulative gap	(15,220,694)	(5,693,763)	(1,503,266)	384,904	0	

The above stated tables show a residual maturity of the book value of the individual financial instruments, not the total cash flows resulting from the above instruments.

Interest rate risk

The Bank is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of changes/adjustments of interest rates and volumes during these periods. In the case of variable interest rates, the Bank is exposed to a basis risk that is based on 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 net interest income in accordance with the Bank's strategy approved by the Board of Directors. For interest rate risk management, the Bank uses – as well as in the case of liquidity management – statistical models for distribution of those items for which it is not possible to determine the moment of interest rate revaluation.

Following the Bank's strategy of interest rate risk management, the Bank keeps closed positions for periods with a longer activity, i.e. the Bank is generally not interest sensitive for changes of long-term interest rates.

Interest rate derivatives are generally used to manage the incongruity between the interest sensitivity of assets and liabilities. These transactions are carried out in accordance with the Bank's strategy for the management of assets and liabilities approved by the Board of Directors.

Part of the Bank's income is generated by the aimed incongruity between the interest sensitive assets and liabilities, which is summarised in the table below. The carrying amounts of 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 the period in which the interest rate changes, i.e. in the period that occurs earlier. Certain assets or liabilities are allocated to individual periods on the basis of an expert appraisal due to the expected preliminary repayment or non-defined maturity dates.

Interest sensitivity of Bank's assets and liabilities

CZK 000	Up to 3 months	3 mths to 1 year	1 year to 5 years	Over 5 years	Without specification	Total
As at 31 December 2004						
Cash in hand and balances with central banks	1,861,792	0	0	0	0	1,861,792
State zero coupon bonds	1,106,042	193,984	5,292	488	0	1,305,806
Receivables from banks	19,536,606	2,715,897	10	634	0	22,253,147
Receivables from clients	21,826,029	4,978,274	3,901,580	525,249	3,921,900	35,153,032
Debt securities	419,256	164,338	10,005	97,777	0	691,376
Shares, mutual fund certificates and other investments	0	0	0	0	140,623	140,623
Participation interests with substantial influence	0	0	0	0	273,276	273,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	10,267	308	158	0	1,480,079	1,490,812
Prepaid expenses and accrued income	0	0	0	0	37,005	37,005
Total	44,759,992	8,052,801	3,917,045	624,148	5,852,883	63,206,869
Due to banks	2,442,992	456,733	355,252	304,959	0	3,559,936
Due to clients	43,750,566	803,686	161,471	926	0	44,716,649
Payables from debt securities	5,321,510	168,887	3,074,983	0	1,488	8,566,868
Other liabilities	42	0	294,578	1,290,226	3,485,877	5,070,723
Accrued expenses and deferred income	0	0	0	0	10,344	10,344
Subordinated liabilities	1,282,349	0	0	0	0	1,282,349
Total	52,797,459	1,429,306	3,886,284	1,596,111	3,497,709	63,206,869
Long positions of interest rate derivatives	34,800,991	86,600,926	40,966,464	1,025,885	0	163,394,266
Short positions of interest rate derivatives	37,009,975	89,807,996	35,684,900	891,395	0	163,394,266
Gap	(10,246,451)	3,416,425	5,312,325	(837,473)	2,355,174	0
Cumulative gap	(10,246,451)	(6,830,026)	(1,517,701)	(2,355,174)	0	

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CZK 000	Up to 3 months	3 mths to 1 year	1 year to 5 years	Over 5 years	Without specification	Total
As at 31 December 2003						
Cash in hand and balances with central banks	1,004,486	0	0	0	0	1,004,486
State zero coupon bonds	1,884,556	2,764,171	0	0	0	4,648,727
Receivables from banks	18,695,866	3,151,386	0	648,100	0	22,495,352
Receivables from clients	22,300,309	3,000,089	2,638,311	1,864,970	1,578,311	31,381,990
Debt securities	339,357	344,145	5,456	123,153	605	812,716
Shares, mutual fund certificates and other investments	0	0	0	0	138,963	138,963
Participation interests with substantial influence	0	0	0	0	258,276	258,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	9,754	336	525	0	1,168,818	1,179,433
Prepaid expenses and accrued income	0	0	0	0	54,279	54,279
Total	44,234,328	9,260,127	2,644,292	2,636,223	3,199,252	61,974,222
Due to banks	4,910,413	354,184	1,039,554	1,352,997	0	7,657,148
Due to clients	41,890,187	829,227	252,216	0	0	42,971,630
Payables from debt securities	2,871,441	156,508	3,249,062	0	2,271	6,279,282
Other liabilities	1,097	0	366,078	0	3,571,329	3,938,504
Accrued expenses and deferred income	0	0	0	0	10,542	10,542
Subordinated liabilities	0	0	0	1,117,116	0	1,117,116
Total	49,673,138	1,339,919	4,906,910	2,470,113	3,584,142	61,974,222
Long positions of interest rate derivatives	34,438,292	74,251,200	21,296,200	500,000	0	130,485,692
Short positions of interest rate derivatives	25,741,279	85,344,601	18,699,812	700,000	0	130,485,692
Gap	3,258,203	(3,173,193)	333,770	(33,890)	(384,890)	0
Cumulative gap	3,258,203	85,010	418,780	384,890	0	

Equity risk

Equity risk is the risk of fluctuation of the prices of equity instruments held in the Bank's portfolio and financial derivatives derived from these instruments. The main source of this risk is trading with equity instruments, even though a certain part of equity risk also arises as a result of non-trading activities of the Bank. The risks associated with equity instruments are managed through trading limits. The methods used for the management of these risks are described in "Risk management methods" in Note 37 (c).

Currency risk

Assets and liabilities denominated in foreign currency including off-balance sheet exposures represent the Bank's exposure to currency risks. Both realised and unrealised foreign exchange gains and losses are reported directly in the profit and loss account. The Bank's foreign currency position in the most significant currencies is as follows:

The Bank's foreign currency position

CZK 000	EUR	USD	SKK	CZK	Other	Total
As at 31 December 2004						
Cash in hand and balances with central banks	184,283	60,546	15,774	1,527,519	73,670	1,861,792
State zero coupon bonds	95,772	0	0	1,210,034	0	1,305,806
Receivables from banks	1,710,615	2,540,029	97,312	17,657,926	247,265	22,253,147
Receivables from clients	4,461,530	627,872	0	29,818,600	245,030	35,153,032
Debt securities	97,777	0	0	593,599	0	691,376
Shares, mutual fund certificates and other investments	268	287	0	140,068	0	140,623
Participation interests with substantial influence	0	0	0	273,276	0	273,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	59,509	1,583	0	1,429,044	676	1,490,812
Prepaid expenses and accrued income	10,920	17	19	24,058	1,991	37,005
Total	6,620,674	3,230,334	113,105	52,674,124	568,632	63,206,869
Due to banks	1,264,990	238,935	0	2,052,271	3,740	3,559,936
Due to clients	4,506,893	2,002,719	64,580	37,924,995	217,462	44,716,649
Payables from debt securities	366,370	202,052	0	7,916,662	81,784	8,566,868
Other liabilities	218,210	36,317	2,011	1,597,936	11,466	1,865,940
Accrued expenses and deferred income	2,532	69	0	7,743	0	10,344
Subordinated liabilities	1,282,349	0	0	0	0	1,282,349
Equity	0	0	0	3,204,783	0	3,204,783
Total	7,641,344	2,480,092	66,591	52,704,390	314,452	63,206,869
Long positions of off-balance sheet instruments	3,369,581	2,638,313	10,841	5,224,717	96,276	11,339,728
Short positions of off-balance sheet instruments	2,334,329	3,557,344	59,713	4,986,487	300,595	11,238,468
Net foreign currency position	14,582	(168,789)	(2,358)	207,964	49,861	101,260

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CZK 000	EUR	USD	SKK	CZK	Other	Total
As at 31 December 2003						
Cash in hand and balances with central banks	190,046	43,939	17,607	685,934	66,960	1,004,486
State zero coupon bonds	0	0	0	4,648,727	0	4,648,727
Receivables from banks	3,824,366	1,179,309	114,338	17,259,891	117,448	22,495,352
Receivables from clients	5,330,892	421,082	0	25,434,676	195,339	31,381,989
Debt securities	0	0	0	812,716	0	812,716
Shares, mutual fund certificates and other investments	285	329	0	138,349	0	138,963
Participation interests with substantial influence	0	0	0	258,276	0	258,276
Participation interests with controlling influence	0	0	0	0	0	0
Other assets	83,097	8,783	75	1,083,216	4,263	1,179,434
Prepaid expenses and accrued income	2,041	20	19	51,931	268	54,279
Total	9,430,727	1,653,462	132,039	50,373,716	384,278	61,974,222
Due to banks	2,846,860	4,409	0	4,804,694	1,185	7,657,148
Due to clients	4,134,826	2,534,754	32,722	36,060,506	208,822	42,971,630
Payables from debt securities	557,004	214,381	0	5,450,206	57,691	6,279,282
Other liabilities	23,867	7,662	2	1,002,659	1,656	1,035,846
Accrued expenses and deferred income	1,895	145	0	8,502	0	10,542
Subordinated liabilities	1,117,116	0	0	0	0	1,117,116
Equity	0	0	0	2,902,658	0	2,902,658
Total	8,681,568	2,761,351	32,724	50,229,225	269,354	61,974,222
Long positions of off-balance sheet instruments	2,555,175	3,176,146	0	2,703,344	85,781	8,520,446
Short positions of off-balance sheet instruments	3,205,241	1,519,694	134,130	3,522,506	164,004	8,545,575
Net foreign currency position	99,093	548,563	(34,815)	(674,671)	36,701	(25,129)

(c) Risk management methods

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

Interest rate risks

The Bank manages interest rate risk separately for the banking and trading portfolio. In order to monitor its interest rate position of the banking portfolio the Bank uses a differential analysis method (gap). In order to monitor its interest rate position for the trading portfolio, the Bank monitors the sensitivity of the overall position on the shift in the interest rate curve (BPV) and also uses a differential analysis method (gap).

Currency risk

The Bank uses limits set by the standards of the Raiffeisen Group. The limits are set for individual currencies, for groups of currencies and for the total currency position. Internal limits for the currency position fully respect the limits set by the local regulatory body.

Value at Risk

Market risks arising from the Bank's trading activities are managed using the Value at Risk method. Value at Risk represents a potential loss arising from an unfavourable movement on the market within a certain time period at a certain confidence level. Value at Risk is measured based on a two-day holding period and a confidence level of 95.

CZK 000	<i>As at 31 December 2004</i>	<i>Average 2004</i>	<i>As at 31 December 2003</i>	<i>Average 2003</i>
<i>VaR of share instruments</i>	808	94	186	222

Stress testing

The Bank carries out regular stress testing of interest rate risk on the banking and trading portfolio and currency risk. The results of these stress tests are submitted to the Assets and Liabilities Committee (ALCO) on a regular basis.

38. Financial Instruments – Credit Risk

The Bank is exposed to credit risk as a result of its trading activities, providing the loans, hedging transactions, investment and mediation activities.

Credit risk associated with trading and investment activities is managed using the methods and instruments applied to management of the Bank's market risks.

(a) Classification of receivables

The Bank classifies receivables into individual categories in accordance with CNB Decree No. 9 issued on 6 November 2002, as subsequently amended. The classification is as follows:

Standard receivables

A standard receivable is a receivable in which there is no doubt that it will be fully repaid. Principal, interest and fees are consistently paid and are not more than 30 days past due. None of the receivables from the debtor has been restructured in the last two years due to any deterioration in its financial situation. The following can also be considered as standard receivables:

- a receivable from a debtor who, pursuant to a special regulation of the Czech National Bank, has been assigned a zero risk weight and where no payment of principal, interest or fees is more than 540 days past due;
- a receivable supported in full by high-quality security and where no payment of principal, interest or fees is more than 540 days past due.

Special mentioned receivables

A special mentioned receivable is a receivable which, given the financial and economic condition of the debtor, is likely to be fully repaid. Principal, interest and fees are paid, with some problems, but are no more than 90 days past due. None of the receivables from the debtor has been restructured in the last six months due to any deterioration in its financial situation. The following can also be considered as special mentioned receivables:

- a receivable from a debtor who has, pursuant to a special regulation of the Czech National Bank, been assigned a zero risk weight and where one or more payments of principal, interest or fees is more than 540 days past due;
- a receivable fully secured by a person who, pursuant to a special regulation of the Czech National Bank, has been assigned a zero risk weight and where one or more payments of principal, interest or fees is more than 540 days past due.

Substandard receivables

A substandard receivable is a receivable which, given the financial and economic condition of the debtor, might not be fully repaid, but is most likely to be repaid in part. Principal, interest and fees are paid, with some problems, but are no more than 180 days past due.

Doubtful receivables

A doubtful receivable is a receivable which, given the financial and economic condition of the debtor, is unlikely to be fully repaid, but may be, and is likely to be, repaid in part. Principal, interest and fees are paid, with some problems, but are no more than 360 days past due.

Loss receivables

A loss receivable is a receivable which, given the financial and economic condition of the debtor, cannot be fully repaid. The expectation is that such a receivable will not be recovered or will be recovered in part only in a very small amount. Principal, interest and fees are more than 360 days past due. The following are also considered as loss receivables:

- a receivable from a debtor in composition proceedings;
- a receivable from a debtor who has been declared bankrupt, except in the case of a receivable against the estate arising after the declaration of bankruptcy.

This classification is maintained on a monthly basis. The main criteria for classification are the following:

- financial condition of the debtor and the fulfilling of the agreed repayment schedules
- providing requested information by the debtor
- restructuring (not restructuring) the receivable
- declaration of bankruptcy or compensation proceedings
- external economic, political and legal factors.

(b) Evaluation of collateral

The Bank generally requires collateral for loans granted to certain debtors before the provision of these loans. As acceptable collateral, which reduces gross credit exposure for the purpose of calculation of adjustments, the Bank considers the following types of collateral:

- Cash
- Real estate
- First-class receivables
- Bank guarantee
- Guarantee provided by a reputable third party
- Machinery and equipment
- Securities
- Inventory and commodities
- Assignment of the title of pledged moveable assets

The Bank's assessment of the net realisable value of the collateral is based on an expert appraisal or internal evaluation prepared by the Bank's special department. The net realisable value of the collateral is determined using this value and the correction coefficient, which reflects the Bank's ability to realise the collateral when necessary. The Bank performs regular semi-annual updates of the collateral's value and correction coefficients.

(c) Calculation of adjustments

When calculating adjustments, the Bank considers the gross book value of individual receivables reduced by the net realisable value of the collateral. To these net receivables, which are determined as described above, the Bank creates the following adjustments in accordance with CNB Decree No. 9 issued on 6 November 2002:

Standard	0%
Special mentioned	0 – 19.99%
Sub-standard	20 – 49.99%
Doubtful	50 – 99.99%
Loss	100%

(d) Credit risk measurement models

The main methods when applying credit risk management in retail banking are application and behavioural scoring or rating. The risks are managed on portfolio levels using a so-called portfolio management approach, regular monitoring of the development of portfolio quality, and a prediction of future loss development.

(e) Concentration of credit risk

The Bank has created a system of internal limits for individual countries, industries and debtors in order to prevent significant concentration of credit risk. As at the balance sheet date, the Bank did not have any significant concentration of credit risk with respect to any individual debtor or economically connected group of debtors.

Sector analysis

An analysis of the concentration of credit risk according to individual industries/sectors is included in Notes 14 (b), 14 (d) a 14 (e).

Analysis by geographical areas

CZK 000	2004	2003
<i>Czech Republic</i>	34,417,714	30,891,271
<i>Slovakia</i>	15,465	7,728
<i>Poland</i>	69	14
<i>Germany</i>	3,403	14,840
<i>Hungary</i>	19	1
<i>Russian Federation</i>	271,949	379
<i>Other</i>	444,413	467,757
Total	35,153,032	31,381,990

(f) Claiming of debtors' receivables

The Bank established a "Problem Loans" department within the Risk Management Division that manages certain receivables, the recovery of which is endangered. This department undertakes legal steps, performs the restructuring of receivables, communicates with problematic clients, etc. in order to achieve maximum recovery. Other activities include the realisation of collateral and representing the Bank on creditors' committees if bankruptcy is imposed on debtors. This department also processes and suggests receivable classification including creation of provisions.

(g) Securitisation and use of credit derivatives

The Bank did not carry out any securitisation of its receivables by the balance sheet date.

(h) Quality of the credit portfolio

The quality of the credit portfolio is in accordance with CNB Decree No. 9 issued on 6 November 2002 as follows:

CZK 000	2004	2003
<i>Standard receivables</i>	87.12%	91.27%
<i>Special mentioned receivables</i>	7.40%	4.47%
<i>Sub-standard receivables</i>	3.93%	2.37%
<i>Doubtful receivables</i>	0.28%	0.50%
<i>Loss receivables</i>	1.27%	1.39%

39. Financial Instruments – Operational, Legal and other Risks

Operational risk

Operational risk is defined as the possibility of a direct or indirect loss incurred by failure of internal processes, employees, systems, or due to external events. The Bank monitors these risks regularly and adopts proceedings in order to systemise, detect and minimise these risks. The Bank is currently preparing methodology and data collection in accordance with preparation for Basle II.

40. Material Subsequent Events

There have been no events subsequent to the balance sheet date that require adjustment of or disclosure in the financial statements or notes thereto.

IFRS/IAS Statements

CZK	2004	2003
Assets		
Cash reserve	1,866,967,279	13,854,370,203
Loans and advances to banks	22,253,146,630	9,610,395,834
Loans and advances to customers	35,911,639,272	29,935,674,727
Provision for possible loan losses	-831,052,196	-694,956,105
Trading assets	1,211,100,479	394,815,520
Financial assets available-for-sale	1,778,669,086	5,573,225,937
Financial investments	0	0
Equity investments	283,811,759	296,390,389
Tangible and intangible fixed assets	521,371,634	576,819,218
Other assets	278,733,737	317,223,350
TOTAL ASSETS	63,274,387,680	59,863,959,073
Liabilities		
Deposits from banks	3,559,935,686	5,959,253,198
Deposits from customers	44,716,648,679	42,246,859,195
Liabilities evidenced by paper	8,566,867,872	6,277,010,729
Provisions for liabilities	355,380,015	339,594,406
Other liabilities	1,578,423,853	1,005,917,919
Subordinated capital	1,282,349,001	1,117,116,306
Equity	2,918,207,320	2,726,475,394
Profit/loss after tax	296,575,254	191,731,926
TOTAL LIABILITIES	63,274,387,680	59,863,959,073
Income statement		
Net interest income	1,378,361,617	1,085,148,442
Provisioning for possible loan losses	-201,226,731	-115,046,947
Net interest income after provisioning	1,177,134,886	970,101,495
Net commission income	533,319,388	411,865,107
Trading profit/loss	373,956,501	404,156,950
Net income from financial assets available-for-sale	-21,344,143	4,257,136
Net income from financial investments	41,642,429	653,300
Staff expenses	-806,979,391	-715,088,727
Other administrative expenses	-729,110,122	-650,297,889
Depreciation on intangible and tangible fixed assets	-168,037,712	-135,591,962
Other operating profit/loss	8,581,111	919,900
Extraordinary profit/loss	0	0
PROFIT/LOSS BEFORE TAX	409,162,946	290,975,310
Income taxes	-112,587,692	-99,243,384
PROFIT/LOSS AFTER TAX	296,575,254	191,731,926

General Information about the Issuer

Company name:

Raiffeisenbank a.s.

Registered office:

Olbrachtova 2006/9, 140 21 Prague 4

Company registration number: 49240901

Incorporated:

25 June 1993

Court of registration and number under which the issuer is registered at this court:

Commercial Register maintained at the Municipal Court in Prague, Section B, Insert 2051

The issuer was established in accordance with the legislation of the Czech Republic, pursuant to Act No. 513/1991 Coll., the Commercial Code, and Act No. 21/1992 Coll., the Act on Banks. The issuer is a joint-stock company.

The issuer's registered business activities under Article 2 of the issuer's Articles of Association are banking and financial transactions and other operations listed in the banking licence, granted in accordance with Act No. 21/1992 Coll. The issuer is also entitled to set up branches or other company units in the Czech Republic and abroad, and to establish subsidiaries and hold capital interests provided that generally binding legal regulations are respected.

As of 31 December 2004, 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.

The total income (wages and salaries) of the members of the Board of Directors in 2004 amounted to CZK 24,356,304.

Members of the Board of Directors are using company cars in total purchase amount of CZK 5,465,000.

There are no compensations for the Supervisory Board members.

Information about Registered Capital

Registered Capital

CZK 2,500,000,000 – fully paid up

250,000 dematerialised ordinary registered shares with a par value of CZK 10,000 per share

Shareholders

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

The shareholders' stakes in the ownership of the bank are equal to their shares in the voting rights. All the shareholders have a special relationship with the bank as set forth in Section 19 of Act No. 21/1992 Coll., the Act on Banks, as amended.

Information about Securities

Bonds

No identification number has been assigned in accordance with the international numbering system to identify securities. Type: bond. Bearer: certificated. Quantity: 20. Attached coupons: 12. Total issue volume: CZK 1,000,000,000, par value per security – CZK 50,000,000.

- The transferability of securities is not restricted.
- The financial institution through which the holders of the securities can exercise their proprietary rights attaching to the securities, and in particular through which yields from the securities are paid, is Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Praha 4.
- Method and procedure for redemption of the bonds: provided the bonds are not repurchased and cancelled beforehand, they shall be paid in the amount of their principal on the interest payment date in September 2005. The issuer does not have the option of redeeming the bonds prior to the date of their final repayment. Redemption of the bonds: on production (submission) of the bond (the whole jacket) at the point of payment, i.e. Raiffeisenbank a.s., Olbrachtova 2006/9, Praha 4. The issuer shall make payments in respect of the bonds and coupons by money transfer to the recipient's bank account held at a bank in the Czech Republic, which is notified to the issuer in writing in a manner which the issuer deems to be reliable, such being no later than the date the corresponding redeemable bond or coupon is produced and submitted.
- Currency in which the bonds are denominated, option of selecting currency; where the bonds read to an accounting unit, their contractual arrangement is specified – CZK.
- Maturity of the bonds, with specification of repayments prior to maturity: the bonds are redeemable on 17 September 2005.
- Start date for the bonds to bear interest and dates for payment of interest or other yield – the bonds bear interest as of the issue date (i.e. 17 September 1999) inclusive, interest is payable in arrears on each date six months after the preceding interest payment date (i.e. 17 March and 17 September).
- Time limits for the production of bonds and coupons and limitation period for claims for the payment of interest or other yield and for the redemption of bonds – rights associated with the coupons and bonds are statute-barred if they are not exercised within ten years of the corresponding date of redemption.
- Place to exercise rights to a yield: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Praha 4.
- Method and scope of third-party liability for the redemption of the bonds and payment of related interest, with specification of places where agreements or statements on liability can be perused: the guarantor unreservedly and irrevocably guarantees the due payment of all sums payable from time to time by the issuer on the basis of the bonds and coupons.
- Method of appointing a representative of the bond holder meeting, his name and position, or company name and registered office, powers and authorisation, together with the rules regarding his replacement, with specification of the places where the relevant agreements or other documents on the appointment of the representative can be perused: the current wording of Section 13 of Act No. 530/1990, the Bonds Act, as amended on 31 December 2001, was not in force on the bond issue date (the wording of Section 13 enters into force on implementation of the provision by Act No. 68/2000 Coll).

- Rights and duties associated with the bonds and coupons are governed by the laws of the Czech Republic and are interpreted in accordance with these laws. The competent court is the District Court in Prague.

Mortgage bonds

Raiffeisenbank a.s. mortgage bonds 7.5/06, maturing in 2006

ISIN (International Securities Identification Number): CZ0002000177

Issue date: 3 May 2001

Type: mortgage bonds

Bearer: dematerialised

Total issue volume: CZK 2,000,000,000

Par value per security: CZK 10,000

Quantity: 200,000

Number of coupon payments: 5

Coupons: fixed interest rate of 7.50% p.a., payable once a year retrospectively to 3 May

Method of transferring the securities: the bonds are transferred to another acquirer on registration of the transfers by the Securities Centre, which, in its records, makes an entry in the accounts of the securities holders, i.e. clearance from the transferor's account to the acquirer's account. The transferability of the securities is not restricted.

Issue administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Praha 4

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Praha 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.

Bond currency: CZK

Maturity of securities: the mortgage bonds are payable in their par value on 3 May 2006.

Payment of yields

Bond yields are payable once a year commencing 3 May 2002. The issuer will pay a yield to a person entered in the issuer's register maintained by the Securities Centre as a bond holder as at 3 April of the calendar year in which the bond yield becomes payable.

<i>Payment date</i>	<i>Ex-coupon date</i>	<i>Interest receipt</i>
3 May 2002	4 April 2002	3 April 2002
3 May 2003	4 April 2003	3 April 2003
3 May 2004	4 April 2004	3 April 2004
3 May 2005	4 April 2005	3 April 2005
3 May 2006	4 April 2006	3 April 2006

Repayment of the par value and payment of yield

1. General provisions

- a) The issuer shall pay the par value and yield of the bond in Czech koruna by money transfer or in cash. On payment of individual sums, the issuer shall proceed in accordance with the issue and fiscal conditions, and the currency and other relevant regulations of the Czech Republic.
- b) Should the date due for the payment of the par value or the date due for the payment of the bond yield fall on a Saturday, Sunday, public holiday, or other days recognised by the state as non-business days in the Czech Republic, the issuer shall be obliged to pay the relevant sums on the next business day; the final date the bond bears interest shall not be affected hereby.
- c) The transferability of the bonds in the Securities Centre shall cease on the day subsequent to the final date for the specification of a person authorised to exercise rights attaching to the bond.
- d) The issuer is entitled to make a decision to change the method of payment provided that this does not harm the interests of the holders in any material respect; the setting of issue conditions and the notification of a change in the place of payment shall be applied *mutatis mutandis*.

2. Repayment of the par value

- a) The par value of the bonds is redeemable on 3 May 2006 (hereinafter the "redemption date").
- b) The issuer shall pay the par value to a person entered in the issuer's register maintained by the Securities Centre as a bond holder on 3 April (hereinafter the "entitled party").
- c) The issuer shall make the payment of the par value by money transfer to an account held at a bank or at a branch of a foreign bank in the Czech Republic pursuant to a written instruction from the entitled party delivered to the address of the payment place (hereinafter the "instruction"). The instruction shall contain the first name(s), surname, birth registration number, and address if the entitled party is a physical entity, or the company name, registered office, and company registration number if the entitled party is a legal entity, and full bank account details. The instruction shall be signed by the entitled party and the signature shall be authenticated. Where the entitled party is a legal entity, the original copy or sworn copy of a statement from the Commercial Register, not more than three months old, shall be attached to the instruction in cases where the entitled party is a legal entity entered in the Commercial Register; in other cases evidence shall be attached to the instruction testifying that the person who signed the instruction is entitled to do so. Where the entitled party is represented by a proxy, an original copy or sworn copy of the power of attorney shall be attached to the instruction. The proxy's signature on the power of attorney shall be authenticated. In cases of documents issued abroad, super-legalisation shall be attached, unless an international agreement by which the Czech Republic is bound specifies to the contrary. The issuer shall not be obliged to examine whether the information given in the instruction is truthful and shall not be held liable for any damage caused by default of the entitled party.
- d) The entitled party shall deliver the instruction no later than 15 days prior to the end of the fifth month as of the redemption date. On the redemption date, the issuer shall pay the par value by money transfer, provided that the entitled party delivers the instruction no later than 5 working days prior to the redemption date, in other cases the issuer shall pay the par value forthwith on delivery of the instruction.

- e) The issuer's obligation to pay the par value by money transfer is met as soon as the relevant sum is cleared from the issuer's bank account to the account of the entitled party specified in the instruction.
- f) The issuer shall pay the par value in cash at the payment place specified in the notification (Article 1(b)). Cash payments are governed by the issuer's terms of trade in force at the time of payment.

Currency in which bonds are denominated – CZK, choice of currency is not available.

Bond redemption date – 3 May 2006

Bond programme for Raiffeisenbank a.s. mortgage bonds

Maximum volume of unpaid bonds: CZK 3,000,000,000

Duration of programme: 10 years

Maturity of any bonds issued in the programme: 5 years

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

Raiffeisenbank a.s. mortgage bond 3.70/09, maturing in 2009

ISIN (International Securities Identification Number): CZ0002000326

Issue date: 18 February 2004

Type: mortgage bonds

Bearer: dematerialised

Total issue volume: CZK 500,000,000

Par value per security: CZK 10,000

Quantity: 50,000

Number of coupon payments: 5

Coupons: fixed interest rate of 3.70% p.a., payable once a year retrospectively to 18 February

Method of transferring the securities: 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., Olbrachtova 2006/9, 140 21 Praha 4

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Praha 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.

Bond currency: CZK

Maturity of securities: 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

Type: mortgage bonds

Bearer: dematerialised

Total issue volume: CZK 500,000,000

Par value per security: CZK 10,000

Quantity: 50,000

Number of coupon payments: 5

Coupons: fixed interest rate of 5.05% p.a., payable once a year retrospectively to 23 August

Method of transferring the securities: 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., Olbrachtova 2006/9, 140 21 Praha 4

Designated premises of the administrator: Raiffeisenbank a.s., Vodičkova 38, 111 21 Praha 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange, RM Systém a.s.

Bond currency: CZK

Maturity of securities: the mortgage bonds are payable in their par value on 23 August 2009.

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.

Interconnected Companies Report

According to Article 66a Section 9 of the Commercial Code

Pursuant to Article 66a Section 9 of the Commercial Code and taking Article 17 of the Commercial Code into account (trade secrecy), the Board of Directors of Raiffeisenbank a.s. has created the following Interconnected Companies Report (hereinafter "Report").

The financial statements of Raiffeisenbank a.s. are audited by the company KPMG Česká republika Audit, s. r. o. Raiffeisenbank a.s. is, therefore, obliged to submit the Report to the auditor for verification. The Report was also submitted to the Supervisory Board of Raiffeisenbank a.s.

The Board of Director of Raiffeisenbank a.s. used the data provided by the controlling company, Raiffeisen Zentralbank Österreich AG (hereinafter "RZB"), to identify the other controlled companies.

Contents:

1. Controlling Company
2. List of Concluded Agreements
 - 2.1. List of Concluded Agreements with the Controlling Company
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 - 3.1. List of Other Legal Acts with the Controlling Company
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5. List of Acts of Performance Provided to and Received by Raiffeisenbank a.s.
6. Declaration of the Board of Directors of Raiffeisenbank a.s.

1. Controlling Company

Raiffeisen Zentralbank Österreich AG (indirectly) and Raiffeisen International Bank–Holding AG (directly).

2. List of Concluded Agreements

2.1 List of Concluded Agreements with the Controlling Company

Name of Agreement	Counterpart	Date Concluded
Participation Certificate CZ-1	Raiffeisen Zentralbank Österreich AG	1.1.2004
Agreement on issuing of power of attorney	Raiffeisen Zentralbank Österreich AG	19.2.2004
Fourth Amendment Agreement regarding the Subordinated Loan Agreement	Raiffeisen Zentralbank Österreich AG	24.2.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	31.3.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	6.4.2004
Side letter to the Participation Certificate	Raiffeisen Zentralbank Österreich AG	8.4.2004
Agreement on issuing of power of attorney	Raiffeisen Zentralbank Österreich AG	2.6.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	11.6.2004
Amendment No. 1 to Contract for the Provision of Consulting Services	Raiffeisen Zentralbank Österreich AG	2.7.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	15.7.2004
Fifth Amendment Agreement regarding the Subordinated Loan Agreement	Raiffeisen Zentralbank Österreich AG	19.7.2004
Escrow Agency Agreement	Raiffeisen Zentralbank Österreich AG	4.8.2004
Amendment No. 3 to Participation Certificate	Raiffeisen Zentralbank Österreich AG	17.8.2004
Contract of Assignment	Raiffeisen Zentralbank Österreich AG	17.8.2004
Agreement on issuing of power of attorney	Raiffeisen Zentralbank Österreich AG	23.8.2004
Bank guarantee No. G 727.984	Raiffeisen Zentralbank Österreich AG	14.9.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	3.11.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	3.11.2004
First Amended Participation Certificate	Raiffeisen Zentralbank Österreich AG	8.12.2004
Agreement on issuing of power of attorney	Raiffeisen Zentralbank Österreich AG	16.12.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	21.12.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	22.12.2004
Participation Certificate	Raiffeisen Zentralbank Österreich AG	28.12.2004
Amendment No. 1 to the Paying Agency and Representation Agreement	Raiffeisen Zentralbank Österreich AG / Raiffeisen Kapitalanlage G.m.b.H.	26.7.2004
Amendment No. 2 to the Paying Agency and Representation Agreement	Raiffeisen Zentralbank Österreich AG / Raiffeisen Kapitalanlage G.m.b.H.	24.8.2004

In addition to these agreements, other routine banking transactions were carried out in 2004 between Raiffeisenbank a.s. and Raiffeisen Zentralbank Österreich AG or Raiffeisen International Bank–Holding AG, in particular, borrowing and lending on the money market and fixed-term contracts.

2.2 List of Concluded Agreements with Other Controlled Companies

Name of Agreement	Counterpart	Date Concluded
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Gesellschaft m.b.H.	1.3.2004
Syndicate Agreement	Raiffeisen – Leasing International Gesellschaft m.b.H.	3.5.2004
Agreement on Co-operation in Field of Credit Risk	Raiffeisen – Leasing Real Estate, s.r.o.	12.1.2004
Contract on the electronic banking usage	Raiffeisen – Leasing Real Estate, s.r.o.	19.1.2004
Current Account Agreement	Raiffeisen – Leasing Real Estate, s.r.o.	19.4.2004
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Real Estate, s.r.o.	14.5.2004
Agreement on providing of the direct banking services	Raiffeisen – Leasing Real Estate, s.r.o.	28.5.2004
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Real Estate, s.r.o.	7.7.2004
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Real Estate, s.r.o.	21.9.2004
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Real Estate, s.r.o.	21.9.2004
Contract on special account for purpose of establishing of new company	Raiffeisen – Leasing Real Estate, s.r.o.	22.10.2004
Agreement on Co-operation in Field of Treasury	Raiffeisen – Leasing Real Estate, s.r.o.	15.11.2004
Agreement on co-operation in advertising and propagation	Raiffeisen – Leasing, s.r.o.	2.1.2004
Agreement on co-operation in advertising and compensation of costs	Raiffeisen – Leasing, s.r.o.	5.1.2004
Agreement on Co-operation in Field of Credit Risk	Raiffeisen – Leasing, s.r.o.	12.1.2004
Movable Lease Agreement	Raiffeisen – Leasing, s.r.o.	19.3.2004
Amendment No. 1 to Leasing agreement No. 61/01/001	Raiffeisen – Leasing, s.r.o.	31.3.2004
Amendment No. 1 to Leasing agreement No. 61/01/002	Raiffeisen – Leasing, s.r.o.	31.3.2004
Amendment No. 1 to Leasing agreement No. 61/01/003	Raiffeisen – Leasing, s.r.o.	31.3.2004
Agreement on Co-operation in Field of Treasury	Raiffeisen – Leasing, s.r.o.	30.6.2004
Contract on reciprocal cession of receivables	Raiffeisen – Leasing, s.r.o.	17.9.2004
Amendment No. 1 to Leasing contract No. 61/01/004	Raiffeisen – Leasing, s.r.o.	30.9.2004
Agreement on extraordinary termination of the Leasing contract No. 11/02/408	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/408	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on extraordinary termination of the Leasing contract No. 11/02/356	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/356	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on extraordinary termination of the Leasing contract No. 11/02/357	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/357	Raiffeisen – Leasing, s.r.o.	1.12.2004

» continued on next two pages

Agreement on extraordinary termination of the Leasing contract No. 11/02/358	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/358	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on extraordinary termination of the Leasing contract No. 11/02/359	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/359	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on extraordinary termination of the Leasing contract No. 11/02/410	Raiffeisen – Leasing, s.r.o.	1.12.2004
Agreement on financial settlement of the Leasing contract No. 11/02/410	Raiffeisen – Leasing, s.r.o.	1.12.2004
Purchase contract No. 1102408	Raiffeisen – Leasing, s.r.o.	20.12.2004
Purchase contract No. 1102356	Raiffeisen – Leasing, s.r.o.	20.12.2004
Purchase contract No. 1102357	Raiffeisen – Leasing, s.r.o.	20.12.2004
Purchase contract No. 1102358	Raiffeisen – Leasing, s.r.o.	20.12.2004
Purchase contract No. 1102359	Raiffeisen – Leasing, s.r.o.	20.12.2004
Purchase contract No. 1102410	Raiffeisen – Leasing, s.r.o.	20.12.2004
Order of telecommunication services	Raiffeisen – Leasing, s.r.o.	20.12.2004
Agreement on reimbursement of costs	Raiffeisen Centrobank AG	24.8.2004
Project Order – Retail Transaction Charges Summary Postings	Raiffeisen Informatik Service Ausland Gesellschaft m.b.H.	12.5.2004
Project Order – RBCZ Lending API Implementation	Raiffeisen Informatik Service Ausland Gesellschaft m.b.H.	21.7.2004
Project Order – RBCZ Implementation of MT 101	Raiffeisen Informatik Service Ausland Gesellschaft m.b.H.	21.7.2004
Project Order – RBCZ Midas Futures and Options	Raiffeisen Informatik Service Ausland Gesellschaft m.b.H.	20.10.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	9.1.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	27.1.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	17.2.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	10.3.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	5.4.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	7.4.2004
Credit agreement	Raiffeisen Leasing d.o.o.	8.4.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	20.4.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	17.5.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	27.5.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	28.5.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	1.6.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	15.6.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	18.6.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	8.7.2004

» continued on next two pages

Draw-down Request	Raiffeisen Leasing d.o.o.	22.7.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	4.8.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	13.8.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	25.8.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	28.9.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	18.10.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	26.10.2004
Credit agreement	Raiffeisen Leasing d.o.o.	3.11.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	5.11.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	24.11.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	6.12.2004
Amendment No. 1 to Credit Agreement	Raiffeisen Leasing d.o.o.	7.12.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	14.12.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	16.12.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	23.12.2004
Draw-down Request	Raiffeisen Leasing d.o.o.	29.12.2004
Consulting Services Contract	Raiffeisen Property Management G.m.b.H.	5.1.2004
Contract on electronic banking usage	Raiffeisen Property Management, s.r.o.	18.6.2004
Agreement on Co-operation in advertising and propagation for Raiffeisen Business Circle	Raiffeisen stavební spořitelna a.s.	12.2.2004
Agreement on usage of Call center services	Raiffeisen stavební spořitelna a.s.	12.5.2004
Introduction and operation of blue line	Raiffeisen stavební spořitelna a.s.	23.6.2004
Amendment No. 3 to Agreement on usage of the Raiffeisenbank Call center from 24.5.2001 as amended	Raiffeisen stavební spořitelna a.s.	2.8.2004
Credit agreement	Raiffeisenbank a.d.	31.3.2004
Draw-down Request	Raiffeisenbank a.d.	1.4.2004
Credit agreement	Raiffeisenbank a.d.	15.7.2004
Draw-down Request	Raiffeisenbank a.d.	21.7.2004
Draw-down Request	Raiffeisenbank a.d.	20.12.2004
Credit agreement	Raiffeisenbank a.d.	21.12.2004
Amendment No. 8 to Credit Agreement	Real Invest Vodičkova, spol. s r.o.	13.12.2004
Current Account Agreement	RL-Nemovitosti spol. s r.o.	29.3.2004
Current Account Agreement	RL-Nemovitosti spol. s r.o.	6.4.2004
Current Account Agreement	RLRE Eta Property, s.r.o.	23.8.2004
Current Account Agreement	RLRE Jota Property, s.r.o.	1.11.2004
Current Account Agreement	RLRE Kappa Property, s.r.o.	1.11.2004
Current Account Agreement	RLRE Lambda Property, s.r.o.	1.11.2004
Current Account Agreement	RLRE Theta Property, s.r.o.	12.8.2004
Current Account Agreement	SEEP, s.r.o.	22.10.2004
Amendment No. 4 to Risk participation agreement	Tatra banka, a.s.	30.11.2004

In addition to these agreements, other routine banking transactions were carried out in 2004 between Raiffeisenbank a.s. and other controlled companies, in particular, borrowing and lending on the money market and fixed-term contracts.

3. List of Other Legal Acts

3.1 List of Other Legal Acts with the Controlling Company

Name of the Legal Act	Counterpart	Date Concluded
<i>Granting of power of attorney to act on behalf of Raiffeisenbank and to execute the Contract of Guarantee No. 07101-01 with Multilateral Investment Guarantee Agency</i>	Raiffeisen Zentralbank Österreich AG	19.2.2004
<i>Granting of power of attorney to act on behalf of Raiffeisenbank and to execute the Contract of Guarantee No. 07111-01 with Multilateral Investment Guarantee Agency</i>	Raiffeisen Zentralbank Österreich AG	8.4.2004
<i>Granting of power of attorney to act on behalf of Raiffeisenbank and to execute the Contract of Guarantee No. 07246-01 with Multilateral Investment Guarantee Agency</i>	Raiffeisen Zentralbank Österreich AG	2.6.2004
<i>Granting of power of attorney to act on behalf of Raiffeisenbank and to execute the Contract of Guarantee No. 07417-01 with Multilateral Investment Guarantee Agency</i>	Raiffeisen Zentralbank Österreich AG	23.8.2004
<i>Granting of power of attorney to act on behalf of Raiffeisenbank and to execute the Contract of Guarantee No. 07570-01 with Multilateral Investment Guarantee Agency</i>	Raiffeisen Zentralbank Österreich AG	16.12.2004

3.2 List of Other Legal Acts with Other Controlled Companies

Name of the Legal Act	Counterpart	Date Concluded
<i>Request on execution of the principle "know-your-customer" and providing internal rules proving of the meeting obligations resulting from Act No. 61/1996 Coll.</i>	Raiffeisen stavební spořitelna a.s. / Raiffeisen – Leasing, s.r.o. / Raiffeisen – Leasing Real Estate, s.r.o.	24.11.2004

4. List of Measures

4.1 List of Measures with the Controlling Company

No other measures in favour of the Controlling Company have been executed.

4.2 List of Measures with Other Controlled Companies

Measure	Counterpart	Date Concluded
<i>The Board of Directors of Raiffeisenbank approved credit limit for Raiffeisen Leasing d.o.o. and Raiffeisenbank a.d.</i>	Raiffeisen Leasing d.o.o. and Raiffeisenbank a.d.	16.3.2004
<i>The Board of Directors of Raiffeisenbank approved FX forward limit for RLRE Eta Property, s.r.o.</i>	RLRE Eta Property, s.r.o.	23.11.2004
<i>The Board of Directors of Raiffeisenbank approved providing of loan to Raiffeisenbank a.d.</i>	Raiffeisenbank a.d.	7.12.2004
<i>The Board of Directors of Raiffeisenbank approved the second postponement of loan installment</i>	Real Invest Vodičkova, spol. s r.o.	21.12.2004

5. List of Acts of Performance Provided to and Received by Raiffeisenbank a.s.

During the accounting period, the controlled company did not accepted or carry out any other act of performance in the interest of or by the initiative of interconnected companies outside the framework of ordinary acts of performance that were carried out in relation to the controlling entity as its shareholder.

6. Declaration of the Board of Directors of Raiffeisenbank a.s.

We confirm that the Interconnected Companies Report of Raiffeisenbank a.s. has been prepared in accordance with Section 66a (9) of the Commercial Code for the accounting period between 1 January 2004 and 31 December 2004. We have stated according to our best knowledge all:

- Agreements (contracts) with interconnected entities,
- Performances provided to or received from interconnected entities,
- Other legal acts in the interest of interconnected entities,
- Other measures adopted and effected by the controlled person in the interest or at the initiative of an interconnected entity

concluded or executed in this accounting period and known to us at the date of preparation of this report.

We confirm that we are not aware of any damage to property of Raiffeisenbank a.s. that would arise from the above-mentioned agreements or measures.

Prague 1 March 2005

Prague 1 March 2005



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

.....
Rudolf Rabiňák
Member of the Board of Directors
Raiffeisenbank a.s.

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.



.....
Mgr. Lubor Žalman
Chairman of the Board of Directors
and Chief Executive Officer
Raiffeisenbank a.s.



.....
Mgr. Jan Kubín
Head of the Financial Controlling
& Accounting Division



Působnost RZB Group

RZB Group Profile

RZB Group Profile

Raiffeisenbank a.s. is a member of the RZB Group and a subsidiary of Raiffeisen International Bank-Holding AG (Raiffeisen International). Raiffeisen International is a fully consolidated unit of the 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 (RBG), the country's most powerful banking group with the largest distribution network.

Founded in 1927, RZB provides a full range of commercial and investment banking services in Austria and is regarded as a pioneer in Central and Eastern Europe (CEE). It ranks among the region's leading banks, offering corporate, investment and retail banking services in the following markets:

■ Hungary (since 1987)	Raiffeisen Bank Rt.
■ Slovakia (since 1991)	Tatra banka, a.s.
■ Poland (since 1991)	Raiffeisen Bank Polska S.A.
■ Czech Republic (since 1993)	Raiffeisenbank a.s.
■ Bulgaria (since 1994)	Raiffeisenbank (Bulgaria) E.A.D.
■ Croatia (since 1994)	Raiffeisenbank Austria d.d.
■ Russia (since 1997)	ZAO Raiffeisenbank Austria
■ Ukraine (since 1998)	JSCB Raiffeisenbank Ukraine
■ Romania (since 1998)	Raiffeisen Bank S.A.
■ Bosnia and Herzegovina (since 2000)	Raiffeisen Bank d.d. Bosna i Hercegovina
■ Serbia and Montenegro (since 2001)	Raiffeisenbank a.d.
■ Slovenia (since 2002)	Raiffeisen Krekova banka d.d.
■ Kosovo (since 2002)	Raiffeisen Bank Kosovo J.S.C.
■ Belarus (since 2003)	Priorbank, JSC
■ Albania (since 2004)	Raiffeisen Bank Sh.a.

Raiffeisen International acts as the holding company for these banks and their subsidiaries. It is majority-owned by RZB. A minority interest of 4 % each is held by the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD).

As in the previous years, Raiffeisen International's expansion in its CEE home market continued at a decisive pace in the first half of 2004. Compared with year-end 2003, the balance sheet-total has grown by 26 % to € 25.3 billion, which was mainly attributable to organic growth. Profit before tax went up 25 % year-on-year to € 173.5 million and return on equity (ROE) before tax reached 25.2 %, clearly above last year's 24.1 %. There were 823 banking branches in the region at the balance sheet-date, compared with 697 at year-end 2003. A staff of more than 20,000 was employed on 30 June 2004.

According to the RZB Group's overall preliminary figures for the year ending December 2004, the balance sheet total reached roughly € 68 billion, an increase of 20 % compared with the figure for year-end 2003. This increase is again mainly contributable to organic growth. Acquisitions only account for about three percentage points of the balance sheet's total growth. With roughly € 620 million, the Group's expected profit before tax is more than 80 % higher than last year. ROE before tax increased from 15.5 % to approximately 24 %, the best ratio recorded by any major Austrian bank.

In addition to its banking operations – which are complemented by representative offices in Russia (Moscow) and Lithuania (Vilnius) – the RZB Group also has in the region several specialist companies that offer services in the areas of real estate development, fund management, leasing and mortgage banking, among others.

In Western Europe and the USA, RZB's operations include a branch in London, representative offices in New York, Brussels, Milan and Paris as well as a finance company in New York and a subsidiary bank in Malta. In Asia, RZB runs branches in Singapore and Beijing as well as representative offices in Hong Kong, Ho Chi Minh City, Mumbai, Tehran and Seoul. This international presence clearly underlines the bank's emerging markets strategy.

The RZB Group's consistent commitment to quality is reflected by a broad range of local and international awards. RZB is currently rated as follows:

■ Standard & Poor's	Short-term	A1
■ Moody's	Short-term	P-1
■ Moody's	Long-term	A1
■ Moody's	Financial Strength	C+

Vision

Raiffeisen International Group is the leading banking group in Central & Eastern Europe.

Mission

We seek long-term customer relationships.

We provide a full range of highest quality financial services in Central & Eastern Europe.

As a member of the RZB Group, we cooperate closely with Raiffeisen Zentralbank and the other members of the Austrian Raiffeisen Banking Group.

We achieve sustainable and above-average return on equity.

We empower our employees to be entrepreneurial and to show initiative, and we foster their development.

Addresses and Contacts for RZB Group Members

Adresy a kontakty RZB Group



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Bank-Holding AG***

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Banking Network in Europe **Bankovní síť v Evropě**

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Priorbank, JSC

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Raiffeisen Versicherung AG

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Raiffeisen Versicherung je členem skupiny UNIQA, která má dceřiné společnosti dale v Bratislavě, Budapešti, Ženevě, Lodži, Mannheimu, Miláně, Praze, Salzburgu, Udine, Vaduzu, Vídni a Záhřebu.

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Valid as of March 2005. Please visit

www.rzbgroup.com for more RZB Group Contacts.

Platné k březnu 2005. Více informací o RZB Group naleznete na internetových stránkách

www.rzbgroup.com.

The Raiffeisen Financial Group in the Czech Republic

Raiffeisen stavební spořitelna a.s.

Raiffeisen stavební spořitelna was the first building society on the Czech market. The company was established in 1993 under the name AR stavební spořitelna. In 1998, the General Meeting of the shareholders pushed forward a substantial change in the structure of shareholders. Raiffeisen Bausparkasse GmbH increased its stake in the building society to 75%, and the remaining 25% was acquired by Raiffeisenbank a.s. As a part of this process, Raiffeisen stavební spořitelna was fully incorporated into the Raiffeisen Financial Group.

In essence, Raiffeisen stavební spořitelna offers two financial products in one package. First of all, it is a very attractive, long-term and secure form of savings with state assistance. In addition, it is a substantial source for financing the housing needs of clients.

Raiffeisen stavební spořitelna is profiled as an institution specialised in housing. In addition to modern, high-quality products and services, the company also offers professional consultation for clients' housing needs. Last year, Raiffeisen stavební spořitelna provided clients with newly developed products intended in particular for housing finance. One of these new products – "Variant" Loan (now "Spectrum") – was awarded a Bronze koruna in the category of building societies in the 2004 Zlatá koruna competition.

The fact that Raiffeisen stavební spořitelna served approximately 720,000 clients at the end of 2004 with deposits reaching about CZK 32 billion confirms that the building society has a firm position on the Czech market – despite the changes in January 2004 relating to the amended building society legislation and substantially affecting the company's 2004 results.

The main objective of Raiffeisen stavební spořitelna is to address all clients on an individual basis, advise them, and to continually help them find the best solution to their housing needs. The company's future aim is to convince clients about the benefits of using a building loan for arranging their own flat or house and well as remodelling, reconstruction or other repairs.

With its individual approach to clients and quality services, Raiffeisen stavební spořitelna strives to be a beneficial, dependable partner for its clients, which ensures the security of deposits and helps clients obtain the funds they need for improving their housing situation.

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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. Its products and services are based on the experience and expertise of Raiffeisen - Leasing International GmbH Wien. With the establishment of Raiffeisen - Leasing, the Raiffeisen group expanded the types of services it offers to its clients. Currently, Raiffeisen - Leasing's registered capital amounts to CZK 50 million. Shareholders are Raiffeisenbank a. s. and Raiffeisen - Leasing International GmbH Wien.

In the beginning, Raiffeisen - Leasing primarily offered its services to the group's clients. Over time, though, it has become a standard, universal leasing company. In 2003, the company underwent substantial restructuring, and 2004 was the company's first and successful year in implementing its new business strategy geared to focusing on the end-client and financing of machines and equipment. Its turnover in 2004 amounted to approximately CZK 1.2 billion – placing the company in the group of medium-size leasing companies.

Raiffeisen - Leasing offers clients financial leasing in the traditional areas of financing machinery and equipment, large technological equipment, transportation technology, construction machinery, as well as in the specialised segment of financing intangible assets (i.e. leasing derivatives). In 2004, the company introduced technology financing in the form of instalments. In cooperation with Raiffeisenbank a.s., financing may be combined with banking products for the syndicated leasing financing of small and medium-size projects. For 2005, Raiffeisen - Leasing in cooperation with Raiffeisen - Leasing Real Estate will introduce small real estate financing.

Other products include supplier leasing to support dealers and manufacturers, short-term financial leasing, and leasing transactions for clients consolidating under standards different than those in the Czech Republic. In addition, the company offers special leasing models that allow clients to more effectively acquire investments in comparison with standard leasing finance products as well as other forms of procurement. Raiffeisen - Leasing was the first leasing company in the Czech Republic to participate in the joint project of the European Union and the European Bank for Reconstruction and Development focused on financing small and medium-size enterprises. In 2001, Raiffeisen - Leasing established a subsidiary, Raiffeisen - Leasing Real Estate s.r.o., for real estate financing.

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UNIQA pojišťovna a.s.

UNIQA pojišťovna began operating on the Czech insurance market in 1993, originally under the name Česko-rakouská pojišťovna. In 2001, the company changed its name to UNIQA pojišťovna to keep in line with the European-wide strategy of the main shareholder – UNIQA insurance holding – i.e. creating a stable European insurance group with strong international involvement. UNIQA Holding is the largest insurance group on the Austrian insurance market, and its headquarters are in Vienna.

The shareholders of UNIQA pojišťovna are UNIQA International Versicherung-Holding, GmbH with 83.33% and the European Bank for Reconstruction and Development (EBRD) with 16.67%. 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. According to its insurance licence, the company may also engage in preventive and advisory insurance activities, insurance market research and training activities.

Throughout its existence, UNIQA pojišťovna has always been among the top ten insurance companies on the Czech market and provides quality services at 90 business locations throughout the Czech Republic. Its 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. 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, and now even MTPL.

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České Budějovice II.	Milady Horákové 1498, 370 05 České Budějovice	385 790 111	385 790 119
Český Krumlov	Náměstí Svornosti 15, 381 01 Český Krumlov	380 712 705	380 712 706
Domažlice	Msgr. B. Staška 68, 344 01 Domažlice	379 775 911	379 775 919
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Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 811	518 399 819
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Hradec Králové II.	Gočárová 1013, 500 02 Hradec Králové	498 501 180	498 501 182
Jablonec nad Nisou	Komenského 8, 466 01 Jablonec nad Nisou	483 737 141	483 737 157
Jihlava	Masarykovo náměstí 35, 586 01 Jihlava	567 578 911	567 578 919
Karlovy Vary	Krále Jiřího 39, 360 01 Karlovy Vary	353 167 777	353 167 762
Liberec	Na Rybníčku 1, 460 01 Liberec	485 340 033	485 340 050
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Most	Budovatelů 1996, 434 01 Most	476 140 211	476 140 219
Olomouc	nám. Národních hrdinů 1, 771 11, Olomouc	585 206 900	585 206 919
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Písek	Velké náměstí 116, 397 01 Písek	382 759 111	382 759 119
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Praha 10 – Vinohradská	Vinohradská 230, 100 00 Praha 10	274 001 779	274 001 789
Praha 10 – Moskevská	Moskevská 43, 100 00 Praha 10	271 078 813	271 078 819
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Praha 2 – Karlovo náměstí	Karlovo náměstí 10, 120 00 Praha 2	224 900 711	224 900 719
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Tábor	Bílková 960, 390 02 Tábor	381 201 611	381 201 619
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