

ANNUAL REPORT  
**2012**

Everyone deserves an  
individual approach



**Raiffeisen  
BANK**

*Client inspired banking*

# Annual report 2012



**Raiffeisen**  
**BANK**

*Client inspired banking*

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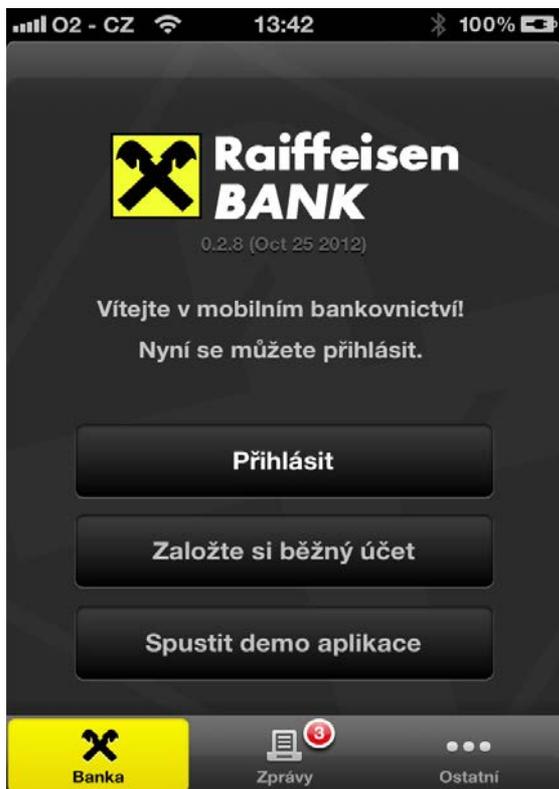
# Survey of Key Data in accord with IFRS /IAS

| CZK thousand                                   | 2012        | 2011        | Change   |
|--|-------------|-------------|----------|
| <b>Income Statement</b>                        |             |             |          |
| Net interest income after provisioning         | 4,563,081   | 4,906,560   | (7.0)%   |
| Net commission income                          | 2,187,978   | 2,199,273   | (0.5)%   |
| Trading profit                                 | 1,339,646   | 1,208,935   | 10.8%    |
| General administrative expenses                | (5,711,730) | (5,583,516) | 2.3%     |
| Profit before tax                              | 2,477,986   | 2,851,830   | (13.1)%  |
| Profit after tax                               | 1,973,161   | 2,219,585   | (11.1)%  |
| Earnings per share                             | 2.28        | 2.98        | (23.6)%  |
| <b>Balance Sheet</b>                           |             |             |          |
| Loans and advances to banks                    | 14,452,117  | 12,240,278  | 18.1%    |
| Loans and advances to customers                | 150,138,242 | 158,507,269 | (5.3)%   |
| Deposits from banks                            | 6,818,953   | 8,686,719   | (21.5)%  |
| Deposits from customers                        | 144,143,741 | 143,900,472 | 0.2%     |
| Equity   | 18,151,012  | 16,182,391  | 12.2%    |
| Balance-sheet total                            | 197,628,174 | 202,947,359 | (2.6)%   |
| <b>Regulatory information</b>                  |             |             |          |
| Risk-weighted assets, incl. market risk        | 120,216,978 | 142,024,425 | (15.4)%  |
| Total own funds                                | 16,414,704  | 17,100,354  | (4.0)%   |
| Total own funds requirement                    | 9,617,358   | 11,361,954  | (15.4)%  |
| Excess cover ratio                             | 70.7%       | 50.5%       | 20.2 PB  |
| Core capital ratio (Tier 1), banking book      | 12.5%       | 8.9%        | 3.5 PB   |
| Core capital ratio (Tier 1), incl. market risk | 10.7%       | 7.9%        | 2.8 PB   |
| Own funds ratio                                | 13.7%       | 12.0%       | 1.6 PB   |
| <b>Performance</b>                             |             |             |          |
| Return on average equity (ROAE) before tax*    | 14.4%       | 18.9%       | (4.5) PB |
| Return on average equity (ROAE) after tax*     | 11.4%       | 14.7%       | (3.3) PB |
| Cost/income ratio                              | 57.8%       | 54.7%       | 3.1 PB   |
| Return on average assets (ROAA) before tax*    | 1.2%        | 1.5%        | (0.2) PB |
| Net provisioning ratio                         | 0.9%        | 1.0%        | (0.1) PB |
| Risk/earnings ratio                            | 18.2%       | 18.6%       | (0.4) PB |
| <b>Resources</b>                               |             |             |          |
| Average number of staff                        | 2,927       | 2,954       | (0.9)%   |
| Business outlets                               | 125         | 122         | 2.5%     |

Unconsolidated data according to IFRS.

\* Since 2012 Bank started to report ratios ROAE and ROAA instead of ratios ROE and ROA (2011 figures were recalculated).

# Introducing Raiffeisenbank



Raiffeisenbank a.s. is an important banking institution that provides a wide range of banking services to private and corporate clientele in the Czech Republic. Raiffeisenbank is a member of the Austrian Raiffeisen Financial Group that also offers products and services in the Czech Republic in the area of building savings (Raiffeisen stavební spořitelna), insurance (UNIQA pojišťovna) and leasing (Raiffeisen-Leasing, Raiffeisen-Leasing Real Estate). In 2008, Raiffeisenbank successfully merged with eBanka, a.s.

Raiffeisenbank now serves clients at more than 120 branch offices and client centres throughout the Czech Republic. The total assets of the bank exceed CZK 197 billion, and the core capital of the bank reached CZK 9.357 billion. The bank employs almost 3000 people. The bank's outstanding products and services have received many awards both in the Czech Republic and abroad.

Raiffeisenbank's majority shareholder is Raiffeisen Bank International AG (RBI), which resulted from the October 2010 merger between Raiffeisen International Bank-Holding AG and the principal business areas of its majority shareholder, Raiffeisen Zentralbank Österreich AG (RZB). Raiffeisen Bank International AG (RBI) regards both Austria, where it is a leading corporate and investment bank, and Central and Eastern Europe (CEE) as its home market.

Raiffeisenbank in the Czech Republic focuses mainly on premium clients, that is to say, clients with higher incomes who are interested in the management of their finances. In this respect, the bank emphasises the quality of the services it provides and has expanded on its range of products, expert consultation, and long-term financial planning. As such, it regularly introduces many new products to the Czech market. In 2012, it introduced a new portfolio of credit cards and launched a service for managing accounts via smart phones. Thanks to the scope of these services and benefits, they were both immediately ranked among the best on the Czech market.

From the very beginning, Raiffeisenbank has offered its services with emphasis on the particular needs of clients in the various regions. Besides its business activities, Raiffeisenbank is also involved in a number of community service activities related to culture, education and charity, reflecting Raiffeisen's 140-year tradition. The traditional emblem and trademark of the Raiffeisen Group is the Giebelkreuz - crossed horse heads. For hundreds of years, the Giebelkreuz has adorned the facades of buildings throughout Europe and is a symbol of protection for families gathered under one roof against evil and life-threatening situations. Raiffeisenbank is also a symbol of security and stability for its clients.



# Important events in 2012

## January

Market Vision: Raiffeisenbank advisors provide the best services in the area of investment life insurance. Clients obtain the highest quality services with respect to the products offered in investment life insurance at Raiffeisenbank branch offices. The advisors have especially excelled in analysing the needs of clients, in explaining the essence of insurance and investment, and in offering concrete solutions. This success confirms the bank's focus on quality consultancy and financial planning.

## April

The Raiffeisen group is also interested in the upcoming pension reform. In this respect, Raiffeisenbank has founded a pension company Raiffeisen penzijní společnost and applied for a licence at the Czech National Bank. During the past four years, the pension company has obtained a licence for its funds as well, and starting in the new year, it will begin to offer funds in the second and third pillars of the supplementary pension system.

The general meeting of Raiffeisenbank a.s. decides to distribute the profit and strengthen the capital of the bank. From the 2011 profit, the bank pays dividends of CZK 1.846 billion, and shareholders immediately reinvest this amount back into the bank by increasing the bank's capital. As a result, the bank's registered capital increases from CZK 7.511 billion to CZK 9.357 billion.

## June

For the first time in the Czech Republic, it is possible to acquire a "Rolls-Royce among credit cards". Raiffeisenbank starts offering its Friedrich Wilhelm Raiffeisen private banking clients MasterCard World Elite cards. Cardholders are the recipients of truly unique services in the area of concierge and insurance. This type of card is offered by less than a hundred banks around the world.



## October

Raiffeisenbank introduces new corporate tariffs. Corporate clients can choose from three various tariffs according to their specific needs, from the basic account type up to an account with an unlimited number of transactions and an unlimited number of ATM withdrawals in the Czech Republic and abroad.

New credit cards are offered, which combine advantageous interest rates, loyalty bonuses, discounts of up to 50% on goods and services, attractive insurance, and assistance services. Both cards can be obtained free of charge and with an attractive interest rate. Clients also receive a range of discounts and the possibility of obtaining 2% back on every purchase. In addition, the card offers very extensive insurance and assistance services. With these features, these cards easily rank among the top credit cards on the Czech market.

## November

Starting in November, eKonto can be accessed via smart phones and tablets. The application Mobile eKonto offers many unique services, such as QR payment support, best price searches, or active lending. In preparing this application, the bank also focuses on a high level of security. The application immediately receives a range of positive feedback from clients and the professional public.

## December

Raiffeisenbank becomes the first Czech bank to issue its mortgage bonds on international markets. The bank prepares a bond programme for the Luxembourg Stock Exchange in a total volume of EUR 5 billion. The first issue is in a volume of EUR 500 million.

At the end of the year, Lubor Žalman finishes his work at Raiffeisenbank after almost nine years in the position of CEO and Chairman of the Board of Directors. During his time at the bank, the bank's assets and the number of employees have increased threefold, and profit by tenfold. The bank also successfully managed the acquisition of eBanka, and it was the recipient of many domestic and international awards.

# CEO's Statement



My predecessor, Lubor Žalman, emphasised during the past years that the economy and the banking sector had been going through a difficult time, but that these external effects did not have a negative impact on Raiffeisenbank, and that the bank continues to grow. The situation was no different in 2012, even if the reasons for this were somewhat different than in the past.

I am pleased at how we have managed 2012, even though the year has not been the easiest one in the bank's history. We have successfully coped with the regulators' unexpected demands relating to capital. In times of declining margins and revenues, we have halted cost growth, and for the first time in the bank's modern history, we have secured the strength of the bank's capital and also a surplus of liquidity for further growth.

In addition, we have begun to intensively work on our long-term strategy. We were successful in revitalising our IT transformation, even if a lot of work still awaits us in this area. After resolving capital adequacy in the first half of the year, we managed to renew growth in business and revenues. And our overall financial results – despite the slight decline in profit – turned out well in the end considering the changed restrictions and overall market situation.

Even in 2012, the professional public appreciated the quality of our products and services. eKonto continues to be one of the best ranking accounts in the Czech Republic, and I am confident that the new features introduced at the beginning of 2013 will confirm its position even further. We would like to continue to strengthen our position in the area of consultancy, and therefore, it pleases me greatly that Raiffeisenbank was named by Market Vision as having the best consultancy services in the area of mortgages and life insurance.

## Smartbanking and recovery in lending in 2012

We are very glad that we were able to offer clients a full range of new products and services in 2012, even in such a difficult business environment. One big success was our new application for smart phones, which was downloaded by more than 20,000 clients during the first month and which offers a number of unique services and functions. Clients also appreciate the selection of new credit cards that offer a combination of loyalty discounts, unique insurance, and a range of other supplementary services.

A pivotal group for us continues to be entrepreneurs and medium-size businesses. Last year, we offered this group of clients, among other things, new special-purpose loans, and we have significantly expanded on the types of accounts which offer in addition to banking services also insurance for legal assistance.

In the area of large corporate clients, we managed last year to conclude a number of new credit transactions, both for new development projects and export finance. Moreover, we offered our clients alternative methods of financing that are different than traditional corporate loans – we participated in many corporate bond issues and have closely cooperated with our leasing company.

The Friedrich Wilhelm Raiffeisen private banking brand has also established a very strong position on the market. We have opened several specialised private banking branches in larger towns, and I am pleased that we have been able to offer clients the FWR credit card, which is the most prestigious card on the Czech market and offers exceptional services, primarily in the area of concierge and insurance. In view of the low market rates, we have been searching for alternatives so that not only our private clients can achieve secure and relatively interesting gains. One of the most successful products was certificates based on investment in firms that manufacture luxury goods.

## Outlook for 2013: no change in the economic environment, however we still want to improve customer service

By no means will 2013 be a picnic in the park. It started in a period of significantly moderate but persistent economic recession, zero deposit rates, and record low margins. It began in a period where, due to economic uncertainty and a rather adverse social atmosphere, many businesses and private individuals tended to postpone investment and the purchase of goods and refused to take on loans. It began in a period in which we could easily expect another blow, whether from the world economy, regulation, or from something totally new and unexpected.

Such a period could lead to pessimism. However, I believe that there is no reason for this. We are in a bank that, thanks to hard work and the adopted measures from 2011 and 2012, is now experiencing growth and not a declined interest in products or even a reduction in employees. They work in a bank that prioritises improvements and the promotion of lending, innovations and investment in people, and not stalling projects or inciting fear of future crises.

One of our main priorities for 2013 will be pension reform. Raiffeisenbank in the Czech Republic traditionally focuses on clients with higher incomes who actively manage their money, who are interested in increasing value, and who do not want to passively wait for state support after they are retired. It is in such a spirit that we welcome the pension reform, and we cannot be absent in this process. This is why at the end of last year we founded our own pension company, Raiffeisen penzijní společnost, which became an active and successful participant on the supplementary pension market at the beginning of 2013. In addition, we are preparing to launch our own investment company, which will not only offer assistance in increasing the savings of retail clients, but will also manage the assets of clients invested in the second and third pillars of the supplementary pension insurance system. We will also continue in 2013 to maintain cost discipline. We will still make every effort to attract new clients and to keep existing clients, even in an ever-increasing price competitive environment. In the meantime, we are working hard in all segments of the programme "customers' experiences" to improve the service for our clients. In addition to the above-mentioned activities from last year, we have launched and prepared other activities that allow us to make advances even outside the banking world.

## The basis of our work is to have the "client at heart"

The basic motto for my viewpoint on banking is to always have the "client at heart". I want us to continue to develop the quality of the services offered to clients and to be a partner for their long-term responsible growth. Client satisfaction and improving this over the long-term horizon are for us key factors of success, and in this context, I would like to thank our clients for the confidence that they have placed in us over the years.

This rapid growth and all of the success on the Czech market would not have been possible without the support of our shareholders. Raiffeisenbank is a member of one of the strongest banking groups in Central and Eastern Europe. The strength and stability of the Raiffeisen financial group also contributes to our growth here in the Czech Republic.

The bank is in excellent condition with respect to liquidity and capital, its brand has a strong and positive reputation on the market, and it has wonderful people. And I would like to base everything precisely on this and continue with development in this direction. In this respect, I would like to thank our employees. I appreciate the energy, ideas, and cooperation that they have contributed in order to constantly improve our bank. Thank you for everything that you have done for our clients. After all, they are the reason we are all here.



Mario Drosic  
CEO and Chairman of the Board of Directors  
Raiffeisenbank a.s.

# Corporate Social Responsibility Report

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

The traditional emblem and trademark of the Raiffeisen Group is the Giebelkreuz - crossed horse heads. For hundreds of years, the Giebelkreuz has adorned the facades of buildings throughout Europe and is a symbol of protection for families gathered under one roof against evil and life-threatening situations. Raiffeisenbank is also a symbol of security and stability for its clients.

## Charity contributions associated with eKonto

Raiffeisenbank offers the eKonto account to its clients. The bank provides each month a bonus of CZK 20 for account management to clients who fulfil the eKonto loyalty terms. This amount is just a gesture of our client oriented stance. For this reason, we decided to connect this action with charities - clients have the opportunity to donate this amount to a charity organisation. The bank at this time cooperates with three large charity organisations (Konto Bariéry, the Czech Red Cross, and Help the Children) - via Internet banking, clients may choose which charity they would like to donate to, and the bank will send this amount to the account of the selected charity.

The overall amount sent via eKonto to charity amounted to approximately CZK 3 million. We would like to thank all of our clients who allowed the bank to donate to the charity projects in this manner.

## Sponsoring

In keeping with the tradition of the Raiffeisen name, reaching back to the middle of the 19th century, we were engaged last year in many community service activities. Although we mainly focus on education and charity, we also support cultural and sports programmes and health projects. The overall amount invested in this support is approximately two million per year.

In addition to the above-mentioned main projects, the bank contributed last year to other charity organisations, such as the Hear-Impaired Association and the civil society VillaVallila. In the area of education, the bank supports several schools, ranging from nursery schools to universities. The bank is also an occasional partner for Junior Achievement, economic educational programmes at primary or secondary schools, and cooperates with the applied primary school Ružínovská and a high school in České Budějovice.

## Raiffeisenbank's main activities in the area of CSR for 2012 included the following projects:



### Good Angel

Assists families with children in situations where a member of the family suffers from cancer, and as a result, the family has experienced financial problems. The foundation's operations are financed from private donations. One of the first good angels was Lubor Žalman, who also helped in establishing the foundation. Raiffeisenbank became the foundation's banking partner in 2012, and by the end of the year, several dozen employees had become Good Angels.



### Konto bariéry

Assists handicapped citizens - adults and children. The project helps the handicapped live a full life. Konto bariéry belongs to the eKonto charity programme. In addition, the bank financially supports the largest golf tournament in the Czech Republic for handicapped citizens, organised by Konto bariéry.



### Help the Children

A long-term charity collection project organised by Czech Television and the Civil Society Development Foundation. It focuses on threatened and disadvantaged children up to 18 years of age. The bank has been a partner since 2009. In addition to contributions, it also manages the project's financial resources. From the beginning, Raiffeisenbank has supported the collection project and the foundation with more than CZK 3 million.



### Mathematics with an Appetite

The bank has been cooperating with the project Mathematics with an Appetite since the beginning of the 2012/2013 school year. As a part of this initiative, supported not only by our bank, but by many other important firms, primary and secondary school children engage in solving various mathematical tasks in an entertaining way and outside the ordinary school curriculum.



### Czech Innovation

In 2011, the bank became one of the founding members of the initiative Czech Innovation, where the private sector, universities and the government join forces in order to support the long-term development of innovation and innovative culture in the Czech Republic. The initiative primarily promotes schools. Raiffeisenbank is a partner for the category of the best start-up as a part of the Czech Innovation festival.

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

- 1) The Supervisory Board carried out its tasks in accordance with Sections 197-201 of the Commercial Code, as amended, the Articles of Association of Raiffeisenbank a.s., and its rules of procedure. The Board of Directors presented reports on the bank's operations and its financial situation to the Supervisory Board at regular intervals.
- 2) The financial statements were prepared in accordance with International Accounting Standards.
- 3) The financial statements were audited by "Deloitte Audit s r. o.". In the opinion of the auditor, the financial statements accurately reflect in all material respects the financial position, assets and liabilities, and equity of Raiffeisenbank a.s. as of 31 December 2012 and the results of its operations for the year International Accounting Reporting Standards as adopted by the EU.
- 4) The Supervisory Board examined the financial statements and the Report on Related Party Transactions 2012, including the proposed allocation of earnings, accepted the results of the audit of the financial statements for 2012, and recommended that the General Meeting approve them.



Board of Directors in 2013, from left: Jan Kubín, Rudolf Rabiňák, Mario Drosč, František Ježek a Milan Hain

# 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 CEO since 4 May 2004. He is responsible for the areas of finance, HR, communications, internal audit, security and compliance, strategy, and management support. From 2003 to 2004, he worked at Home Credit International as a project manager and prior to this, from 1999 to 2002, at McKinsey&Company, first as Senior Associate and later as Engagement Manager. From 1991 to 1998, he held various positions at Komerční banka, a.s.

**Chairman of the Committee for the Management of Assets and Liabilities**

**Chairman of the Steering Committee**

**Chairman of the Real Estate Investment Committee**

*Note: Lubor Žalman ended his position in the Board of Directors on 31 December 2012.*

### Vice-Chairman of the Board of Directors

#### Mario Drosc

born 13 December 1968

residing at: Irská 796/5, 160 00 Prague 6

Vice-Chairman of the Board of Directors and Deputy CEO responsible for trade. Member of the Board of Directors of Raiffeisenbank a.s. originally in the area of retail banking starting in September 2006. He joined the Board of Directors of Raiffeisenbank from the Slovak bank VÚB, where he held the position of member of the board of directors responsible for retail banking. Prior to this, he worked at Komerční banka and at McKinsey&Company, among others.

*Note: Starting on 1 January 2013, Mario Drosc is the Chairman of the Board of Directors and CEO of Raiffeisenbank a.s., and the position of vice-chairman has not been filled from 1 January 2013.*

### Members of the Board of Directors

#### Rudolf Rabiňák

born 21 February 1958

residing at: K Tuchoměřicům 146, 164 00 Prague 6

Since April 2001, he is a member of the Board of Directors of Raiffeisenbank a.s. responsible for corporate banking. Prior to his appointment, he worked nine years at Citibank a.s.

#### Jan Kubín

born 19 January 1973

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

Member of the Board of Directors of Raiffeisenbank since July 2007, responsible for Operations and Asset Management. He has been working at Raiffeisenbank since 2004, at which time he was appointed to the position of Financial Director. Prior to joining Raiffeisenbank, he worked six years as a consultant and project manager at McKinsey&Company.

#### František Ježek

born 5 April 1972

residing at: Česká 1135/5, 158 00 Prague 5 - Košíře

Member of the Board of Directors responsible for Risk Management since October 2012. Prior to joining Raiffeisenbank, he worked at the Viennese headquarters of Raiffeisen Bank International as the head of retail risk for all of the 15 markets in Central and Eastern Europe. Prior to working at RBI, he worked at Multiservis and in the GE Money group.

**Chairman of the Credit Committee**

**Chairman of the Committee for Operations Risk Management**

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

**Chairman of the Retail Risk Management Committee**

#### Roland von Frankenberg

born 17 August 1956

residing at: Jungwirthstrasse 2, D-80802 Munich, Germany

He is responsible in the Board of Directors for Information Technology. In the past, he held various management positions, among others, at Deutsche Telekom or IBM, working in high management positions in various parts of the world. During the past 10 years, he has focused on consultation in the area of telecommunications and IT. He has been cooperating with the Raiffeisen group for the past two years.

**Chairman of the Project Committee**

*Note: Roland von Frankenberg's position was terminated on 31 December 2012, and starting on 1 January 2013, Milan Hain is the member of the Board of Directors responsible for IT management.*

# Supervisory Board



## Chairman of the Supervisory Board

### Herbert Stepic

born 31 December 1946  
residing at: Hertlgasse 1, 1160 Vienna, Austria  
Chairman of the Supervisory Board since 1993

## Vice-Chairman of the Supervisory Board

### Karl Sevelda

born 31 January 1950  
residing at: Am Heumarkt 39/1, 1030 Vienna, Austria  
Member of the Supervisory Board since April 2012, vice-Chairman of the Supervisory Board since August 2012.

## Members of the Supervisory Board

### Peter Novák

born 16 February 1970  
residing at: Brezová 27, Viničné 900 23, Slovakia  
Member of the Supervisory Board since April 2012

### Kurt Hütter

born 10 January 1949  
residing at: Johannes-Kepler-Str. 8, 4210 Gallneukirchen, Austria  
Member of the Supervisory Board since September 1998

### Kurt Bruckner

born 4 February 1955  
residing at: Pressgasse 31/31, 1040 Vienna, Austria  
Member of the Supervisory Board since September 2010

### Razvan Munteanu

born 3 October 1966  
residing at: Leschetitzkygasse 4, 1180 Vienna, Austria  
Member of the Supervisory Board since April 2012

### Tomáš Jabůrek

born 23 January 1977  
residing at: K Dubinám 372/17, 147 00 Prague 4  
Member of the Supervisory Board since May 2012

### Petr Rögner

born 15 March 1951  
residing at: Lucemburská 10, 130 00 Prague 3  
Member of the Supervisory Board since May 2011

### Michal Přádka

born 26 January 1977  
residing at: Starodvorská 525, 739 24 Krmelín  
Member of the Supervisory Board since May 2011

# Report of the Supervisory Board



Ladies and Gentlemen,

from an overall economic perspective, 2012 was a challenging year in both the Eurozone and Central and Eastern Europe (CEE), but for completely different reasons. After the ongoing sovereign debt crisis, the Eurozone slid into a deep systemic crisis. This crisis extends from political disagreements over the

means to overcome debt burden to the growing social unrest in the European peripheral countries. The political elite's inability at both the national and European level to communicate their decisions to the public in a transparent and comprehensible manner also contributes to the crisis.

CEE, in part, also suffers from the consequences of the euro crisis, reflected for example in declining exports due to lower demand in the West. While countries in CEE also faced declines in real GDP growth, they were still significantly over the average of the ones recorded in the Eurozone. However, with only few exceptions the countries in the CEE region have done their homework: they are less dependent on external financing due to relatively low balance of payments deficits, their productivity has improved thanks to moderate wage increases, and, with the exception of Hungary, the region has considerably less debt than Western Europe. Moreover, the region continues to benefit from the catching-up process, which remains the engine for economic development and thus the development for entire Europe.

Despite a year dominated by renewed economic decline and tighter capital regulations, the RBI Group can be proud of posting a profit before tax of €1.0 billion. However, I have to mention the significant one-off effects that were recorded in the first quarter: Among other things, we sold high-quality securities to achieve the capital ratio required by the European Banking Authority (EBA). While the sale cost us a portion of our net interest income in subsequent quarters, it also resulted in significant net proceeds. I am very pleased that we succeeded in fulfilling the higher capital ratio requirements with a core tier 1 ratio of well over 10 per cent, which makes us even more resilient to adverse economic conditions.

My observations about the difficult economic environment last year also apply to Raiffeisenbank in the Czech Republic. In the first half of the year, the market was affected by new regulatory measures that led to a partial restriction of credit activities in the first quarter of 2012. I am happy that my colleagues in the Czech Republic managed to comply with all of the new regulatory measures in advance, and starting in April, Raiffeisenbank is lending once again without any restrictions.

The Czech market last year was also significantly influenced by the constant decline in margins, which were affected by the lowest interest rates in the Czech Republic's history and by strong competition in the Czech banking sector. I am very pleased that Raiffeisenbank managed even in this adverse environment to attain a profit of almost two billion and to significantly strengthen its capital and liquidity.

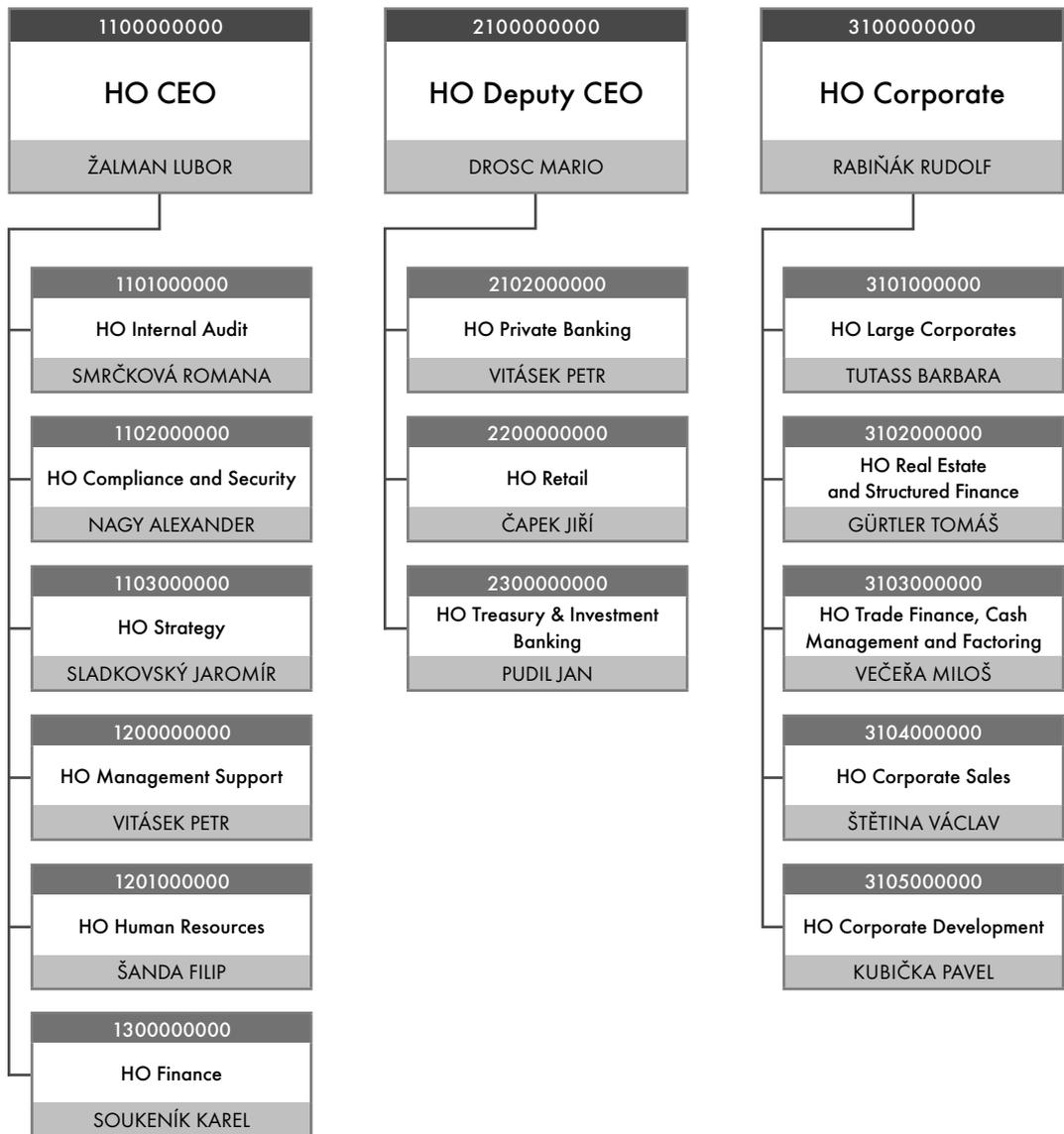
I warmly welcome the new strategy at Raiffeisenbank to focus on premium clients, quality consulting, and its long-term relationship with clients. I am convinced that Raiffeisenbank will continue to be successful even after Mario Drosc replaced Lubor Žalman at the end of 2012. I wish Mario and his team all the success in the future, equally demanding, years to come.

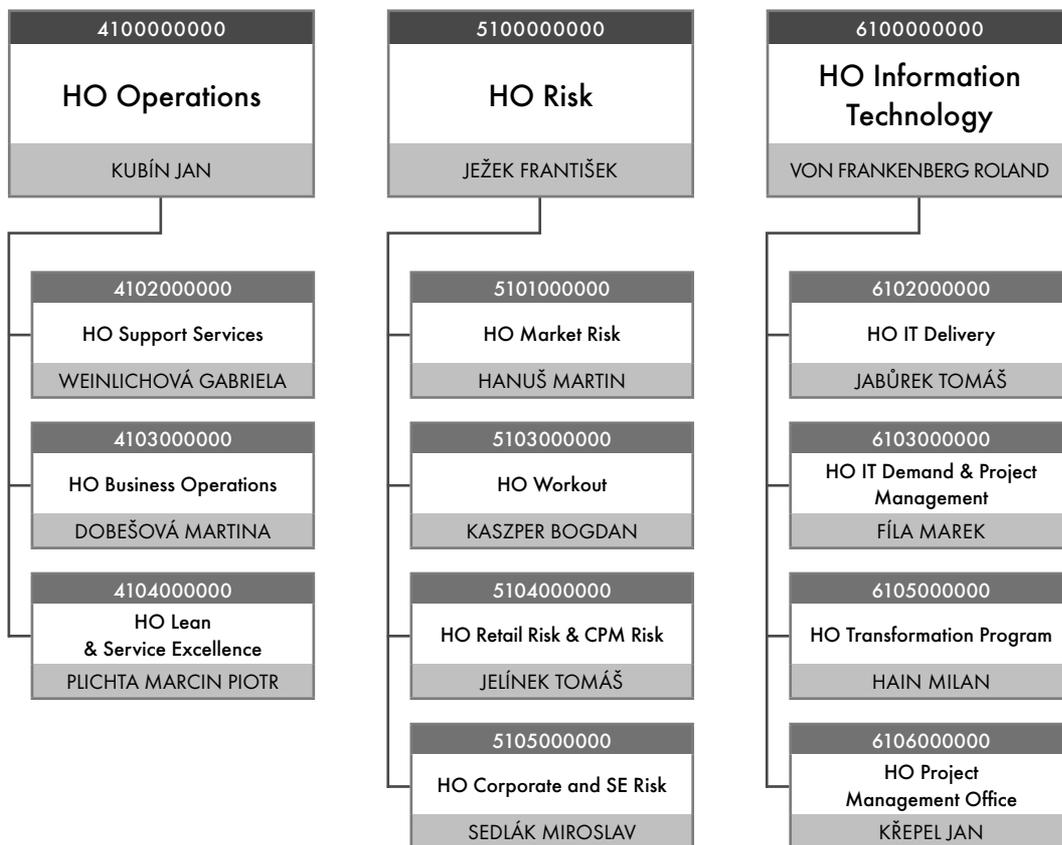
On behalf of the Supervisory Board

Herbert Stepic,  
Chairman



# Organisational Chart





# Economic development

## 2012 – a year of tension and relief

As opposed to 2011, 2012 brought with it some noticeable relief from economic tensions. The decision by the European Central Bank to distribute a large volume of liquidity with an extended maturity period at the end of 2011 helped to stabilise the situation at the beginning of the first half of the year. After the effects of these operations had died out, accompanied by recurring fears of the debt crisis and a breakup of the Eurozone, there was the relative success of the EU summit and the subsequent announcement of the ECB on its willingness to support the Eurozone by, among other things, bond purchases on the periphery of the Eurozone. They succeeded in creating a Eurozone permanent bailout fund, the European Stability Mechanism (ESM). The debates on tighter European integration took on a more concrete shape thanks to the relatively successful negotiations on establishing a banking union. These steps led to a repeated, and this time, actually significant calming effect on the financial markets. Risk aversion was reduced, and the stock markets recorded solid growth. However, many economies again sank into recession, and others were walking a fine line between recession and expansion.

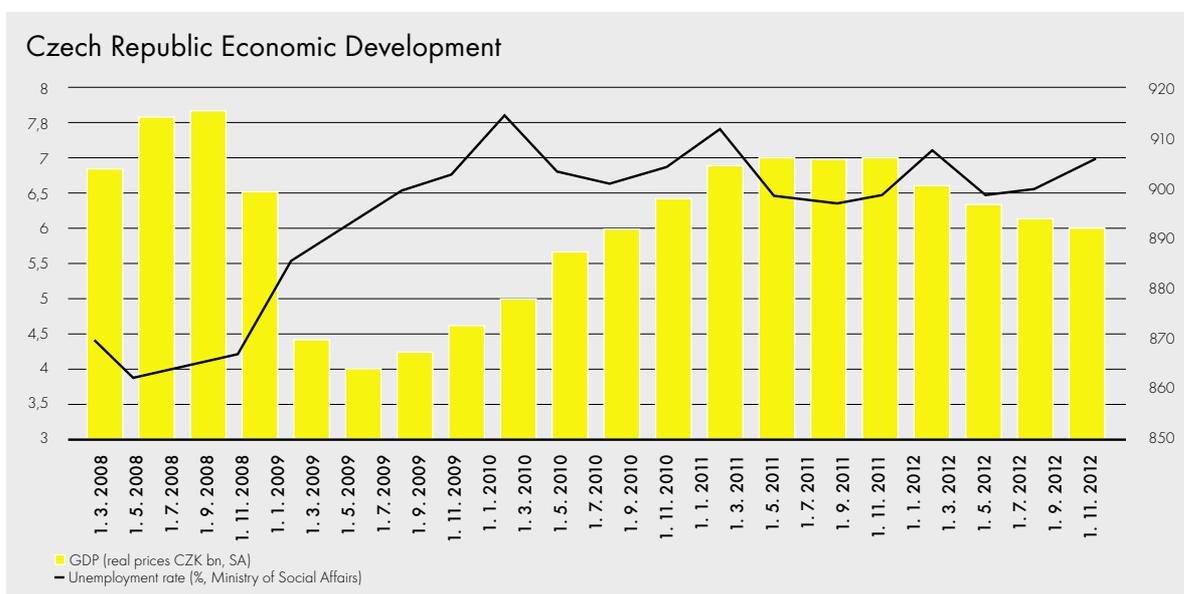
## Back to recession

At the end of 2011 and the beginning of 2012, the Czech economy was thrown into another recession. Although this development was caused by a significant weakening of foreign economies pivotal to the performance of the Czech economy, the Czech economy was pulled down this time by a decline in consumer demand, the most important component of GDP.

A drop in the creation of supplies also pulled down investment as a whole. State purchases of goods and services also diminished. Even the record trade surpluses were not capable of setting off this decline. Restrictive fiscal policy contributed to this negative development. Besides a real decline in household disposable income, the worsened confidence of economic entities in the near future also had a negative effect on low consumption. The lag behind the Czech Republic's largest trade partner, Germany, starting in 2010 also continued through 2012. The negative impact of fiscal restriction has been felt, and during 2012, this impact incited the Czech Ministry of Finance to reduce the fiscal targets for 2014 and 2015.

## Fiscal consolidation and confidence

The state budget deficit for 2012 reached CZK 101 billion. Considering the recession in the Czech economy, this can be considered a success in and of itself. On the other hand, fiscal restriction and tax increases led to a recession in the Czech economy. On a more positive note, the economy continues to benefit from investor confidence, and government bond yields have reached an historic low, which puts Czech economic policy in a good light. On the other hand, bond yields have similarly declined in 2012 for all neighbouring countries and generally in all European countries. This is caused by a reduction in risk aversion and also a weak outlook for economic growth which also relates to the exceedingly relaxed policies of the main central banks. Thus, in many countries during 2012, there was more support for economic growth and increased prudence during public budget consolidation.



Data according to bank's report to Czech National Bank.

| Economic Development                    |        |        |        |        |               |
|---|--------|--------|--------|--------|---------------|
|   | 2008   | 2009   | 2010   | 2011   | 2012*         |
| GDP per capita, PPS                     | 20,227 | 19,406 | 19,536 | 20,230 | <b>20,109</b> |
| GDP, % change                           | 2.9    | -4.7   | 2.7    | 1.7    | <b>-1.1</b>   |
| Industrial output, % yoy                | 0.4    | -13.4  | 10.1   | 6.9    | <b>-1.2</b>   |
| ILO general rate of unemployment, % avg | 4.4    | 6.7    | 7.3    | 6.7    | <b>7.0</b>    |
| CPI, % change, avg                      | 6.3    | 1.0    | 1.5    | 1.9    | <b>3.3</b>    |
| Trade balance, % of GDP                 | 1.7    | 4.0    | 3.2    | 5.0    | <b>8.1</b>    |
| Current account balance, % of GDP       | -2.1   | -2.4   | -3.9   | -2.8   | <b>-2.3</b>   |
| Net foreign direct investment, % of GDP | 0.9    | 1.0    | 2.5    | 2.0    | <b>4.8</b>    |
| Budget balance, % of GDP                | -2.2   | -5.8   | -4.8   | -3.1   | <b>-4.7</b>   |
| Public debt, % of GDP                   | 28.7   | 34.2   | 37.8   | 40.8   | <b>44.0</b>   |
| Official FX reserves, EUR bn eop        | 26.6   | 28.9   | 31.8   | 31.1   | <b>34.0</b>   |
| Import cover, months                    | 3.6    | 4.7    | 4.0    | 3.3    | <b>3.3</b>    |

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

Data according to bank's report to Czech National Bank.

## Inflation outlook drops, interest rates are at zero

The weak performance of the economy does not generate any inflation pressures. The inflation rate measured by the consumer price index reached a rate of 3.3% in 2012, which is well above the Czech National Bank's 2 per cent target. This increase was mainly caused by an increase in regulated prices and growth in volatile food prices, which was also affected by GDP growth. It is difficult for the CNB to cope with such price growth. In reaction to the falling economic growth outlook, and consequently inflation, the central bank cut interest rates. The main two-day repo rate was nearly reduced to zero, specifically to 0.05%, which is an historical low. In light of drawing on interest rates as an instrument of monetary policy, the central bank began to explicitly intervene in favour of a weak Czech crown.

## Trade balance triumphs, Czech crown weakens

If the Czech economy could boast about anything in 2012 with respect to macroeconomic development, then it would have to be the trade balance. The surplus in 2012 rose above CZK 300 billion, in comparison with CZK 190 billion for 2011 and CZK 121 billion for 2010. The record surpluses for the trade balance will, of course, be reflected in the declining deficits of the balance of payments' current account as well. This factor demonstrates the competitiveness of the Czech economy and is in itself a positive factor for the Czech crown. However, overall weak economic performance and the policies of the Czech National Bank prevented any strengthening in 2012. In contrast to the average CZK/EUR exchange rate of 24.6 in 2011, the Czech crown in 2012 weakened slightly to CZK/EUR 25.1.

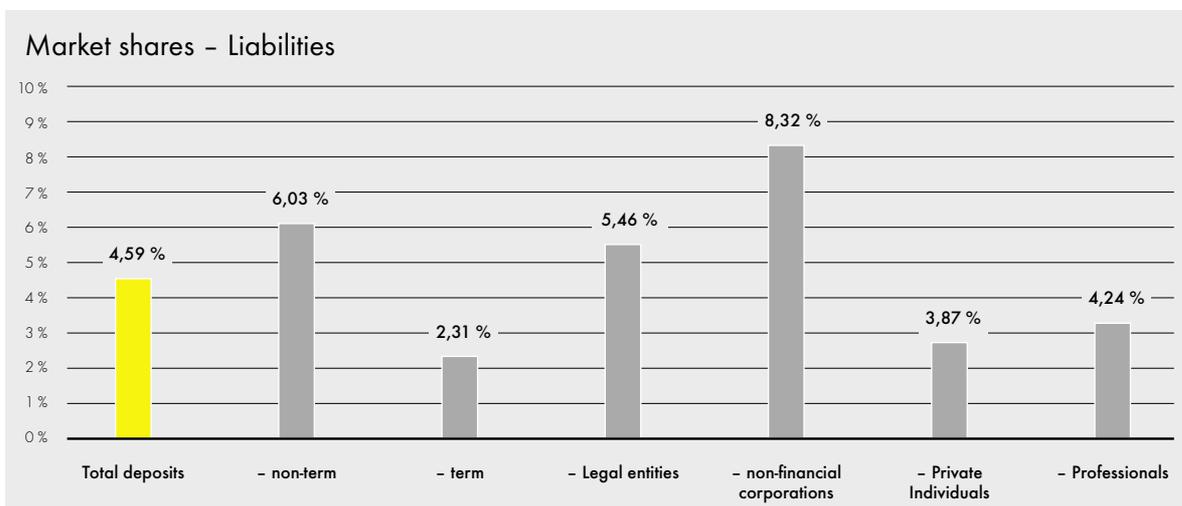
Ing. Michal Brožka, Ph.D.  
Chief Analyst

# Raiffeisenbank's market position

For the Czech banking sector, 2012 was another complicated year. It was marked by economic recession with an outlook leading towards an economic slump in the following year. This situation generates a low level of investment opportunities, the need to control costs in an uncompromising manner, and in turn, unpopular measures, such as laying off employees. This has inevitably had an impact on the bank's corporate and private clients in one way or another, which is reflected in the structure and quantity of the products and services used. In addition, complying with the new regulatory measures in the European financial market further complicated the operation of banks, which restricted the essential development of credit transactions. Last but not least, several new entities became fully active on the Czech banking market, which increased the already intense competition in the provision of financial services. Their acquisition bids, together with a record low level of market interest rates, pushed the yield margins to an historical minimum. Nevertheless, the banking sector has confirmed, even in the repeated stress tests carried out by the Czech National Bank, that it is strong and capable of resisting any further worsening of the economy. During the past year, Raiffeisenbank subsequently made every effort to support its clients even in such a difficult period.

Raiffeisenbank maintained its position as the fifth strongest entity in the Czech banking sector with a share of 4.1%. In 2012, the bank stabilised its resource base, and with deposit growth achieved a market share of 4.6%. There was a low level of demand from clients with respect to loans, and the bank exhibited a prudent approach to lending, so there was a slight decline in Raiffeisenbank's market share to a final 6.3%.

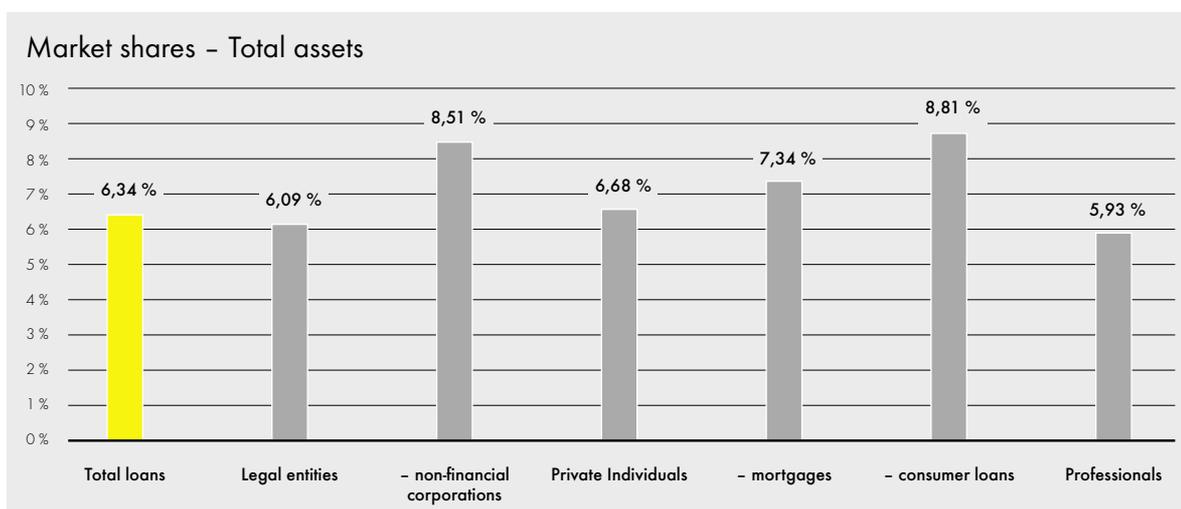
The deposits of legal entities prevail in the structure of the bank's deposits with an overall share of approximately 52%. This volume in 2012 increased by 6.5%, and Raiffeisenbank thus attained a market share of 5.5%. The segment of non-financial institutions, which makes up almost 75% of the deposits of legal entities, increased its volume of savings by 6.0%, which boosted the bank's market share to 8.3%. The bank's individual clients used a part of their savings to compensate for unfavourable conditions or to secure pensions. Nevertheless, Raiffeisenbank's market share was stable at 3.9%. In addition, private business clients were forced by circumstances to draw on their financial reserves, and the bank hence attained a 4.2% market share last year.



Data according to bank's report to Czech National Bank.

The business segment also prevailed in the structure of loans with a more than 53% share in total loans. Despite the already mentioned downturn in the lending market, Raiffeisenbank last year attained a market share of 6.1% in this segment. The bank maintains a stronger longer-term position for lending to non-financial institutions and ended last year with a market share of 8.5%. As for lending to private individuals, there was a strong tendency for households to take a prudent approach to indebtedness in this uncertain period, and Raiffeisenbank's market share at the end of last year was steady at 6.7%.

Almost 74% of the loans provided to private individuals by the bank were mortgages. In this area, the bank maintained a favourable position with a market share of 7.3%. The uncertainty of future development was reflected more strongly in consumer lending, as households concentrated more on reducing their indebtedness. Despite the slight increase in newly granted consumer loans, the total volume last year dropped, and at year-end, Raiffeisenbank managed 8.8% of all consumer loans on the market. Although the volume of loans granted to private business clients last year did not increase, the bank still maintained a satisfactory 5.9% market share.



Data according to bank's report to Czech National Bank.

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

Having its registered office at: Hvězdova 1716/2b, 140 78 Prague 4  
Identification number: 492 40 901

### Report on the Unconsolidated Financial Statements

Based upon our audit, we issued the following audit report dated 21 February 2013 on the unconsolidated financial statements which are included in this annual report on pages 22 to 81:

"We have audited the accompanying unconsolidated financial statements of Raiffeisenbank a.s., which comprise the statement of financial position as of 31 December 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these unconsolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the unconsolidated financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU."

### Report on the Consolidated Financial Statements

Based upon our audit, we issued the following audit report dated 25 March 2013 on the consolidated financial statements which are included in this annual report on pages 83 to 150:

"We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s. which comprise the statement of financial position as of 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU."

### Report on the Related Party Transactions Report

We have also reviewed the factual accuracy of the information included in the related party transactions report of Raiffeisenbank a.s. for the year ended 31 December 2012 which is included in this annual report on pages 152 to 173. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Raiffeisenbank a.s. for the year ended 31 December 2012 contains material factual misstatements.

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

### Report on the Annual Report

We have also audited the annual report of the Company as of 31 December 2012 for consistency with the financial statements referred to above. This annual report is the responsibility of the Company's Statutory Body. Our responsibility is to express an opinion on the consistency of the annual report and the financial statements based on our audit.

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

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

In Prague on 29 April 2013

Audit firm:

Deloitte Audit s.r.o.  
certificate no. 79



Statutory auditor:

Diana Rádl Rogerová  
certificate no. 2045



# Raiffeisenbank a.s.

Unconsolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2012.

## Components of the Financial Statements:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements

These financial statements were prepared by the Bank and approved by the Board of Directors of the Bank on 21 February 2013.

## Statutory body of the reporting entity



Mario Drosc  
Chairman of the Board of Directors  
and Chief Executive Officer



Jan Kubín  
Member of the Board of Directors  
and Executive Director

## Statement of Comprehensive Income For the Year Ended 31 December 2012

| CZK thousand   | Note | 2012             | 2011             |
|--|------|------------------|------------------|
| Interest income and similar income                                     | 5    | 8,563,202        | 9,211,623        |
| Interest expense and similar expense                                   | 5    | (2,202,080)      | (2,408,352)      |
| <b>Net interest income</b>   |      | <b>6,361,122</b> | <b>6,803,271</b> |
| Change in provisions for credit risks                                  | 6    | (1,798,041)      | (1,896,711)      |
| <b>Net interest income after provisions for credit risks</b>           |      | <b>4,563,081</b> | <b>4,906,560</b> |
| Fee and commission income  | 7    | 2,829,311        | 2,823,099        |
| Fee and commission expense   | 7    | (641,333)        | (623,826)        |
| <b>Net fee and commission income</b>                                   |      | <b>2,187,978</b> | <b>2,199,273</b> |
| Net profit on financial operations                                     | 8    | 1,339,646        | 1,208,935        |
| Dividend income  | 9    | 30,684           | 31,925           |
| Other operating income, net  | 10   | 68,327           | 88,653           |
| General administrative expenses  | 11   | (5,711,730)      | (5,583,516)      |
| <b>Profit before tax</b>   |      | <b>2,477,986</b> | <b>2,851,830</b> |
| Income tax expense   | 13   | (504,825)        | (632,245)        |
| <b>Net profit for the year attributable to the Bank's shareholders</b> |      | <b>1,973,161</b> | <b>2,219,585</b> |
| <b>Other comprehensive income</b>                                      |      |                  |                  |
| Gains/(losses) from remeasurement of securities available for sale     |      | (5,605)          | 4,193            |
| Tax on profit associated with components of other comprehensive income |      | 1,065            | (761)            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                       |      | <b>1,968,621</b> | <b>2,223,017</b> |

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

## Statement of Financial Position As of 31 December 2012

| CZK thousand   | Note | 2012               | 2011               |
|--|------|--------------------|--------------------|
| <b>ASSETS</b>  |      |                    |                    |
| Cash and balances with central banks                     | 14   | 4,964,510          | 3,924,202          |
| Securities at fair value through profit or loss          | 15   | 11,457,440         | 7,977,726          |
| Positive fair value of financial derivative transactions | 33   | 2,598,643          | 2,935,079          |
| of which: hedge derivatives hedging the fair value       | 33   | 235,244            | -                  |
| Securities available for sale                            | 15   | 536,948            | 540,044            |
| Loans and advances to financial institutions             | 16   | 14,452,117         | 12,240,278         |
| Loans and advances to customers                          | 17   | 150,138,242        | 158,507,269        |
| Provisions for loans and advances                        | 18   | (6,382,097)        | (6,802,412)        |
| Income tax receivable                                    | 13   | 148,425            | 174,241            |
| Deferred tax asset                                       | 19   | 145,165            | 150,046            |
| Securities held to maturity                              | 15   | 13,977,382         | 17,544,075         |
| Other assets   | 20   | 1,095,206          | 2,005,336          |
| Equity investments                                       | 21   | 325,737            | 132,737            |
| Intangible fixed assets                                  | 22   | 3,084,638          | 2,447,744          |
| Property and equipment                                   | 23   | 1,085,818          | 1,170,994          |
| <b>Total assets</b>                                      |      | <b>197,628,174</b> | <b>202,947,359</b> |
| <b>LIABILITIES AND EQUITY</b>                            |      |                    |                    |
| Amounts owed to financial institutions                   | 24   | 6,818,953          | 8,686,719          |
| Amounts owed to customers                                | 25   | 144,143,741        | 143,900,472        |
| of which: change in the fair value of hedged items       | 25   | 136,627            | -                  |
| Negative fair value of financial derivative transactions | 33   | 2,509,288          | 2,349,438          |
| Debt securities issued                                   | 26   | 17,983,102         | 21,457,913         |
| Provisions   | 27   | 500,912            | 218,190            |
| Other liabilities  | 28   | 3,478,918          | 3,162,505          |
| Subordinated liabilities                                 | 29   | 4,042,248          | 6,989,731          |
| <b>Total liabilities</b>                                 |      | <b>179,477,162</b> | <b>186,764,968</b> |
| <b>EQUITY</b>  |      |                    |                    |
| Share capital  | 30   | 9,357,000          | 7,511,000          |
| Statutory reserve fund                                   |      | 549,184            | 438,206            |
| Gains and losses from revaluation                        |      | 220,852            | 225,392            |
| Retained earnings  |      | 6,050,815          | 5,788,208          |
| Profit for the period                                    |      | 1,973,161          | 2,219,585          |
| <b>Total equity</b>                                      |      | <b>18,151,012</b>  | <b>16,182,391</b>  |
| <b>TOTAL LIABILITIES AND EQUITY</b>                      |      | <b>197,628,174</b> | <b>202,947,359</b> |

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

## Statement of Changes in Equity For the Year Ended 31 December 2012

| CZK thousand                               | Share capital    | Statutory reserve fund | Gains and losses from revaluation | Retained earnings | Profit for the period | Total equity       |
|--|------------------|------------------------|-----------------------------------|-------------------|-----------------------|--------------------|
| <b>At 1 January 2011</b>                   | <b>6,564,000</b> | <b>347,083</b>         | <b>221,960</b>                    | <b>5,002,959</b>  | <b>1,822,450</b>      | <b>13,958,452</b>  |
| Share capital increase                     | 947,000          | -                      | -                                 | -                 | -                     | <b>947,000</b>     |
| Dividends                                  | -                | -                      | -                                 | -                 | (946,078)             | <b>(946,078)</b>   |
| Allocation to reserve funds                | -                | 91,123                 | -                                 | -                 | (91,123)              | -                  |
| Allocation to retained earnings            | -                | -                      | -                                 | 785,249           | (785,249)             | -                  |
| Net profit for the period                  | -                | -                      | -                                 | -                 | 2,219,585             | <b>2,219,585</b>   |
| Other comprehensive income, net            | -                | -                      | 3,432                             | -                 | -                     | <b>3,432</b>       |
| <b>Comprehensive income for the period</b> | -                | -                      | <b>3,432</b>                      | -                 | <b>2,219,585</b>      | <b>2,223,017</b>   |
| <b>At 31 December 2011</b>                 | <b>7,511,000</b> | <b>438,206</b>         | <b>225,392</b>                    | <b>5,788,208</b>  | <b>2,219,585</b>      | <b>16,182,391</b>  |
| Share capital increase                     | 1,846,000        | -                      | -                                 | -                 | -                     | <b>1,846,000</b>   |
| Dividends                                  | -                | -                      | -                                 | -                 | (1,846,000)           | <b>(1,846,000)</b> |
| Allocation to reserve funds                | -                | 110,978                | -                                 | -                 | (110,978)             | -                  |
| Allocation to retained earnings            | -                | -                      | -                                 | 262,607           | (262,607)             | -                  |
| Net profit for the period                  | -                | -                      | -                                 | -                 | 1,973,161             | <b>1,973,161</b>   |
| Other comprehensive income, net            | -                | -                      | (4,540)                           | -                 | -                     | <b>(4,540)</b>     |
| <b>Comprehensive income for the period</b> | -                | -                      | <b>(4,540)</b>                    | -                 | <b>1,973,161</b>      | <b>1,968,621</b>   |
| <b>At 31 December 2012</b>                 | <b>9,357,000</b> | <b>549,184</b>         | <b>220,852</b>                    | <b>6,050,815</b>  | <b>1,973,161</b>      | <b>18,151,012</b>  |

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

## Cash Flow Statement for the Year Ended 31 December 2012

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| <b>Profit before tax</b>  | <b>2,477,986</b>   | <b>2,851,830</b>   |
| <b>Adjustments for non-cash transactions</b>                                      |                    |                    |
| Creation of provisions for credit risks   | 1,798,041          | 1,896,711          |
| Depreciation and amortisation   | 556,163            | 533,200            |
| Loss from the impairment of intangible assets                                     | 70,272             | -                  |
| Creation of other provisions  | 54,581             | (55,238)           |
| Change in fair values of financial derivatives                                    | 496,286            | (1,158,505)        |
| Unrealised loss/(gain) on revaluation of securities                               | (25,640)           | 2,964              |
| Gain on the sale of tangible and intangible assets                                | (17,773)           | (6,200)            |
| Revaluation of foreign currency positions   | (592,894)          | 655,525            |
| Other non-cash changes  | (1,369,327)        | (1,430,465)        |
| <b>Operating profit before changes in operating assets and liabilities</b>        | <b>3,447,695</b>   | <b>3,289,822</b>   |
| <b>Cash flows from operating activities</b>                                       |                    |                    |
| <i>(Increase)/decrease in operating assets</i>                                    |                    |                    |
| Minimum reserve deposits with the CNB   | (729,082)          | (334,222)          |
| Loans and advances to financial institutions                                      | (2,009,980)        | (5,451,620)        |
| Loans and advances to customers   | 8,282,806          | (5,770,628)        |
| Securities at fair value through profit or loss and securities available for sale | (3,450,978)        | 777,901            |
| Other assets  | 910,130            | (1,075,535)        |
| <i>Increase/(decrease) in operating liabilities</i>                               |                    |                    |
| Amounts owed to financial institutions  | (1,867,511)        | (11,998,385)       |
| Amounts owed to customers   | 127,894            | 17,951,655         |
| Other liabilities   | 316,413            | 331,235            |
| <b>Net cash flow from operating activities before income tax</b>                  | <b>5,027,387</b>   | <b>(2,279,777)</b> |
| Income taxes paid   | (477,566)          | (1,010,083)        |
| <b>Net cash flow from operating activities</b>                                    | <b>4,549,821</b>   | <b>(3,289,860)</b> |
| <b>Cash flows from investing activities</b>                                       |                    |                    |
| Purchase of equity investments  | (193,000)          | -                  |
| Purchase of property and equipment and intangible assets                          | (1,207,977)        | (1,633,959)        |
| Income from the sale of fixed assets  | 42,661             | 11,715             |
| Net decrease/(increase) in securities held to maturity                            | 3,558,551          | (3,026,445)        |
| Dividends received  | 30,684             | 31,925             |
| <b>Net cash flow from investing activities</b>                                    | <b>2,230,919</b>   | <b>(4,616,764)</b> |
| <b>Cash flows from financing activities</b>                                       |                    |                    |
| Share capital increase  | 1,846,000          | 947,000            |
| Dividends paid  | (1,846,000)        | (946,078)          |
| Bonds in issue  | (3,474,811)        | 5,194,157          |
| Subordinated liabilities  | (2,792,844)        | 2,904,945          |
| <b>Net cash flow from financing activities</b>                                    | <b>(6,267,655)</b> | <b>8,100,024</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       | <b>513,085</b>     | <b>193,400</b>     |
| <b>Cash and cash equivalents at the beginning of the year (Note 31)</b>           | <b>3,409,508</b>   | <b>3,216,108</b>   |
| <b>Cash and cash equivalents at the end of the year (Note 31)</b>                 | <b>3,922,593</b>   | <b>3,409,508</b>   |

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

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# 1. CORPORATE DETAILS

Raiffeisenbank a.s. (henceforth the "Bank"), with its registered office address at Hvězdova 1716/2b, Prague 4, 140 78, Corporate ID 49240901, was founded as a joint stock company in the Czech Republic. The Bank was registered in the Register of Companies held at the Municipal Court in Prague on 25 June 1993, Volume B, File 2051.

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

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
  - Principal investment services under Section 4 (2) (a) – (h) of Act No. 256/2004 Coll., as amended;
  - Additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended;
- Issuance of mortgage bonds;
- Financial brokerage;
- Depository activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes;
- Activities directly relating to the activities listed in the bank licence; and
- Mediation of an additional pension savings programme (approved by the Czech National Bank on 28 December 2012, took legal effect on 2 January 2013).

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

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

During the year ended 31 December 2012, the performance or provision of the Bank's activities and services were not restricted or suspended by the Czech National Bank.

## 2. BASIS OF PREPARATION

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

The financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in shareholders' equity, a cash flow statement and notes to the financial statements containing accounting policies and explanatory disclosures.

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

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

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

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

The Bank also prepares consolidated financial statements in accordance with IFRS and interpretations approved by the IASB as adopted by the European Union which present the results of the Bank's financial group.

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

### **Use of Estimates**

The presentation of unconsolidated financial statements in conformity with IFRS requires the Bank's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no public market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date.

As disclosed in Note 37, the Bank creates provisions for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Bank's historical and current experience as well as judgments of the Bank's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date.

The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditure required to settle a liability of uncertain timing or amount. Refer to Note 27 for more detailed disclosures of provisions for liabilities.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

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

### (b) Fees and Commissions

Fees and commissions are recognised in the statement of comprehensive income lines "*Fee and commission income*" and "*Fee and commission expense*" on an accrual basis, with the exception of fees that are deemed to be an integral part of the effective interest rate. The effective interest rate includes fees directly relating to the granting of loans such as the fee for the origination of loans, loan application processing, paid commissions, etc.

### (c) Dividends

Income from dividends on securities is recorded as declared and included as a receivable in the statement of financial position line "*Other assets*" and in "*Dividend income*" in the statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

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

### (d) Other Income and Expenses Reported in the Statement of Comprehensive Income

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

### (e) Taxation

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

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

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

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

## (f) Financial Assets and Liabilities

### Dates of Recognition and Derecognition of Financial Instruments in/from the Bank's Statement of Financial Position

Financial assets with normal delivery terms, except for financial assets at fair value through profit or loss, are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (cash payment). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its provision (collection of cash).

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

In 2012, the Bank changed the treatment of accounting for financial assets at fair value through profit or loss. The Bank uses the transaction date accounting for these financial assets where the transaction date is the date when the entity undertakes to buy or sell the financial asset.

The substance of transaction date accounting is as follows:

- Recognition of an asset that the entity shall receive as of the transaction date; and
- Derecognition of a sold asset and recognition of the profit or loss upon disposal and recognition of a receivable from the buyer as of the transaction date.

The interest on the asset and the relating liability is accumulated from the settlement date when the ownership rights are transferred. The premium/discount is amortised from the purchase settlement date to the sale settlement date.

The above change in the accounting methodology had no significant impact on the financial statements of the Bank in the years ended 31 December 2011 or 2012.

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

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

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

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

### Loans and Receivables

Loans originated by the Bank in the form of directly advancing funding to the client are considered provided loans and are stated at amortised cost. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation, if any, of discount or premium. The amortised cost is calculated using the effective interest rate method. An integral part of the effective interest rate are fees and the related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks).

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

Provisions are recognised individually in respect of specific loans where a debtor's default was identified or on a portfolio basis for not yet identified losses which may be present based on portfolio (similar individually unimpaired loans) performance with similar characteristics in terms of credit risk. The level of individual provisions is established by comparing the carrying amount of the loan and the present value of future expected cash flows using the effective interest rate. The level of portfolio provisions is determined on the basis of the anticipated recovery rates of the portfolio as of the financial statements date. The anticipated cash flows from individual portfolios of similar loans are estimated on the basis of previous experience.

If the Bank does not report multiple similar loans, the portfolio approach is not applied. Portfolio provisions are recognised for the loans and receivables of all market segments.

The change in provisions, after write-offs, is charged to the statement of comprehensive income line "Change in provisions for credit risks". Additional details can be found in Note 37 b.

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

### Restructuring of Loans and Receivables from Customers

Loan restructuring involves providing the customer with relief because the Bank determined that it would likely incur a loss if it did not do so. For economic or legal reasons associated with the debtor's financial position the Bank therefore provided the debtor with relief which would not have been available otherwise. For example, the relief may include rescheduling repayments, reducing the interest rate or waiving default interest. A restructured loan does not include a loan which originated as a result of the renewal of a short-term loan for current assets if the debtor fulfilled all of his payment and non-payment obligations arising from the loan contract.

Restructuring additionally does not extend to the change in the repayment schedule or the form of loan if these changes are made for commercial reasons or on the grounds of changed financial needs of the debtor, and the anticipated development in the debtor's financial and economic situation does not give rise to doubt as to the full repayment of the receivable even without the change.

### Securities

Securities held by the Bank are categorised into portfolios in accordance with the Bank's intent on the acquisition of the securities and pursuant to the Bank's security investment strategy. In accordance with its intent, the Bank allocates securities into several portfolios - the portfolio of "Securities at fair value through profit or loss", the portfolio of "Securities available for sale" and the portfolio of "Securities held to maturity". The principal difference between the portfolios relates to the approach to measurement and presentation in the financial statements.

### Securities at Fair Value through Profit or Loss

This portfolio includes both debt and equity securities held for trading, that is, securities held by the Bank with the intention of reselling them, thereby generating profits on price fluctuations in the short-term, and debt and equity securities that were designated, upon initial recognition, as at fair value through profit or loss. Securities at fair value through profit or loss are recognised at fair value (cost) at the acquisition date. In accordance with the Bank's investment strategy, this portfolio does not include securities the fair value of which cannot be determined by reference to the public market. The Bank primarily purchases government bonds and shares, or securities with high liquidity, into this portfolio with a view to achieving maximum profits from the purchases and sales.

Changes in the fair values of securities held for trading as well as securities measured at fair value through profit or loss are recognised in the statement of comprehensive income as "Net profit on financial operations". Interest income on debt securities held for trading as well as securities measured at fair value through profit or loss are included in "Interest income and similar income" in the statement of comprehensive income.

For debt and equity securities traded on a public market, fair values are derived from quoted prices.

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

### Securities Available for Sale

Securities available for sale are securities held by the Bank for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change. In accordance with the investments strategy, the Bank did not include securities in this portfolio in the past period and this portfolio primarily includes the equity investment in Raiffeisen stavební spořitelna, a.s. as disclosed in Note 15. The Bank does not intend to change the strategy for inclusion of securities in this portfolio in the coming years.

Securities available for sale are carried at fair value (cost) upon acquisition with the exception of securities for which the fair value cannot be reliably determined in accordance with IAS 39. These securities are stated at cost, and the Bank annually assesses whether the value is not impaired. Changes in the fair values of available for sale securities are recognised in other comprehensive income as "*Gains/(losses) from remeasurement of securities available-for-sale*", with the exception of their impairment and interest income and foreign exchange differences on debt securities. When realised, the relevant revaluation gains or losses are taken to the statement of comprehensive income as "*Net profit on financial operations*". Interest income on coupons, amortisation of discounts or premiums, and dividends are included in "*Interest income and similar income*". Foreign exchange differences are reported within "*Net profit on financial operations*".

### Securities Held to Maturity

Investments held to maturity are financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity. In accordance with the Bank's strategy, only the securities issued by the Czech Republic are included in this portfolio. The Bank does not anticipate changing this intent in the future.

Securities held to maturity are initially measured at cost and subsequently reported at amortised cost using the effective interest rate less impairment, if any. The amortisation of premiums and discounts and interest income from coupon debt securities held to maturity is included in "*Interest income and similar income*".

The fair value of this portfolio is disclosed in Note 36c) "*Fair values of financial assets and liabilities*".

### Repurchase Agreements

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a pre-determined price, they remain at fair value or amortised cost within the relevant portfolio on the statement of financial position and the consideration received is recorded in "*Amounts owed to financial institutions*" or "*Amounts owed to customers*". Conversely, debt or equity securities purchased under a concurrent commitment to resell are retained off balance sheet where they are remeasured at fair value. The corresponding receivable from the provided loan is recorded in "*Loans and advances to financial institutions*" or "*Loans and advances to customers*" in the statement of financial position.

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

Interest on debt securities transferred under repurchase transactions is accrued while interest on debt securities received under reverse repurchase transactions is not accrued.

Income and expenses arising under repurchase or reverse repurchase transactions as the difference between the sale and repurchase price are accrued evenly over the term of the transaction and presented in the statement of comprehensive income as "*Interest income and similar income*" or "*Interest expense and similar expense*" as appropriate.

### Debt Securities Issued

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

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

## Financial Derivative Instruments

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

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

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

## Hedge Accounting

The Bank applies hedge accounting in accordance with the IFRS requirements. Hedging derivatives are derivatives that the Bank can use to hedge against its interest rate and currency risks. A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity’s risk management objective and strategy for undertaking the hedge;
- b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging derivatives are accounted for according to the type of the hedging relationships which are as follows:

- a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss;
- b) Cash flow hedge: a hedge of the exposure to variability in cash flows that:
  - i.) Is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction; and
  - ii.) Could affect profit or loss.
- c) Hedge of a net investment in a foreign operation.

In the year ended 31 December 2012, the Bank applied only hedge accounting in respect of a fair value hedge.

Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the statement of comprehensive income in the line *“Net profit on financial operations”*, interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the income statement line *“Interest expense and similar expense”*. A change in the fair value of the hedged item is recognised as part of the carrying amount of the hedged item in the statement of financial position and in the line *“Net profit on financial operations”* in the statement of comprehensive income.

Through the above approach, the Bank hedges against the interest rate risk of financial liabilities (term deposits with a fixed interest rate). The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Bank discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through profit or loss over the period to the maturity of the hedged item.

Financial derivatives that provide economic hedges in respect of the risk positions of the Bank but do not qualify for hedge accounting under the IFRS rules are reported as trading derivatives and the change in their fair value is reported in the statement of comprehensive income in the line *“Net profit on financial operations”*.

### Subordinated Loan

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

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

### Subordinated Debt Securities Issued

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other payables if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for payables that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Bank at amortised cost using the effective interest rate and are included in “*Subordinated liabilities*” in the statement of financial position. The interest expense from the issue of own bonds is reported in “*Interest expense and similar expense*” in the statement of comprehensive income.

## (g) Equity Investments

Equity investments in subsidiary and associated undertakings and joint ventures are recorded at acquisition cost including transaction costs less provisions for any temporary impairment losses or write-downs due to other-than-temporary impairment.

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

Investments, in which the Bank has an equity interest less than 20 percent, are reported as “*Securities available for sale*” and are carried at fair value, with the exception of equity investments where the fair value cannot be reliably determined in accordance with IAS 39. These equity investments are stated at cost.

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

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

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

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

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

|  | Depreciation period | Depreciation rate |
|--|---------------------|-------------------|
| Software   | 4 years             | 25 %              |
| Buildings  | 30 years            | 3.33 %            |
| Other (cars, furniture and fixtures, office equipment and computers) | 5 - 10 years        | 10 - 20 %         |

Technical improvements on leasehold assets are depreciated on a straight line basis over the lease term or the depreciation period is extended by the term arising from an option arrangement. Technical improvements on leasehold assets under lease arrangements for an indefinite period of time are depreciated over 15 years.

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

The costs of internally generated intangible assets include all costs that can be allocated directly or by reference to a reasonable and consistent basis for generating and preparing an asset for its intended use.

Intangible assets with a cost greater than CZK 40,000 and lower than CZK 60,000 (category of low value intangible fixed assets) are amortised over 36 months and tangible assets with a cost greater than CZK 20,000 and lower than CZK 40,000 are depreciated over 36 or 48 months according to the type of low value tangible fixed assets.

In 2012, the methodology of accounting for low value tangible and intangible assets was changed. Newly, low value tangible assets with a cost lower than CZK 20,000 and low value intangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition. In 2011, the threshold for expensing low value tangible and intangible assets was CZK 10,000 for both categories. The above change in the methodology had no significant impact of the financial statements of the Bank in the years ended 31 December 2011 or 2012.

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

The Bank's assets are regularly tested for impairment.

Repairs and maintenance are charged directly to the statement of comprehensive income line "General administrative expenses" when the expenditure is incurred.

## (i) Provisions

The Bank recognises a provision when, and only when:

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

### Provisions for Guarantees and Other Off Balance Sheet Items

The Bank records potential commitments arising from issued guarantees, irrevocable credit commitments (undrawn portion), confirmed open letters of credit, etc. as part of off-balance sheet assets. Provisions are made for estimated losses on these commitments pursuant to the estimated amount of performance from individual off-balance sheet commitments. Changes in these provisions are recognised in "Change in provisions for credit risks".

### Other Provisions

The recognition, use and release of other provisions (for outstanding vacation days, legal disputes, restructuring, credit card loyalty system, etc.) is recorded in "Other operating income, net".

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

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

## (k) Segment Reporting

The Bank reports information in accordance with IFRS 8 Operating Segments. IFRS 8 requires that operating segments be identified on the basis of internal reports regularly reviewed by the Bank's chief operating decision maker. Pursuant to these internal reports including the overview of the performance of the particular operating segment, it is possible to assess the performance of the segment/decide on the strategic development of the operating segment.

The basis for determining reportable segments is a report that the Bank prepares for the Board of Directors, or for the meeting of the Top Managers Committee (TMC) which is considered to be the 'chief operating decision maker', i.e. a person/group of persons that allocate(s) resources and assess(es) the performance of individual operating segments of the Bank.

Information on reportable operating segments of the Bank is disclosed in Note 35.

## (l) Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in the local currency at official exchange rates as announced by the CNB on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency at the CNB's exchange rate prevailing at the financial statements date. Realised and unrealised gains and losses on foreign exchange are recognised in the statement of comprehensive income in "Net profit on financial operations", with the exception of foreign exchange rate differences on equity investments denominated in foreign currencies which are reported at the historical exchange rate, foreign exchange rate differences on equity securities included in the available-for-sale portfolio which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into with a view to hedging currency risk associated with assets or liabilities whose foreign exchange rate differences are part of the change in the fair value.

## (m) Cash and Cash Equivalents

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

# 4. Changes in Accounting Policies in 2012

## (a) Newly applied standards and interpretations the application of which had a significant impact on the financial statements

In the year ended 31 December 2012, the Bank did not apply any new standards and interpretations, the use of which would have a significant impact on the financial statements.

## (b) Newly applied standards and interpretations the application of which had no significant impact on the financial statements

The Group has applied the amendments to IFRS 7 - Financial Instruments Disclosures - Transfers of Financial Assets, adopted by the EU on 22 November 2012 (effective for annual periods beginning on or after 1 July 2011) in the current year. The start of the application of this amendment resulted in no changes in the Bank's accounting policies.

## (c) Standards and interpretations in issue but not yet effective

As of the approval date of these financial statements, the following standards, amendments and interpretations adopted by the EU were issued but not yet effective:

- IFRS 10 - Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 11 - Joint Arrangements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 12 - Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014);
- IFRS 13 - Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised in 2011) - Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IAS 28 (revised in 2011) - Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards - Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 7 - Financial Instruments - Disclosures - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 January 2012);

- Amendments to IAS 12 - Income Taxes - Deferred Tax - Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 19 - Employee Benefits - Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 32 - Financial Instruments - Presentation - Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014); and
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine (interpretation effective for annual periods beginning on or after 1 January 2013).

The Bank decided not to apply these standards, amendments and interpretations before their effective dates. The Bank estimates that the application of these standards, amendments and interpretations in the period of their first adoption will have no significant impact on the financial statements.

As of the approval date of these financial statements, the following standards, amendments and interpretations were issued by the IASB but not yet adopted by the EU:

- IFRS 9 - Financial Instruments;
- Amendments to IFRS 1 - First-time Adoption of International Financial Reporting Standards - Government Loans;
- Amendments to IFRS 9 - Financial Instruments and IFRS 7 Financial Instruments - Presentation - Mandatory Effective Date of IFRS 9 and Transition Disclosures;
- Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities - Transition Guidance;
- Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities and IAS 27 - Separate Financial Statements - Investment Entities; and
- Amendments to various standards and interpretations "Improvements to IFRSs (2012)" resulting from the annual improvement project of IFRS published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with a view to removing inconsistencies and clarifying wording.

Given that the European Union deferred the adoption of IFRS 9 to the period when the standard is completed and able to entirely replace IAS 39, the Bank has not yet assessed the potential impact of its adoption. The Bank estimates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the financial statements of the Bank prepared as of 31 December 2013, including comparative information.

## 5. NET INTEREST INCOME

| CZK thousand   | 2012               | 2011               |
|--|--------------------|--------------------|
| <b>Interest income arising from</b>                  |                    |                    |
| Loans and advances to financial institutions         | 114,855            | 143,106            |
| Loans and advances to customers                      | 7,986,927          | 8,548,131          |
| <i>of which: default interest on impaired assets</i> | 97,193             | 103,671            |
| Fixed income securities                              | 461,420            | 520,386            |
| <b>Total</b>   | <b>8,563,202</b>   | <b>9,211,623</b>   |
| <b>Interest expense arising from</b>                 |                    |                    |
| Deposits from financial institutions                 | (69,126)           | (306,745)          |
| Deposits from customers                              | (1,310,346)        | (1,357,760)        |
| Securities issued                                    | (628,520)          | (541,422)          |
| Subordinated liabilities                             | (194,088)          | (202,425)          |
| <b>Total interest expense and similar expense</b>    | <b>(2,202,080)</b> | <b>(2,408,352)</b> |
| <b>Net interest income</b>                           | <b>6,361,122</b>   | <b>6,803,271</b>   |

"Interest expense arising from deposits from customers" includes net interest income from the hedging derivative instrument upon a fair value hedge of term deposits of CZK 28,589 thousand in line with IAS 39.

## 6. CHANGES IN PROVISIONS FOR CREDIT RISKS

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| <b>Changes in loan loss provisions</b>                        |                    |                    |
| Charge for provisions   | (4,309,671)        | (4,510,914)        |
| Release of provisions   | 2,735,828          | 2,585,806          |
| Use of provisions   | 1,972,420          | 859,839            |
| Nominal value of assigned and written off receivables         | (1,980,429)        | (863,346)          |
| <i>of which: direct write-off of receivables</i>              | (7,987)            | (3,507)            |
| Recoveries  | 11,952             | 6,023              |
| <b>Total changes in loan loss provisions</b>                  | <b>(1,569,900)</b> | <b>(1,922,592)</b> |
| <b>Provisions for off balance sheet credit risk exposures</b> |                    |                    |
| Charge for provisions   | (232,944)          | (4,803)            |
| Release of provisions   | 4,803              | 30,684             |
| <b>Total change in provisions for off-balance sheet risks</b> | <b>(228,141)</b>   | <b>25,881</b>      |
| <b>Change in provisions for credit risks</b>                  | <b>(1,798,041)</b> | <b>(1,896,711)</b> |

## 7. NET FEE AND COMMISSION INCOME

| CZK thousand                                   | 2012             | 2011             |
|--|------------------|------------------|
| <b>Fee and commission income arising from</b>  |                  |                  |
| Payment transactions                           | 1,929,658        | 1,910,387        |
| Provided loans and guarantees                  | 625,869          | 673,988          |
| Securities transactions                        | 108,528          | 97,929           |
| Financial operations                           | 14,195           | 15,215           |
| Other banking services                         | 151,061          | 125,580          |
| <b>Total fee and commission income</b>         | <b>2,829,311</b> | <b>2,823,099</b> |
| <b>Fee and commission expense arising from</b> |                  |                  |
| Payment transactions                           | (473,867)        | (459,967)        |
| Receiving of loans and guarantees              | (70,783)         | (65,881)         |
| Securities transactions                        | (8,572)          | (8,094)          |
| Securitisation                                 | (25,112)         | (29,071)         |
| Financial operations                           | (5,644)          | (5,923)          |
| Mediation of the sale of the Bank's products   | (19,593)         | (28,513)         |
| Other banking services                         | (37,762)         | (26,377)         |
| <b>Total fee and commission expense</b>        | <b>(641,333)</b> | <b>(623,826)</b> |
| <b>Net fee and commission income</b>           | <b>2,187,978</b> | <b>2,199,273</b> |

## 8. NET PROFIT ON FINANCIAL OPERATIONS

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| <b>Interest rate derivatives</b>   | <b>313,534</b>   | <b>108,323</b>   |
| <b>Commodity derivatives</b>   | <b>3,054</b>     | <b>525</b>       |
| <b>Equity derivatives</b>  | <b>(39)</b>      | <b>(4,038)</b>   |
| <b>Profit/loss from foreign currency transactions</b>                            | <b>972,778</b>   | <b>1,062,256</b> |
| of which: <i>Customer foreign currency result</i>                                | 941,311          | 908,401          |
| <i>FX proprietary P/L</i>  | 31,467           | 153,855          |
| <b>Profit/loss from transactions with securities</b>                             | <b>58,369</b>    | <b>41,869</b>    |
| of which: <i>Portfolio of securities available for sale</i>                      | 12,888           | -                |
| <i>Portfolio of securities held for trading</i>                                  | 39,685           | 21,825           |
| <i>Portfolio of securities at fair value through profit or loss</i>              | 61,069           | 25,651           |
| <i>Own issue</i>   | (55,273)         | (5,607)          |
| <b>Change in the fair value of the hedged item in the fair value hedging</b>     | <b>(136,627)</b> | <b>-</b>         |
| <b>Change in the fair value of hedging derivatives in the fair value hedging</b> | <b>128,577</b>   | <b>-</b>         |
| <b>Total</b>   | <b>1,339,646</b> | <b>1,208,935</b> |

The "Customer foreign currency result" line item reflects margins from foreign currency transactions with customers.

The "FX proprietary P/L" line item reflects the impact of proprietary trading and the impact of the revaluation of foreign currency positions using the Czech National Bank's exchange rate.

In 2012, the Bank started to apply hedge accounting in the fair value hedge of term deposits.

## 9. DIVIDEND INCOME

"Income from other shares and participation interest" amounted to CZK 30,684 thousand (2011: CZK 31,925 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. of CZK 30,000 thousand (2011: CZK 30,000 thousand).

In the years ended 31 December 2012 and 2011, the Bank recorded no dividend income from associates.

## 10. OTHER OPERATING INCOME, NET

| CZK thousand                                    | 2012          | 2011          |
|---|---------------|---------------|
| Change in operating provisions                  | (13,258)      | 12,472        |
| Gain from disposal of in-/tangible fixed assets | 16,919        | 3,735         |
| Other operating income                          | 64,666        | 72,446        |
| <b>Total</b>                                    | <b>68,327</b> | <b>88,653</b> |

"Other operating income" predominantly includes income from the lease of the Bank's assets of CZK 46,097 thousand (2011: CZK 42,705 thousand).

## 11. GENERAL ADMINISTRATIVE EXPENSES

| CZK thousand   | 2012               | 2011               |
|--|--------------------|--------------------|
| <b>Payroll costs (Note 12)</b>   | <b>(2,909,934)</b> | <b>(2,998,271)</b> |
| <b>Administrative expenses:</b>  | <b>(2,061,888)</b> | <b>(1,965,854)</b> |
| Rental, repairs and other office management expenses                   | (627,741)          | (582,215)          |
| Advertising costs  | (223,522)          | (293,721)          |
| Costs of legal and advisory services                                   | (413,196)          | (280,814)          |
| <i>Of which: Audit</i>   | (7,142)            | (9,951)            |
| <i>Tax advisory</i>  | (15,573)           | (3,296)            |
| IT support costs   | (261,057)          | (224,365)          |
| Deposit and transaction insurance                                      | (213,981)          | (198,155)          |
| Telecommunication, postal and other services                           | (140,535)          | (162,420)          |
| Security costs   | (47,849)           | (57,787)           |
| Training costs   | (32,404)           | (43,746)           |
| Office equipment   | (31,126)           | (36,505)           |
| Travel costs   | (30,334)           | (28,867)           |
| Fuel   | (20,087)           | (20,479)           |
| Other administrative expenses  | (20,056)           | (36,780)           |
| <b>Depreciation and amortisation of fixed assets (Notes 22 and 23)</b> | <b>(556,163)</b>   | <b>(533,200)</b>   |
| <b>Loss from impaired intangible assets (Note 22)</b>                  | <b>(70,272)</b>    | <b>-</b>           |
| <b>Other operating expenses</b>  | <b>(113,473)</b>   | <b>(86,191)</b>    |
| <b>Total</b>   | <b>(5,711,730)</b> | <b>(5,583,516)</b> |

"Deposit and transaction insurance" includes the costs of the payment to the Deposit Insurance Fund.

## 12. PAYROLL COSTS

| CZK thousand                                | 2012               | 2011               |
|---|--------------------|--------------------|
| Wages and salaries                          | (2,201,935)        | (2,212,748)        |
| Social security and health insurance        | (636,323)          | (698,099)          |
| Other staff costs                           | (71,676)           | (87,424)           |
| <b>Total</b>                                | <b>(2,909,934)</b> | <b>(2,998,271)</b> |
| <b>Of which wages and salaries paid to:</b> |                    |                    |
| Members of the Board of Directors           | (55,451)           | (44,582)           |
| Members of the Supervisory Board            | (7,268)            | (5,907)            |
| Other members of management                 | (85,285)           | (96,343)           |
| <b>Total</b>                                | <b>(148,004)</b>   | <b>(146,832)</b>   |

The average number of the Bank's employees as of 31 December 2012 and 2011 was as follows:

|                                   | 2012  | 2011  |
|-----------------------------------|-------|-------|
| Employees                         | 2,895 | 2,919 |
| Members of the Board of Directors | 6     | 6     |
| Members of the Supervisory Board  | 9     | 9     |
| Other members of management       | 23    | 26    |

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

## 13. INCOME TAX

### (a) Income Tax Expense

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| Current income tax payable                                     | (500,000)        | (490,000)        |
| Tax overpayment/(additional payments) from the previous period | 1,121            | (73,709)         |
| Deferred income tax credit                                     | (5,946)          | (68,536)         |
| <b>Total income tax</b>  | <b>(504,825)</b> | <b>(632,245)</b> |

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

| CZK thousand  | 2012             | 2011             |
|---|------------------|------------------|
| <b>Pre-tax profit (general tax base)</b>  | <b>2,477,941</b> | <b>2,851,163</b> |
| Pre-tax profit (separate tax base)  | 45               | 667              |
| <b>Total pre-tax profit</b>   | <b>2,477,986</b> | <b>2,851,830</b> |
| <b>Tax calculated at the tax rate for the general tax base - 19% (2011: 19%)</b>  | <b>(470,809)</b> | <b>(541,721)</b> |
| Tax calculated at the tax rate for the separate tax base (rate of 15%)  | (7)              | (100)            |
| Non-taxable income (tax effect)   | 526,651          | 542,386          |
| Non-tax deductible expenses (tax effect)  | (556,254)        | (491,150)        |
| Tax relief and credit   | 419              | 585              |
| <b>Tax liability for the period</b>   | <b>(500,000)</b> | <b>(490,000)</b> |
| Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years | 1,121            | (73,709)         |
| Deferred tax  | (5,946)          | (68,536)         |
| <b>Total income tax</b>   | <b>(504,825)</b> | <b>(632,245)</b> |
| <b>Effective tax rate</b>   | <b>20.37%</b>    | <b>22.17%</b>    |

The significant amount of non-tax deductible expenses is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables.

The increase in "Deferred tax" in 2011 is primarily due to a significant year-on-year increase in the difference between the tax and accounting carrying values of tangible assets (increase in the deferred tax liability), refer to Note 19.

### (b) Income Tax Payable/Receivable

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| Tax calculated at the tax rate for the general tax base - 19 % (2011: 19%) | (499,993)        | (489,900)        |
| Tax calculated at the tax rate for the separate tax base (rate of 15%)     | (7)              | (100)            |
| <b>Tax liability for the period</b>  | <b>(500,000)</b> | <b>(490,000)</b> |
| Advances paid for current income tax                                       | 648,425          | 664,241          |
| <b>Total income tax receivable</b>   | <b>148,425</b>   | <b>174,241</b>   |

For additional details on the deferred tax, refer to Note 19.

## 14. CASH AND BALANCES WITH CENTRAL

| CZK thousand                                       | 2012             | 2011             |
|--|------------------|------------------|
| Cash on hand and other cash equivalents            | 2,646,078        | 2,792,708        |
| Balances with central banks                        | 587,122          | 129,266          |
| Statutory minimum reserves maintained with the CNB | 1,731,310        | 1,002,228        |
| <b>Total</b>                                       | <b>4,964,510</b> | <b>3,924,202</b> |

Statutory minimum reserves include deposits, the amount of which is determined based on the regulation declared by the Czech National Bank and the drawing of which is limited. The Bank may draw an amount from obligatory minimum reserves which exceeds the actual average amount of the statutory minimum reserves for the particular period calculated according to the Czech National Bank's regulation.

For the information on cash and cash equivalents reported in the cash flow statement, refer to Note 31.

## 15. SECURITIES

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

| CZK thousand   | 2012              | 2011              |
|--|-------------------|-------------------|
| <b>Securities held to maturity (debt securities)</b>                         | <b>13,977,382</b> | <b>17,544,075</b> |
| <b>Securities at fair value through profit or loss</b>                       | <b>11,457,440</b> | <b>7,977,726</b>  |
| <b>of which: Securities held for trading</b>                                 | <b>11,196,027</b> | <b>3,713,986</b>  |
| - Debt securities  | 11,181,524        | 3,702,337         |
| - Shares and participation certificates                                      | 14,503            | 11,649            |
| <b>of which: Securities designated as FVTPL on initial recognition</b>       | <b>261,413</b>    | <b>4,263,740</b>  |
| - Debt securities  | 141,752           | 3,836,014         |
| - Shares and participation certificates                                      | 119,661           | 427,726           |
| <b>Securities available for sale (shares and participation certificates)</b> | <b>536,948</b>    | <b>540,044</b>    |
| <b>Total</b>   | <b>25,971,770</b> | <b>26,061,845</b> |
| of which: repayable within one year  | 11,178,837        | 11,202,699        |
| repayable in more than one year  | 14,792,933        | 14,859,147        |

"Securities held to maturity" includes bonds and state treasury bill of the Czech Republic.

"Securities at fair value through profit or loss" includes government bonds and treasury bills of CZK 10,974,782 thousand (2011: CZK 7,059,478 thousand) which may be used for refinancing with central banks.

"Securities available for sale" includes the Bank's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 516,106 thousand (2011: CZK 516,106 thousand) and other minority investments of the Bank.

In 2012, the Bank changed its investment strategy and holds most of newly acquired securities in the "Securities held for trading" portfolio.

The remeasurement of securities available for sale for 2012 and 2011 amounted to CZK (5,605) thousand and CZK 4,193 thousand, respectively, and is included in the comprehensive income for the period.

### (b) Securities Pledged as Collateral

As of 31 December 2012 and 2011, the Bank concluded no repurchase transaction and provided no securities pledged as collateral.

## 16. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

| CZK thousand                                       | 2012              | 2011              |
|--|-------------------|-------------------|
| Placements with financial institutions             | 689,393           | 487,534           |
| Term deposits with banks                           | 5,135,295         | 2,298,897         |
| Loans and other advances to financial institutions | 8,627,429         | 9,453,847         |
| <b>Total</b>                                       | <b>14,452,117</b> | <b>12,240,278</b> |
| <i>of which: repayable within one year</i>         | 14,452,117        | 12,240,278        |

"Loans and other advances to financial institutions" includes reverse repurchase transactions. As part of the reverse repurchase transactions (primarily with the Czech National Bank), the Bank provided loans in the aggregate amount of CZK 8,561,967 thousand (2011: CZK 9,205,805 thousand).

## 17. LOANS AND ADVANCES TO CUSTOMERS

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

| CZK thousand                           | 2012               | 2011               |
|--|--------------------|--------------------|
| Overdrafts                             | 10,456,841         | 10,612,433         |
| Term loans                             | 76,157,933         | 79,276,103         |
| Mortgage loans                         | 62,395,418         | 67,600,803         |
| Other                                  | 1,128,050          | 1,017,930          |
| <b>Total</b>                           | <b>150,138,242</b> | <b>158,507,269</b> |
| <i>of which: repayable at request</i>  | 10,456,841         | 10,612,433         |
| <i>repayable within one year</i>       | 38,243,409         | 41,503,428         |
| <i>repayable in more than one year</i> | 101,437,992        | 106,391,408        |

In 2012, the Bank restructured loans and advances to customers in the aggregate amount of CZK 3,357,639 thousand (2011: CZK 3,085,631 thousand).

### (b) Repurchase and reverse repurchase transactions

As of 31 December 2012 and 2011, the Bank reported no repurchase transactions with customers. The Bank advanced loans in the aggregate amount of CZK 805 thousand (2011: CZK 2,004 thousand) under reverse repurchase transactions. .

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

| CZK thousand                            | 2012               | 2011               |
|---|--------------------|--------------------|
| Government sector                       | 253,622            | 173,862            |
| Loans to corporate entities             | 75,026,700         | 78,593,353         |
| Loans to private individuals            | 70,244,052         | 75,182,848         |
| Small and medium size enterprises (SME) | 4,613,868          | 4,557,179          |
| Other                                   | -                  | 27                 |
| <b>Total</b>                            | <b>150,138,242</b> | <b>158,507,269</b> |

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

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| Czech Republic  | 144,235,039        | 153,345,527        |
| Slovakia  | 1,335,132          | 1,332,879          |
| Other EU member countries                               | 2,889,778          | 2,219,413          |
| Other (Canada, USA, Ukraine, United Arab Emirates etc.) | 1,678,293          | 1,609,450          |
| <b>Total</b>  | <b>150,138,242</b> | <b>158,507,269</b> |

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

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

| CZK thousand<br>Overdue in days | Overdue loans and receivables |           | Discounted value of collateral |           |
|---------------------------------|-------------------------------|-----------|--------------------------------|-----------|
|                                 | 2012                          | 2011      | 2012                           | 2011      |
| 1 - 30                          | 4,728,654                     | 5,054,023 | 2,755,864                      | 3,052,491 |
| 31 - 90                         | 24,935                        | 53,482    | 7,935                          | 46,325    |
| 91 - 180                        | 81,009                        | 79,678    | 25,989                         | 8,553     |
| 181 - 360                       | 45,221                        | 2,235     | 19,786                         | 2,818     |
| 1 year - 5 years                | 173,321                       | 13,205    | 161,364                        | 10,601    |

Although the discounted value of collateral does not fully cover the amount of receivables in the "0 - 30" category, the Bank recognised no individual provisions since most of the receivables in this category are overdue only by one day.

**(f) Analysis of Loans Provided to Customers by Default Categories**

| CZK thousand<br>2012              | Before due<br>date | Less than<br>1 month | 1 month to<br>3 months | 3 months<br>to 6 months | 6 months to<br>1 year | Over<br>1 year   | Total              |
|-----------------------------------|--------------------|----------------------|------------------------|-------------------------|-----------------------|------------------|--------------------|
| <b>Amounts due from customers</b> |                    |                      |                        |                         |                       |                  |                    |
| - without default                 | 132,755,347        | -                    | -                      | -                       | -                     | -                | <b>132,755,347</b> |
| - with default                    | 4,528,697          | 5,438,875            | 1,040,103              | 1,151,232               | 204,363               | 5,019,625        | <b>17,382,895</b>  |
| <b>Gross</b>                      | <b>137,284,044</b> | <b>5,438,875</b>     | <b>1,040,103</b>       | <b>1,151,232</b>        | <b>204,363</b>        | <b>5,019,625</b> | <b>150,138,242</b> |
| Provisions                        | (1,358,789)        | (277,587)            | (171,120)              | (639,576)               | (90,378)              | (3,844,537)      | <b>(6,381,987)</b> |
| <b>Net</b>                        | <b>135,925,255</b> | <b>5,161,288</b>     | <b>868,983</b>         | <b>511,656</b>          | <b>113,985</b>        | <b>1,175,088</b> | <b>143,756,255</b> |

| CZK thousand<br>2011              | Before due<br>date | Less than<br>1 month | 1 month to<br>3 months | 3 months<br>to 6 months | 6 months to<br>1 year | Over<br>1 year   | Total              |
|-----------------------------------|--------------------|----------------------|------------------------|-------------------------|-----------------------|------------------|--------------------|
| <b>Amounts due from customers</b> |                    |                      |                        |                         |                       |                  |                    |
| - without default                 | 139,592,068        | -                    | -                      | -                       | -                     | -                | <b>139,592,068</b> |
| - with default                    | 5,160,251          | 5,572,007            | 1,521,475              | 970,800                 | 171,427               | 5,519,241        | <b>18,915,201</b>  |
| <b>Gross</b>                      | <b>144,752,319</b> | <b>5,572,007</b>     | <b>1,521,475</b>       | <b>970,800</b>          | <b>171,427</b>        | <b>5,519,241</b> | <b>158,507,269</b> |
| Provisions                        | (1,540,531)        | (142,652)            | (380,312)              | (395,298)               | (86,295)              | (4,257,214)      | <b>(6,802,302)</b> |
| <b>Net</b>                        | <b>143,211,788</b> | <b>5,429,355</b>     | <b>1,141,163</b>       | <b>575,502</b>          | <b>85,132</b>         | <b>1,262,027</b> | <b>151,704,967</b> |

The amounts due from customers "without default" in the table above are amounts due that are not past their due dates and the individual provision is zero. Other amounts due from customers are reported within "with default".

## (g) Securitisation

There were no new securitisation type transactions during the year ended 31 December 2012. Since March 2006, the Bank has carried out a synthetic securitisation of the Corporate Banking loans portfolio. The entire transaction will mature in 2016.

At the end of 2012, the loan portfolio included in this securitisation amounted to CZK 391 million (2011: CZK 890 million). The decrease in the volume of the securitisation portfolio in 2012 is due to the end of the five-year period in which the Bank could add new loans to the securitisation portfolio and thus replace those that have matured.

## (h) Syndicated Loans

Pursuant to concluded syndicated loan agreements, the Bank acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 5,222,500 thousand as of 31 December 2012 (2011: CZK 3,885,600 thousand), of which the proportion of the Bank amounted to CZK 2,239,970 thousand (2011: CZK 1,586,400 thousand) and the proportion of other syndicate members amounted to CZK 2,982,530 thousand (2011: CZK 2,299,200 thousand).

As of 31 December 2012, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 4,199,243 thousand (2011: CZK 3,304,475 thousand), of which the proportion of the Bank was CZK 1,665,610 thousand (2011: CZK 1,258,290 thousand) and the proportion of other syndicate members was CZK 2,533,633 thousand (2011: CZK 2,046,185 thousand).

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

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

| 2012   | Cash collateral | State guarantees | Bank guarantee   | Real estate       | Company guarantee | Bill guarantee    | Personal guarantee | Movable assets    | Uncollateralised  | Total              |
|--|-----------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| Agriculture, Hunting, Forestry and Fishing   | 200             | -                | 25,803           | 171,204           | 104,922           | 531,064           | 52,127             | 241,835           | 153,826           | 1,280,981          |
| Mining and Quarrying   | -               | -                | 11,520           | 12,156            | 9,130             | 14,229            | -                  | 8,184             | 12,262            | 67,481             |
| Manufacturing  | 15,227          | -                | 821,604          | 2,149,434         | 737,457           | 3,466,517         | 2,252,113          | 4,239,687         | 2,635,156         | 16,317,195         |
| Electricity, Gas and Water Supply  | 20,055          | -                | 1,313            | 59,674            | 99,129            | 1,100,625         | 68,602             | 804,036           | 392,702           | 2,546,136          |
| Construction   | 14,910          | -                | 38,679           | 799,181           | 24,217            | 856,168           | 53,457             | 768,858           | 1,511,437         | 4,066,907          |
| Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods | 39,715          | -                | 239,936          | 2,534,515         | 604,480           | 3,508,866         | 1,025,951          | 3,394,782         | 3,989,051         | 15,337,296         |
| Hotels and Restaurants   | 10,011          | -                | 4,174            | 936,360           | 9,510             | 840,652           | 6,721              | 67,743            | 1,060,642         | 2,935,813          |
| Transport, Storage and Communication   | 4,585           | 355,275          | 30,510           | 274,137           | 35,804            | 436,394           | 18,187             | 322,319           | 1,031,681         | 2,508,892          |
| Financial Intermediation   | 172,799         | -                | 1,845,635        | 224,923           | 542,183           | 603,027           | 3,039              | 75,083            | 1,393,273         | 4,659,962          |
| Real Estate,   | 348,696         | 684,689          | 107,137          | 12,840,116        | 984,736           | 4,252,941         | 477,350            | 1,647,300         | 6,543,087         | 27,886,052         |
| Public Administration and Defence; Compulsory Social Security                                      | 421             | -                | -                | 57,710            | 31,013            | 22,875            | 360                | 7,320             | 153,506           | 273,205            |
| Education  | -               | -                | -                | 12,536            | -                 | 19,190            | -                  | 1,012             | 43,127            | 75,865             |
| Health and Social Work   | 533             | 26,088           | 3,065            | 102,935           | -                 | 117,866           | -                  | 7,706             | 27,832            | 286,025            |
| Other Community, Social and Personal Service Activities  | 13,089          | -                | 52,104           | 193,439           | 136,248           | 209,317           | 10,944             | 186,960           | 650,279           | 1,452,380          |
| Private Households With Employed Persons   | -               | 195              | -                | 57,567,051        | 18,752            | 12,768            | 3,894,591          | -                 | 8,750,695         | 70,244,052         |
| <b>Total</b>   | <b>640,241</b>  | <b>1,066,247</b> | <b>3,181,480</b> | <b>77,935,371</b> | <b>3,337,581</b>  | <b>15,992,499</b> | <b>7,863,442</b>   | <b>11,772,825</b> | <b>28,348,556</b> | <b>150,138,242</b> |

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Bank uses the collateral in nominal value.

In 2012, the Bank fine-tuned the allocation of collateral and noted an inaccuracy in the "Uncollateralised" category in the value of collateral by individual types as of 31 December 2011, where it did not disclose the value of partially uncollateralised loans and advances. In accordance with IFRS, the Bank adjusted the comparative period.

| 2011         | Cash collateral | State guaranties | Bank guarantee   | Real estate       | Company guarantee | Bill guarantee    | Personal guarantee | Movable assets    | Uncollateralised  | Total              |
|--------------|-----------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
|              | 2,883           | -                | 4,440            | 193,859           | 88,923            | 509,288           | 216,588            | 232,295           | 98,865            | 1,347,141          |
|              | -               | -                | 12,246           | 5,990             | 11,268            | 9,367             | -                  | 8,660             | 11,595            | 59,126             |
|              | 9,544           | -                | 990,649          | 2,559,591         | 837,432           | 4,066,999         | 1,302,264          | 4,555,217         | 2,702,353         | 17,024,049         |
|              | 7,029           | -                | 6,140            | 28,255            | 4,219             | 1,112,247         | 123,813            | 473,821           | 1,139,876         | 2,895,400          |
|              | 4,585           | -                | 88,807           | 896,261           | 8,713             | 1,084,465         | 88,531             | 1,082,288         | 1,199,694         | 4,453,344          |
|              | 36,554          | -                | 349,074          | 3,799,596         | 839,582           | 3,905,033         | 552,900            | 4,212,096         | 3,796,437         | 17,491,272         |
|              | 6,254           | -                | 16,891           | 1,249,644         | 10,181            | 518,548           | 10,481             | 73,913            | 1,090,862         | 2,976,774          |
|              | 5,163           | 769,309          | 32,582           | 324,831           | 41,436            | 449,480           | 14,968             | 394,079           | 596,765           | 2,628,613          |
|              | 219,678         | -                | 1,559,663        | 421,264           | 41,904            | 339,573           | -                  | 180,586           | 2,623,959         | 5,386,627          |
|              | 267,452         | 587,311          | 228,705          | 11,271,188        | 882,031           | 5,332,088         | 490,237            | 1,501,930         | 5,864,926         | 26,425,868         |
|              | 1,058           | -                | -                | 86,367            | -                 | 50,866            | -                  | 52,155            | 21,484            | 211,930            |
|              | 294             | -                | -                | 29,195            | -                 | 20,897            | -                  | 1,675             | 26,170            | 78,231             |
|              | 3,905           | 36,556           | 2,811            | 277,239           | 2,561             | 159,142           | -                  | 20,589            | 175,818           | 678,621            |
|              | 8,036           | -                | 93,345           | 239,320           | 155,432           | 277,221           | 1,187              | 291,220           | 601,664           | 1,667,425          |
|              | -               | 210              | 572              | 62,594,536        | 33,799            | 11,833            | 3,692,622          | -                 | 8,849,276         | 75,182,848         |
| <b>Total</b> | <b>572,435</b>  | <b>1,393,386</b> | <b>3,385,925</b> | <b>83,977,136</b> | <b>2,957,481</b>  | <b>17,847,047</b> | <b>6,493,591</b>   | <b>13,080,524</b> | <b>28,799,744</b> | <b>158,507,269</b> |

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Bank uses the collateral in nominal value.

## 18. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| <b>Clients</b>  |                    |                    |
| Balance at 1 January  | (6,802,302)        | (5,714,375)        |
| Charge for provisions   | (4,309,671)        | (4,510,805)        |
| Release of provisions   | 2,735,828          | 2,585,806          |
| Usage of provisions for the write-off and assignment of receivables | 1,972,420          | 859,839            |
| FX gains from provisions denominated in a foreign currency          | 21,738             | (22,767)           |
| <b>Balance at 31 December</b>                                       | <b>(6,381,987)</b> | <b>(6,802,302)</b> |
| <b>Banks</b>  |                    |                    |
| Balance at 1 January  | (110)              | -                  |
| Charge for provisions   | -                  | (110)              |
| <b>Balance at 31 December</b>                                       | <b>(110)</b>       | <b>(110)</b>       |
| <b>Total</b>  | <b>(6,382,097)</b> | <b>(6,802,412)</b> |

## 19. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2013).

Deferred income tax assets are as follows:

| CZK thousand                                | 2012           | 2011           |
|---|----------------|----------------|
| Unpaid interest on loans of non-residents   | 278,590        | 288,607        |
| Unpaid social security and health insurance | 92,000         | 98,548         |
| Outstanding vacation days                   | 9,092          | 13,568         |
| Other provisions                            | 86,216         | 24,776         |
| <b>Total deferred tax asset</b>             | <b>465,898</b> | <b>425,499</b> |

Deferred income tax liabilities are as follows:

| tis. Kč   | 2012             | 2011             |
|---|------------------|------------------|
| Differences between accounting and tax carrying amounts of tangible and intangible assets       | (320,678)        | (274,332)        |
| Amount on the valuation difference in equity from revaluation of securities available for sales | (55)             | (1,121)          |
| <b>Total deferred tax liability</b>   | <b>(320,733)</b> | <b>(275,453)</b> |

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

| CZK thousand                              | 2012             | 2011             |
|---|------------------|------------------|
| Balance at 1 January                      | 425,499          | 374,607          |
| Movement for the year - income/(expense)  | 40,399           | 50,892           |
| <b>Total deferred tax asset</b>           | <b>465,898</b>   | <b>425,499</b>   |
| Balance at 1 January                      | (275,453)        | (155,265)        |
| Movement for the year - income/(expense)  | (46,345)         | (119,427)        |
| Movement for the year - equity            | 1,065            | (761)            |
| <b>Total deferred tax liability</b>       | <b>(320,733)</b> | <b>(275,453)</b> |
| <b>Net deferred tax asset/(liability)</b> | <b>145,165</b>   | <b>150,046</b>   |

The deferred tax (charge)/credit in the profit or loss and equity:

| CZK thousand  | 2012           | 2011            |
|---|----------------|-----------------|
| Basis for deferred tax asset  | 764,025        | 789,715         |
| Deferred tax asset  | 145,165        | 150,046         |
| Recognition of a year-on-year difference due to temporary differences in profit or loss | (5,946)        | (68,536)        |
| Recognition of a year-on-year difference due to temporary differences in equity         | 1,065          | (761)           |
| <b>Total year-on-year difference for recognition</b>                                    | <b>(4,881)</b> | <b>(69,297)</b> |

## 20. OTHER ASSETS

| CZK thousand                                     | 2012             | 2011             |
|--|------------------|------------------|
| Indirect tax assets                              | 7,047            | 14,035           |
| Receivables arising from non-banking activities  | 490,511          | 536,709          |
| Deferred expenses and accrued income             | 9,184            | 10,295           |
| Receivables from securities trading              | 142,728          | 8,423            |
| Settlement of cash transactions with other banks | 351,106          | 1,278,165        |
| Other  | 94,630           | 157,709          |
| <b>Total</b>                                     | <b>1,095,206</b> | <b>2,005,336</b> |

## 21. EQUITY INVESTMENTS

### (a) Equity Investments

| CZK thousand                   | 2012           | 2011           |
|--------------------------------|----------------|----------------|
| <b>Balance at 1 January</b>    | <b>132,737</b> | <b>132,737</b> |
| Addition to equity investments | 193,000        | -              |
| <b>Balance at 31 December</b>  | <b>325,737</b> | <b>132,737</b> |

In 2012, the Company formed Raiffeisen IS a.s and Raiffeisen penzijní společnost a.s.

The contribution of the Bank in the share capital of Raiffeisen IS a.s. was CZK 40,000 thousand and the Bank has a share in the voting rights of 100%. The Bank's contribution to Raiffeisen penzijní společnosti a.s. was CZK 153,000 thousand and the Bank has a controlling share in the voting rights of 51%.

In 2011, the Bank purchased no equity investments.

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

| CZK thousand                        |                            | Equity  | Of which Share capital | Share of share capital | Share of voting power | Carrying amount |
|-------------------------------------|----------------------------|---------|------------------------|------------------------|-----------------------|-----------------|
| Name                                | Registered office          |         |                        |                        |                       |                 |
| Czech Real Estate Fund B.V.         | Amsterdam, Naritaweg 165   | 77,890  | 453                    | 20%                    | 20%                   | 55,839          |
| Raiffeisen IS a.s.                  | Prague 4, Hvězdova 1716/2b | 40,000  | 40,000                 | 100%                   | 100%                  | 40,000          |
| Raiffeisen penzijní společnost a.s. | Prague 4, Hvězdova 1716/2b | 285,050 | 300,000                | 51%                    | 51%                   | 153,000         |
| Transaction System Servis s.r.o.    | Prague 4, Hvězdova 1716/2b | 104     | 200                    | 100%                   | 100%                  | 210             |
| <b>Total at 31 December 2012</b>    |                            |         |                        |                        |                       | <b>249,049</b>  |
| Czech Real Estate Fund B.V.         | Amsterdam, Naritaweg 165   | 62,227  | 464                    | 20%                    | 20%                   | 55,839          |
| Transaction System Servis s.r.o.    | Prague 4, Hvězdova 1716/2b | 105     | 200                    | 100%                   | 100%                  | 210             |
| <b>Total at 31 December 2011</b>    |                            |         |                        |                        |                       | <b>56,049</b>   |

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

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

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

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

**Raiffeisen IS a.s.**

- Offer of investment products
- Administration of investment and participation funds

**Raiffeisen penzijní společnost a.s.**

- Mediation of additional pension insurance. The entity holds a licence for the provision of additional pension insurance under the second and third pension pillars.

The other shareholder having a share in the equity and voting powers is Tatra Asset Management, správn. spol., a.s.

**Transaction System Servis s.r.o. – principal activities:**

- Development of the banking systemu

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

| CZK thousand                     |                            |         | Of which      | Share of      | Share of     | Carrying amount |
|----------------------------------|----------------------------|---------|---------------|---------------|--------------|-----------------|
| Name                             | Registered office          | Equity  | Share capital | share capital | voting power |                 |
| CCRB a.s.                        | Prague 1, V Celnici 1031/4 | 78,435  | 100,000       | 49%           | 49%          | 49,000          |
| Raiffeisen-Leasing, s.r.o.       | Hvězdova 1716/2b, Prague 4 | 139,815 | 50,000        | 50%           | 50%          | 25,188          |
| <b>Total at 31 December 2012</b> |                            |         |               |               |              | <b>74,188</b>   |
| CCRB a.s.                        | Prague 1, V Celnici 1031/4 | 90,445  | 100,000       | 49%           | 49%          | 49,000          |
| <b>Total at 31 December 2011</b> |                            |         |               |               |              | <b>49,000</b>   |

**CCRB a.s. – principal activities:**

- Purchase and recovery of receivables

The other shareholders having a share in the equity and voting powers in CCRB a.s. are CASPER CONSULTING a.s. (50%) and an individual (1%).

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

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

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

Following agreement with the other shareholder, changes were made to the internal guidelines of Raiffeisen - Leasing, s.r.o. in 2012. The Bank, as one of the shareholders, newly focuses primarily on advisory services and “cross sale” opportunities, and the other shareholder focuses on the active management of operational and financial policies. In terms of control according to IFRS, significant influence is exercised by the other shareholder and the Bank has reported Raiffeisen leasing, s.r.o. as an associate since 2012. Nominal shares in the share capital did not change for both shareholders.

**(d) Joint Ventures**

| CZK thousand                     |                            |         | Of which      | Share of      | Share of     |                 |
|----------------------------------|----------------------------|---------|---------------|---------------|--------------|-----------------|
| Name                             | Registered office          | Equity  | Share capital | share capital | voting power | Carrying amount |
| DEBITUM dluhová agentura a.s.    | Prague 1, Olivova 2096/4   | (5,484) | 5,000         | 50%           | 50%          | 2,500           |
| <b>Total at 31 December 2012</b> |                            |         |               |               |              | <b>2,500</b>    |
| Raiffeisen-Leasing, s.r.o.       | Hvězdova 1716/2b, Prague 4 | 124,985 | 50,000        | 50%           | 50%          | 25,188          |
| DEBITUM dluhová agentura a.s.    | Prague 1, Olivova 2096/4   | (7,429) | 5,000         | 50%           | 50%          | 2,500           |
| <b>Total at 31 December 2011</b> |                            |         |               |               |              | <b>27,688</b>   |

**DEBITUM dluhová agentura a.s. – principal activities:**

- Administration of receivables

The other shareholder having a share in the equity and voting powers in DEBITUM dluhová agentura a.s. is CASPER CONSULTING a.s.

**22. INTANGIBLE FIXED ASSETS**

| CZK thousand                            | Software           | Intangible assets under construction | Total              |
|---|--------------------|--------------------------------------|--------------------|
| <b>Cost</b>                             |                    |                                      |                    |
| 1 January 2011                          | 1,918,578          | 1,027,235                            | 2,945,813          |
| Additions                               | 197,392            | 971,042                              | 1,168,434          |
| Disposals                               | (4,627)            | -                                    | (4,627)            |
| Other changes (transfers)               | 239,237            | (239,237)                            | -                  |
| <b>31 December 2011</b>                 | <b>2,350,580</b>   | <b>1,759,040</b>                     | <b>4,109,620</b>   |
| Additions                               | 120,362            | 888,083                              | 1,008,445          |
| Disposals                               | -                  | (70,272)                             | (70,272)           |
| Other changes (transfers)               | 88,940             | (88,940)                             | -                  |
| <b>31 December 2012</b>                 | <b>2,559,882</b>   | <b>2,487,911</b>                     | <b>5,047,793</b>   |
| <b>Accumulated amortisation</b>         |                    |                                      |                    |
| 1 January 2011                          | (1,405,290)        | -                                    | (1,405,290)        |
| Additions - annual amortisation charges | (261,213)          | -                                    | (261,213)          |
| Disposals                               | 4,627              | -                                    | 4,627              |
| <b>31 December 2011</b>                 | <b>(1,661,876)</b> | <b>-</b>                             | <b>(1,661,876)</b> |
| Additions - annual amortisation charges | (301,279)          | -                                    | (301,279)          |
| <b>31 December 2012</b>                 | <b>(1,963,155)</b> | <b>-</b>                             | <b>(1,963,155)</b> |
| <b>Net book value</b>                   |                    |                                      |                    |
| <b>31 December 2011</b>                 | <b>688,704</b>     | <b>1,759,040</b>                     | <b>2,447,744</b>   |
| <b>31 December 2012</b>                 | <b>596,727</b>     | <b>2,487,911</b>                     | <b>3,084,638</b>   |

The year-on-year increase in intangible assets under construction in 2012 relates to the development of a new banking system and other applications supporting the new banking system and the initiation of a series of new projects supporting the management of processes and increase in business activities. Internal costs (primarily staff costs and lease costs) which are required to generate these assets are capitalised. In 2012, internal costs of CZK 220,591 thousand (2011: CZK 219,543 thousand) were capitalised. Other additions to intangible assets under construction include purchases from external entities. In this category, the Bank does not report and record additions acquired through business combinations.

As part of the impairment testing of intangible assets under construction in accordance with IAS 36, an impairment of a new banking system of CZK 70,272 thousand was noted. The impairment was due to a change in the migration strategy of the new banking system.

"Other changes (transfers)" includes capitalisation of completed investments.

## 23. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

| CZK thousand                    | Land, buildings, technical improvements on buildings | Furniture and fixtures | Machinery and equipment | Tangible assets under construction | Total              |
|---------------------------------|--|------------------------|-------------------------|------------------------------------|--------------------|
| <b>Cost</b>                     |  |                        |                         |                                    |                    |
| 1 January 2011                  | 668,731  | 254,989                | 1,178,163               | 297,166                            | 2,399,049          |
| Additions                       | 145,133  | 27,945                 | 147,959                 | 144,488                            | 465,525            |
| Disposals                       | (15,662)   | (35,155)               | (361,751)               | (6,408)                            | (418,976)          |
| Other changes (transfers)       | 65,372   | 7,664                  | 185,048                 | (258,084)                          | -                  |
| <b>31 December 2011</b>         | <b>863,574</b>                                       | <b>255,443</b>         | <b>1,149,419</b>        | <b>177,162</b>                     | <b>2,445,598</b>   |
| Additions                       | 49,753   | 10,767                 | 86,674                  | 52,338                             | 199,532            |
| Disposals                       | (40,466)   | (9,884)                | (189,853)               | -                                  | (240,203)          |
| Other changes (transfers)       | 51,664   | 10,877                 | 98,076                  | (160,617)                          | -                  |
| <b>31 December 2012</b>         | <b>924,525</b>                                       | <b>267,203</b>         | <b>1,144,316</b>        | <b>68,883</b>                      | <b>2,404,927</b>   |
| <b>Accumulated depreciation</b> |  |                        |                         |                                    |                    |
| 1 January 2011                  | (368,459)  | (167,818)              | (873,323)               | -                                  | (1,409,600)        |
| Additions                       | (56,483)   | (22,523)               | (192,981)               | -                                  | (271,987)          |
| Disposals                       | 15,661   | 35,155                 | 356,167                 | -                                  | 406,983            |
| <b>31 December 2011</b>         | <b>(409,281)</b>                                     | <b>(155,186)</b>       | <b>(710,137)</b>        | <b>-</b>                           | <b>(1,274,604)</b> |
| Additions                       | (76,189)   | (26,410)               | (152,285)               | -                                  | (254,884)          |
| Disposals                       | 18,790   | 9,365                  | 182,224                 | -                                  | 210,379            |
| <b>31 December 2012</b>         | <b>(466,680)</b>                                     | <b>(172,231)</b>       | <b>(680,198)</b>        | <b>-</b>                           | <b>(1,319,109)</b> |
| <b>Net book value</b>           |  |                        |                         |                                    |                    |
| <b>31 December 2011</b>         | <b>454,293</b>                                       | <b>100,257</b>         | <b>439,282</b>          | <b>177,162</b>                     | <b>1,170,994</b>   |
| <b>31 December 2012</b>         | <b>457,845</b>                                       | <b>94,972</b>          | <b>464,118</b>          | <b>68,883</b>                      | <b>1,085,818</b>   |

The figures presented under "Other changes (transfers)" represent the reclassification of assets from assets under construction to individual categories and a change in the classification of selected classes of assets.

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

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2012 and 2011.

## 24. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

| CZK thousand            | 2012             | 2011             |
|-------------------------|------------------|------------------|
| Repayable on demand     | 957,058          | 1,882,437        |
| Term deposits of banks  | 5,861,895        | 6,804,282        |
| Within 3 months         | 2,886,545        | 4,293,760        |
| From 3 months to 1 year | 401,976          | -                |
| From 1 to 5 years       | 1,132,423        | 1,661,010        |
| Over 5 years            | 1,440,951        | 849,512          |
| <b>Total</b>            | <b>6,818,953</b> | <b>8,686,719</b> |

## 25. AMOUNTS OWED TO CUSTOMERS

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

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| Repayable on demand   | 115,983,487        | 110,638,523        |
| Term deposits with maturity at accrued amount                       | 27,960,848         | 33,253,328         |
| Change in the fair values of hedged items in the fair value hedging | 136,627            | -                  |
| Other   | 62,779             | 8,621              |
| <b>Total</b>  | <b>144,143,741</b> | <b>143,900,472</b> |
| <i>of which: repayable within one year</i>                          | 129,977,954        | 129,786,338        |
| <i>repayable in more than one year</i>                              | 14,165,787         | 14,114,134         |

In 2012, the Bank started to use hedge accounting in the fair value hedge of term deposits.

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

| CZK thousand                            | 2012               | 2011               |
|---|--------------------|--------------------|
| Public sector                           | 4,257,753          | 4,547,208          |
| Deposits from corporate clients         | 59,658,958         | 56,327,219         |
| Deposits to private individuals         | 64,070,421         | 68,051,129         |
| Small and medium size enterprises (SME) | 15,504,652         | 14,243,142         |
| Other                                   | 651,957            | 731,774            |
| <b>Total</b>                            | <b>144,143,741</b> | <b>143,900,472</b> |

## 26. DEBT SECURITIES ISSUED

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

| CZK thousand  | 2012              | 2011              |
|---|-------------------|-------------------|
| Deposit certificates and depository bills of exchange | 2,467,946         | 3,189,791         |
| Bonds in issue  | 2,737,135         | 2,426,014         |
| Mortgage bonds  | 12,778,021        | 15,842,108        |
| <b>Total</b>  | <b>17,983,102</b> | <b>21,457,913</b> |
| <i>of which: repayable within one year</i>            | <i>5,510,105</i>  | <i>7,862,872</i>  |
| <i>repayable in more than one year</i>                | <i>12,472,997</i> | <i>13,595,041</i> |

The subordinated debt securities issued are disclosed in Note 29.

### (b) Analysis of Mortgage Bonds

| CZK thousand  |            |              |          |                   |                   |                    |                   |
|---------------|------------|--------------|----------|-------------------|-------------------|--------------------|-------------------|
| Date of issue | Maturity   | ISIN         | Currency | Nominal value     |                   | Net carrying value |                   |
|               |            |              |          | 2012              | 2011              | 2012               | 2011              |
| 16.2.2007     | 16.2.2012  | CZ0002000946 | CZK      | -                 | 1,274,710         | -                  | 1,330,234         |
| 12.9.2007     | 12.9.2012  | CZ0002001175 | CZK      | -                 | 2,000,000         | -                  | 2,042,952         |
| 14.11.2007    | 14.11.2014 | CZ0002001316 | CZK      | 500,000           | 500,000           | 510,359            | 513,952           |
| 12.12.2007    | 12.12.2012 | CZ0002001662 | CZK      | -                 | 391,400           | -                  | 401,059           |
| 12.12.2007    | 12.12.2017 | CZ0002001670 | CZK      | 2,427,800         | 1,517,800         | 2,589,019          | 1,564,167         |
| 12.12.2007    | 12.12.2017 | CZ0002001696 | CZK      | 500,000           | 500,000           | 531,209            | 536,863           |
| 12.12.2007    | 12.12.2022 | CZ0002001704 | CZK      | -                 | 1,000,000         | -                  | 1,000,339         |
| 20.12.2007    | 20.12.2017 | CZ0002001928 | CZK      | 1,444,500         | 1,057,500         | 1,603,173          | 1,168,064         |
| 26.11.2008    | 26.11.2013 | CZ0002002058 | CZK      | 1,462,460         | 816,040           | 1,495,306          | 837,617           |
| 18.2.2009     | 18.2.2012  | CZ0002002074 | CZK      | -                 | 240,180           | -                  | 246,478           |
| 28.8.2009     | 28.8.2012  | CZ0002002108 | CZK      | -                 | 241,790           | -                  | 244,381           |
| 14.10.2009    | 14.10.2012 | CZ0002002140 | CZK      | -                 | 249,980           | -                  | 251,688           |
| 16.11.2010    | 16.11.2013 | CZ0002002249 | CZK      | 960,000           | 960,000           | 959,010            | 957,124           |
| 19.1.2011     | 19.1.2014  | CZ0002002272 | CZK      | 222,230           | 206,840           | 228,441            | 212,363           |
| 9.2.2011      | 9.2.2014   | CZ0002002280 | CZK      | 852,580           | 865,790           | 874,345            | 887,762           |
| 4.5.2011      | 4.5.2016   | CZ0002002314 | CZK      | 499,960           | 496,350           | 511,774            | 507,822           |
| 27.7.2011     | 27.7.2016  | CZ0002002363 | CZK      | 500,000           | 499,530           | 507,147            | 506,433           |
| 27.7.2011     | 27.7.2014  | CZ0002002371 | CZK      | 1,710,120         | 1,712,350         | 1,731,703          | 1,733,318         |
| 26.9.2011     | 26.9.2016  | CZ0002002405 | CZK      | 930,000           | 885,000           | 945,112            | 899,491           |
| 11.1.2012     | 11.1.2017  | CZ0002002439 | CZK      | 283,750           | -                 | 291,423            | -                 |
| 5.12.2012     | 5.12.2017  | XS0861195369 | EUR      | -                 | -                 | -                  | -                 |
| <b>TOTAL</b>  |            |              |          | <b>12,293,400</b> | <b>15,415,260</b> | <b>12,778,021</b>  | <b>15,842,108</b> |

In December 2012, the Bank issued mortgage bonds of EUR 500,000 thousand. The Bank repurchased the entire issue. This is the first issue under the bond programme of the Bank with the total amount of EUR 5,000,000 thousand. The issued mortgage bonds comply with the conditions for repurchase transactions with the European Central Bank and the Bank can use them when it needs to increase liquidity.

## 27. PROVISIONS

| CZK thousand                      | Provisions for legal disputes | Provisions for off balance sheet credit risk exposures | Provision for outstanding vacation days | Other provisions | Total          |
|-----------------------------------|-------------------------------|--|---|------------------|----------------|
| 1 January 2011                    | 6,185                         | 35,684   | 64,400                                  | 193,039          | 299,308        |
| Charge for provisions             | 1,300                         | 4,803  | 71,411                                  | 85,800           | 163,314        |
| Use of provisions                 | -                             | -  | (64,400)                                | (13,962)         | (78,362)       |
| Release of redundant provisions   | (5,500)                       | (30,684)   | -                                       | (130,401)        | (166,585)      |
| Foreign exchange rate differences | -                             | -  | -                                       | 515              | 515            |
| <b>31 December 2011</b>           | <b>1,985</b>                  | <b>9,803</b>   | <b>71,411</b>                           | <b>134,991</b>   | <b>218,190</b> |
| Charge for provisions             | 12,000                        | 232,944  | 29,732                                  | 104,730          | 379,406        |
| Use of provisions                 | -                             | -  | (53,292)                                | (31,673)         | (84,965)       |
| Release of redundant provisions   | (85)                          | (4,803)  | -                                       | (6,396)          | (11,284)       |
| Foreign exchange rate differences | -                             | -  | -                                       | (435)            | (435)          |
| <b>31 December 2012</b>           | <b>13,900</b>                 | <b>237,944</b>   | <b>47,851</b>                           | <b>201,217</b>   | <b>500,912</b> |

The Bank recognises provisions for legal disputes on the basis of an internal expert assessment of the current legal disputes conducted against the Bank. If there is a risk of a possible loss in the legal dispute, the internal division issues an instruction for a provision to be recognised. If the legal dispute discontinues or the likelihood of a loss is reduced, the provision is released due to redundancy.

The Bank recognises provisions for credit risks arising from off-balance sheet items in respect of irrevocable credit commitments, guarantees and letters of credit provided to clients who are in delay in the repayment of their principal balances and accrued interest and there is an increased risk that the Bank will not collect the provided amount in the event of the performance under the irrevocable commitments to clients.

“Other provisions” includes provisions for future potential payments arising from compensation for armed robberies, provisions for three-year bonuses, bonuses provided for the successful implementation of internal projects, bonuses for clients, etc. For all types of other provisions, the Bank assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

In the years ended 31 December 2011 and 2012, the Bank recognised no provision for restructuring.

Provisions are recognised when it is possible to estimate the amount of the future performance. In most types of risk, the Bank recognises a provision equal to 100% of the anticipated repayments and payments.

## 28. OTHER LIABILITIES

| CZK thousand                                    | 2012             | 2011             |
|---|------------------|------------------|
| Liabilities arising from non-banking activities | 569,957          | 509,016          |
| Estimated payables for payroll costs            | 727,214          | 727,281          |
| Accrued expenses                                | 30,861           | 95               |
| Deferred income                                 | 12,905           | 30,649           |
| Liabilities from securities trading             | 141,804          | 8,481            |
| Settlement and suspense clearing account        | 1,090,530        | 1,124,746        |
| Other   | 905,647          | 762,237          |
| <b>Total</b>                                    | <b>3,478,918</b> | <b>3,162,505</b> |

## 29. SUBORDINATED LIABILITIES

### (a) Subordinated Loan

| CZK thousand                                      | 2012             | 2011             |
|---|------------------|------------------|
| Raiffeisen Bank International AG (parent company) | 1,230,741        | 1,268,531        |
| Raiffeisenlandesbank Oberösterreich*              | -                | 1,015,160        |
| Raiffeisenlandesbank Niederösterreich*            | -                | 748,426          |
| Raiffeisen Malta Bank Plc (fellow subsidiary)     | 2,556,566        | 3,701,929        |
| <b>Total</b>                                      | <b>3,787,307</b> | <b>6,734,046</b> |
| <i>of which: repayable within one year</i>        | 49,312           | 106,648          |
| <i>repayable in more than one year</i>            | 3,737,995        | 6,627,397        |

\* The entity holding an indirect investment in the share capital of the parent company.

During 2012, the Bank repaid the subordinated loan from Raiffeisenlandesbank Oberösterreich and Raiffeisenlandesbank Niederösterreich and partially repaid the subordinated loan from Raiffeisen Malta Bank Plc.

### (b) Issue of Subordinated Bonds

| CZK thousand  |                  |              |          |                |                |                |                |
|---------------|------------------|--------------|----------|----------------|----------------|----------------|----------------|
| Date of issue | Date of maturity | ISIN         | Currency | Nominal value  |                | Net book value |                |
|               |                  |              |          | 2012           | 2011           | 2012           | 2011           |
| 21.9.2011     | 21.9.2016        | CZ0003702953 | CZK      | 125,000        | 125,000        | 128,689        | 129,268        |
| 21.9.2011     | 21.9.2018        | CZ0003702961 | CZK      | 125,000        | 125,000        | 126,252        | 126,417        |
| <b>Total</b>  |                  |              |          | <b>250,000</b> | <b>250,000</b> | <b>254,941</b> | <b>255,685</b> |

## 30. SHARE CAPITAL

On 15 May 2012, the shareholder structure of the Bank changed. The shareholder Raiffeisen CEE Region Holding GmbH purchased the investment in the share capital of the Bank from the other shareholder Raiffeisen Zentralbank Österreich AG.

The shareholder structure of the Bank before 15 May 2012:

| Name                                 | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|--------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH   | Austria           | 383,061                   | 3,830,610                    | 51                           |
| RB Prag Beteiligungs GmbH            | Austria           | 187,775                   | 1,877,750                    | 25                           |
| Raiffeisen Zentralbank Österreich AG | Austria           | 180,264                   | 1,802,640                    | 24                           |
|                                      |                   | <b>751,100</b>            | <b>7,511,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital

On 30 April 2012, the General Meeting of the Bank approved the following 2011 profit allocation:

| Name                               | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH | Austria           | 563,325                   | 5,633,250                    | 75                           |
| RB Prag Beteiligungs GmbH          | Austria           | 187,775                   | 1,877,750                    | 25                           |
|                                    |                   | <b>751,100</b>            | <b>7,511,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital

On 30 April 2012, the General Meeting of the Bank approved the following 2011 profit allocation:

| Net profit for 2011                                 | 2,219,585 |
|---|-----------|
| Approved allocation:                                |           |
| Allocation to statutory reserve funds               | 110,978   |
| Allocation to retained earnings                     | 262,607   |
| Dividends paid to shareholders*                     | 1,846,000 |
| <i>of which: Raiffeisen CEE Region Holding GmbH</i> | 941,460   |
| <i>RB Prag Beteiligungs GmbH</i>                    | 461,500   |
| <i>Raiffeisen Zentralbank Österreich AG</i>         | 443,040   |

\* Dividends were paid on 21 June 2012 according to the shareholder structure effective since 16 May 2012.

On 27 June 2012, the share capital of the Bank was increased by CZK 1,846,000 thousand (issue of 184,600 shares) from CZK 7,511,000 thousand to CZK 9,357,000 thousand. The aggregate nominal value of all the shares was fully paid. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital did not impact the shareholder structure effective since 16 May 2012, i.e. all existing shareholders participated in the increase in the share capital in a proportionate manner according to the amount of the investment in the share capital and voting rights.

The shareholder structure and the nominal value of their investments as of 31 December 2012 is as follows:

| Name                               | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH | Austria           | 701,775                   | 7,017,750                    | 75                           |
| RB Prag Beteiligungs GmbH          | Austria           | 233,925                   | 2,339,250                    | 25                           |
|                                    |                   | <b>935,700</b>            | <b>9,357,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital

The ultimate parent company of the Bank is Raiffeisen-Landesbanken-Holding GmbH, Austria.

## 31. CASH AND CASH EQUIVALENTS

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

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| Cash and balances with central banks (Note 14)       | 4,964,510        | 3,924,202        |
| Statutory minimum reserves (Note 14)                 | (1,731,310)      | (1,002,228)      |
| Placements in other financial institutions (Note 16) | 689,393          | 487,534          |
| <b>Total cash and cash equivalents</b>               | <b>3,922,593</b> | <b>3,409,508</b> |

## 32. CONTINGENT LIABILITIES

### (a) Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2012. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Bank recognised provisions (Note 27) for significant litigations in the aggregate amount CZK 13,900 thousand (2011: CZK 1,985 thousand).

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

| CZK thousand                       | 2012              | 2011              |
|------------------------------------|-------------------|-------------------|
| <b>Banks</b>                       |                   |                   |
| Provided commitments (irrevocable) | 512,500           | -                 |
| Guarantee issued                   | 70,140            | 449,922           |
| Letters of credit issued           | 15,492            | 44,324            |
| <b>Total</b>                       | <b>598,132</b>    | <b>494,246</b>    |
| <b>Customers</b>                   |                   |                   |
| Provided commitments (irrevocable) | 16,516,380        | 19,018,050        |
| Guarantee issued                   | 12,039,351        | 11,316,185        |
| Letters of credit issued           | 445,928           | 508,327           |
| <b>Total</b>                       | <b>29,001,659</b> | <b>30,842,562</b> |
| <b>Total</b>                       | <b>29,599,791</b> | <b>31,336,808</b> |

In 2011, the Bank provided no irrevocable commitments to banks. In 2012, the Bank provided an irrevocable commitment to Raiffeisen Bank International.

### (c) Refinancing Agreements

During 2011, the Bank used EUR 50,000 thousand from EIB. During January 2012, the Bank used another EUR 50,000 thousand. As of 31 December 2012, this is an equivalent of CZK 2,514,000 thousand.

### 33. FINANCIAL DERIVATIVES

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

| CZK thousand  | Contractual amounts (nominal value) |                    |
|---|-------------------------------------|--------------------|
|   | 2012                                | 2011               |
| <b>Trading instruments</b>                              |                                     |                    |
| Cross currency swaps                                    | 562,703                             | 161,134            |
| Currency forwards and swaps                             | 33,701,578                          | 40,379,183         |
| Interest rate swaps (IRS)                               | 109,622,515                         | 95,124,254         |
| Forward rate agreements (FRA)                           | 26,262,600                          | 40,610,000         |
| Option contracts (purchase)                             | 6,408,312                           | 5,903,839          |
| Option contracts (sale)                                 | 6,412,363                           | 5,877,296          |
| <b>Total trading instruments</b>                        | <b>182,970,071</b>                  | <b>188,055,706</b> |
| <b>Hedging derivatives</b>                              |                                     |                    |
| Interest rate swaps (IRS)                               | 2,011,200                           | -                  |
| <b>Total hedging derivatives</b>                        | <b>2,011,200</b>                    | <b>-</b>           |
| <b>Financial derivatives - total contractual amount</b> | <b>184,981,271</b>                  | <b>188,055,706</b> |

In 2012, the Bank started to use hedge accounting in the fair value hedge of term deposits.

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

| CZK thousand                                    | Fair value in 2012 |                    | Fair value in 2011 |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Positive           | Negative           | Positive           | Negative           |
| <b>Trading instruments</b>                      |                    |                    |                    |                    |
| Cross currency swaps                            | 4,268              | (1,003)            | 834                | (682)              |
| Currency forwards and swaps                     | 175,078            | (240,650)          | 1,375,870          | (303,724)          |
| Interest rate swaps (IRS)                       | 2,064,764          | (2,152,371)        | 1,293,308          | (1,790,752)        |
| Forward rate agreements (FRA)                   | 14,419             | (10,568)           | 26,398             | (16,200)           |
| Option contracts (purchase)                     | 104,870            | -                  | 238,669            | -                  |
| Option contracts (sale)                         | -                  | (104,696)          | -                  | (238,080)          |
| <b>Total trading instruments</b>                | <b>2,363,399</b>   | <b>(2,509,288)</b> | <b>2,935,079</b>   | <b>(2,349,438)</b> |
| <b>Hedging derivatives</b>                      |                    |                    |                    |                    |
| Interest rate swaps (IRS)                       | 235,244            | -                  | -                  | -                  |
| <b>Total hedging derivatives</b>                | <b>235,244</b>     | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>Financial derivatives - total fair value</b> | <b>2,598,643</b>   | <b>(2,509,288)</b> | <b>2,935,079</b>   | <b>(2,349,438)</b> |

### (c) Remaining Maturity of Financial Derivative Instruments - Contractual Amounts (nominal value)

| CZK thousand                       | Up to 1 year      | From 1 to 5 years | Over 5 years      | Total              |
|------------------------------------|-------------------|-------------------|-------------------|--------------------|
| <b>At 31 December 2012</b>         |                   |                   |                   |                    |
| <b>Trading instruments</b>         |                   |                   |                   |                    |
| Cross currency swaps               | -                 | 562,703           | -                 | 562,703            |
| Currency forwards and swaps        | 32,426,750        | 1,274,828         | -                 | 33,701,578         |
| Interest rate swaps (IRS)*         | 28,983,691        | 64,594,157        | 16,044,667        | 109,622,515        |
| Forward rate agreements (FRA)      | 25,262,600        | 1,000,000         | -                 | 26,262,600         |
| Option contracts (purchase)        | 5,769,228         | 622,975           | 16,109            | 6,408,312          |
| Option contracts (sale)            | 5,767,928         | 628,326           | 16,109            | 6,412,363          |
| <b>Total trading instruments</b>   | <b>98,210,197</b> | <b>68,682,989</b> | <b>16,076,885</b> | <b>182,970,071</b> |
| <b>Hedging derivatives</b>         |                   |                   |                   |                    |
| Interest rate swaps (IRS)          | -                 | -                 | 2,011,200         | 2,011,200          |
| <b>Total hedging derivatives</b>   | <b>-</b>          | <b>-</b>          | <b>2,011,200</b>  | <b>2,011,200</b>   |
| <b>Total financial derivatives</b> | <b>98,210,197</b> | <b>68,682,989</b> | <b>18,088,085</b> | <b>184,981,271</b> |

\*The nominal value reported by the final transaction maturity.

| CZK thousand                       | Up to 1 year       | From 1 to 5 years | Over 5 years      | Total              |
|------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>At 31 December 2011</b>         |                    |                   |                   |                    |
| <b>Trading instruments</b>         |                    |                   |                   |                    |
| Cross currency swaps               | 77,325             | 83,809            | -                 | 161,134            |
| Currency forwards and swaps        | 38,519,689         | 1,859,494         | -                 | 40,379,183         |
| Interest rate swaps (IRS)*         | 23,250,806         | 59,761,379        | 12,112,069        | 95,124,254         |
| Forward rate agreements (FRA)      | 36,578,000         | 4,032,000         | -                 | 40,610,000         |
| Option contracts (purchase)        | 4,585,911          | 1,301,396         | 16,532            | 5,903,839          |
| Option contracts (sale)            | 4,561,039          | 1,299,725         | 16,532            | 5,877,296          |
| <b>Total trading instruments</b>   | <b>107,572,770</b> | <b>68,337,803</b> | <b>12,145,133</b> | <b>188,055,706</b> |
| <b>Total financial derivatives</b> | <b>107,572,770</b> | <b>68,337,803</b> | <b>12,145,133</b> | <b>188,055,706</b> |

\*The nominal value reported by the final transaction maturity.

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

| CZK thousand  | Future Cash Inflows |                   |                | Future Cash Outflows |                    |                  |
|---|---------------------|-------------------|----------------|----------------------|--------------------|------------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years   | Up to 1 year         | From 1 to 5 years  | Over 5 years     |
| <b>31 December 2012</b>                                   |                     |                   |                |                      |                    |                  |
| <b>Trading instruments</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | 89,604              | 1,356,551         | 618,609        | (315,227)            | (1,027,655)        | (809,489)        |
| Forward rate agreements (FRA)                             | 13,880              | 539               | -              | (10,568)             | -                  | -                |
| Option contracts (purchase)                               | -                   | -                 | 583            | -                    | -                  | -                |
| Option contracts (sale)                                   | -                   | -                 | -              | -                    | -                  | (622)            |
| <b>Total trading instruments</b>                          | <b>103,484</b>      | <b>1,357,090</b>  | <b>619,192</b> | <b>(325,795)</b>     | <b>(1,027,655)</b> | <b>(810,111)</b> |
| <b>Hedging derivatives</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | -                   | -                 | 235,244        | -                    | -                  | -                |
| <b>Total hedging derivatives</b>                          | <b>-</b>            | <b>-</b>          | <b>235,244</b> | <b>-</b>             | <b>-</b>           | <b>-</b>         |
| <b>Financial derivatives - total contractual payments</b> | <b>103,484</b>      | <b>1,357,090</b>  | <b>854,436</b> | <b>(325,795)</b>     | <b>(1,027,655)</b> | <b>(810,111)</b> |

| CZK thousand  | Future Cash Inflows |                   |                | Future Cash Outflows |                    |                  |
|---|---------------------|-------------------|----------------|----------------------|--------------------|------------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years   | Up to 1 year         | From 1 to 5 years  | Over 5 years     |
| <b>31 December 2011</b>                                   |                     |                   |                |                      |                    |                  |
| <b>Trading instruments</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | 119,019             | 770,577           | 403,712        | (209,060)            | (1,119,033)        | (462,658)        |
| Forward rate agreements (FRA)                             | 22,236              | 4,163             | -              | (14,133)             | (2,067)            | -                |
| <b>Total trading instruments</b>                          | <b>141,255</b>      | <b>774,740</b>    | <b>403,712</b> | <b>(223,193)</b>     | <b>(1,121,100)</b> | <b>(462,658)</b> |
| <b>Financial derivatives - total contractual payments</b> | <b>141,255</b>      | <b>774,740</b>    | <b>403,712</b> | <b>(223,193)</b>     | <b>(1,121,100)</b> | <b>(462,658)</b> |

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

| CZK thousand  | Future Cash Inflows |                   |              | Future Cash Outflows |                    |              |
|---|---------------------|-------------------|--------------|----------------------|--------------------|--------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years | Up to 1 year         | From 1 to 5 years  | Over 5 years |
| <b>31 December 2012</b>                                   |                     |                   |              |                      |                    |              |
| <b>Trading instruments</b>                                |                     |                   |              |                      |                    |              |
| Cross currency swaps                                      | -                   | 562,703           | -            | -                    | (562,703)          | -            |
| Currency forwards and swaps                               | 32,426,750          | 1,274,828         | -            | (32,477,583)         | (1,293,919)        | -            |
| Option contracts (purchase)                               | 5,769,228           | 622,975           | -            | (5,690,334)          | (621,636)          | -            |
| Option contracts (sale)                                   | 5,690,334           | 628,281           | -            | (5,767,928)          | (628,326)          | -            |
| <b>Total trading instruments</b>                          | <b>43,886,312</b>   | <b>3,088,787</b>  | <b>-</b>     | <b>(43,935,845)</b>  | <b>(3,106,584)</b> | <b>-</b>     |
| <b>Financial derivatives - total contractual payments</b> | <b>43,886,312</b>   | <b>3,088,787</b>  | <b>-</b>     | <b>(43,935,845)</b>  | <b>(3,106,584)</b> | <b>-</b>     |

| CZK thousand                                     | Future Cash Inflows |                   |               | Future Cash Outflows |                    |                 |
|--|---------------------|-------------------|---------------|----------------------|--------------------|-----------------|
|  | Up to 1 year        | From 1 to 5 years | Over 5 years  | Up to 1 year         | From 1 to 5 years  | Over 5 years    |
| <b>31 December 2011</b>                          |                     |                   |               |                      |                    |                 |
| <b>Trading instruments</b>                       |                     |                   |               |                      |                    |                 |
| Cross currency swaps                             | 77,325              | 83,809            | -             | (77,325)             | (83,809)           | -               |
| Currency forwards and swaps                      | 38,519,689          | 1,859,494         | -             | (37,476,130)         | (1,829,584)        | -               |
| Option contracts (purchase)                      | 4,585,911           | 1,301,396         | 16,532        | (3,985,256)          | (1,145,264)        | (16,532)        |
| Option contracts (sale)                          | 4,561,039           | 1,299,725         | 16,532        | (4,561,038)          | (1,299,725)        | (16,532)        |
| <b>Total trading instruments</b>                 | <b>47,743,964</b>   | <b>4,544,424</b>  | <b>33,064</b> | <b>(46,099,749)</b>  | <b>(4,358,382)</b> | <b>(33,064)</b> |
| <b>Finanční deriváty – smluvní platby celkem</b> | <b>47,743,964</b>   | <b>4,544,424</b>  | <b>33,064</b> | <b>(46,099,749)</b>  | <b>(4,358,382)</b> | <b>(33,064)</b> |

## 34. OTHER OFF BALANCE SHEET ASSETS

### (a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2012 and 2011, the Bank provided no assets for management, administration and custody.

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

| CZK thousand                       | 2012              | 2011              |
|------------------------------------|-------------------|-------------------|
| Assets accepted for management     | 3,675,659         | 3,725,302         |
| Assets accepted for administration | 15,452,875        | 11,834,040        |
| <b>Total</b>                       | <b>19,128,534</b> | <b>15,559,342</b> |

## 35. SEGMENT ANALYSIS

### (a) Segments

The base for the segment analysis according to IFRS 8 are internal reports of the Bank which are based on management accounts and serve as the principal financial information for decision-making of the Bank's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expenses and fee and commission expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

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

The Corporate banking segment involves transactions with corporate clients with an annual turnover exceeding CZK 250 million, public sector and financial institutions.

The SME banking segment entails all medium-sized entities and individuals – businessmen with an annual turnover of up to CZK 250 million.

The Retail banking segment generally includes all private individuals including VIP clients and own employees.

The Treasury segment includes interbank transactions and securities.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Bank that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Bank monitors amounts of net interest income and net fee and commission income, net profit/(loss) from financial operations, movements in provisions and other operating expenses by segment. Since 2012, the Bank has monitored the income tax by segment. Other profit and loss items are not monitored by segment.

A predominant part of the Bank's income is generated in the Czech Republic from transactions with clients who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Bank.

The Bank has no client or a group of related parties where the income from transactions with it would account for more than 10 percent of the Bank's total income.

### (b) Selected items by segment (2012)

| CZK thousand                                |                    |                                   |                   |                   |                  |                    |
|---|--------------------|-----------------------------------|-------------------|-------------------|------------------|--------------------|
| 31 December 2012                            | Corporate entities | Small and medium-size enterprises | Retail clients    | Treasury          | Other            | Total              |
| <b>Profit and loss account:</b>             |                    |                                   |                   |                   |                  |                    |
| Net interest income                         | 1,789,416          | 1,423,122                         | 2,943,825         | (125,318)         | 162,468          | <b>6,193,513</b>   |
| Net fee and commission income               | 708,863            | 1,137,794                         | 1,279,375         | 21,408            | -                | <b>3,147,440</b>   |
| Net profit/(loss) from financial operations | (1,693)            | -                                 | -                 | 580,171           | -                | <b>578,478</b>     |
| Movements in provisions                     | (852,560)          | (242,463)                         | (703,018)         | -                 | -                | <b>(1,798,041)</b> |
| Other operating expenses                    | (930,058)          | (1,392,213)                       | (2,930,297)       | (199,667)         | (191,169)        | <b>(5,643,404)</b> |
| <b>Pre-tax profit</b>                       | <b>713,968</b>     | <b>926,240</b>                    | <b>589,885</b>    | <b>276,594</b>    | <b>(28,701)</b>  | <b>2,477,986</b>   |
| Income tax                                  | (145,441)          | (188,682)                         | (120,204)         | (56,345)          | 5,847            | <b>(504,825)</b>   |
| <b>Profit after tax</b>                     | <b>568,527</b>     | <b>737,558</b>                    | <b>469,681</b>    | <b>220,249</b>    | <b>(22,854)</b>  | <b>1,973,161</b>   |
| <b>Assets and liabilities:</b>              |                    |                                   |                   |                   |                  |                    |
| <b>Total assets</b>                         | <b>57,100,539</b>  | <b>19,893,346</b>                 | <b>66,964,704</b> | <b>44,601,570</b> | <b>9,068,015</b> | <b>197,628,174</b> |
| <b>Total liabilities</b>                    | <b>43,437,907</b>  | <b>38,550,713</b>                 | <b>69,157,901</b> | <b>20,308,564</b> | <b>9,995,239</b> | <b>181,450,324</b> |

## Selected items by segment (2011)

| CZK thousand                                |                    |                                   |                   |                   |                   |                    |
|---|--------------------|-----------------------------------|-------------------|-------------------|-------------------|--------------------|
| 31 December 2011                            | Corporate entities | Small and medium-size enterprises | Retail clients    | Treasury          | Other             | Total              |
| <b>Profit and loss account:</b>             |                    |                                   |                   |                   |                   |                    |
| Net interest income                         | 1,802,956          | 1,554,936                         | 3,170,044         | (308,130)         | 413,265           | <b>6,633,071</b>   |
| Net fee and commission income               | 661,021            | 1,169,656                         | 1,249,184         | 22,832            | (1)               | <b>3,102,692</b>   |
| Net profit/(loss) from financial operations | 47,167             | -                                 | -                 | 460,476           | -                 | <b>507,643</b>     |
| Movements in provisions                     | (384,039)          | (484,228)                         | (1,028,390)       | -                 | (55)              | <b>(1,896,712)</b> |
| Other operating expenses                    | (953,567)          | (1,373,473)                       | (2,839,976)       | (174,839)         | (153,008)         | <b>(5,494,863)</b> |
| <b>Pre-tax profit</b>                       | <b>1,173,538</b>   | <b>866,891</b>                    | <b>550,862</b>    | <b>339</b>        | <b>260,201</b>    | <b>2,851,831</b>   |
| Income tax                                  | -                  | -                                 | -                 | -                 | (632,245)         | <b>(632,245)</b>   |
| <b>Profit after tax</b>                     | <b>1,173,538</b>   | <b>866,891</b>                    | <b>550,862</b>    | <b>339</b>        | <b>(372,044)</b>  | <b>2,219,586</b>   |
| <b>Assets and liabilities:</b>              |                    |                                   |                   |                   |                   |                    |
| <b>Total assets</b>                         | <b>59,144,636</b>  | <b>20,785,410</b>                 | <b>71,775,040</b> | <b>41,828,654</b> | <b>9,413,619</b>  | <b>202,947,359</b> |
| <b>Total liabilities</b>                    | <b>41,558,727</b>  | <b>38,187,885</b>                 | <b>73,354,940</b> | <b>23,338,023</b> | <b>12,545,162</b> | <b>188,984,737</b> |

**Differences between individual lines of the segment analysis and information in the statement of comprehensive income**

The difference in "Net interest income" arises from the different presentation of the dividend income, income and expenses from commissions from foreign currency transactions, expense fees of synthetic securitisation and interest income from transactions with securities.

The difference in "Net fee and commission income" arises from the different presentation of income and expenses from commissions from foreign currency transactions and expense fees of synthetic securitisation.

The difference in "Net profit/(loss) from financial operations" arises from the different presentation of the dividend income, income and expenses from foreign currency transactions and interest income from transactions with securities.

"Other operating expenses" includes "Other operating income, net" and "General administrative expenses" presented in the statement of comprehensive income in separate lines.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items.

## 36. FINANCIAL INSTRUMENTS – MARKET RISK

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

### (a) Trading

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

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

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

## (b) Risk Management

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

### Liquidity Risk

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

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

The Bank uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

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

### Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

| 2012<br>(CZK thousand)                 | Total<br>contractual<br>liability | Up to 3<br>months | 3 - 12<br>months | 1 - 5<br>years | Over<br>5 years |
|--|-----------------------------------|-------------------|------------------|----------------|-----------------|
| Amounts owed to financial institutions | 7,021,859                         | 3,838,303         | 314,875          | 159,082        | 2,709,599       |
| Amounts owed to customers              | 145,544,224                       | 125,175,838       | 5,471,634        | 10,866,522     | 4,030,230       |
| Debt securities issued                 | 19,901,248                        | 947,655           | 4,926,778        | 14,026,815     | -               |
| Subordinated liabilities               | 5,903,334                         | 110,700           | 106,392          | 1,000,234      | 4,686,008       |
| Other liabilities                      | 3,478,918                         | 3,478,918         | -                | -              | -               |
| Off-balance sheet items                | 17,316,622                        | 17,316,622        | -                | -              | -               |

| 2011<br>(CZK thousand)                 | Total<br>contractual<br>liability | Up to 3<br>months | 3 - 12<br>months | 1 - 5<br>years | Over<br>5 years |
|--|-----------------------------------|-------------------|------------------|----------------|-----------------|
| Amounts owed to financial institutions | 9,030,185                         | 6,176,897         | -                | 1,281,981      | 1,571,307       |
| Amounts owed to customers              | 145,583,836                       | 124,243,782       | 6,863,698        | 10,568,141     | 3,908,216       |
| Debt securities issued                 | 23,142,903                        | 3,662,009         | 4,619,992        | 10,620,032     | 4,240,870       |
| Subordinated liabilities               | 9,863,799                         | 194,892           | 190,914          | 2,881,189      | 6,596,804       |
| Other liabilities                      | 3,162,505                         | 3,162,505         | -                | -              | -               |
| Off-balance sheet items                | 19,035,963                        | 19,035,963        | -                | -              | -               |

Off-balance sheet items include all irrevocable credit commitments provided to the Bank's clients and guarantees and letters of credit provided to clients classified as substandard, doubtful or loss. In 2012 and 2011, the Bank did not record any letters of credit provided to clients that are classified as default.

### Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Bank's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Bank denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 36 (d).

### Interest Rate Risk

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

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

Part of the Bank's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. The carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are recorded either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

### Equity Risk

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

## (c) Fair values of financial assets and liabilities

In disclosing the estimates of fair values of financial assets and liabilities, the Bank used the following methods and estimates.

### i) Cash and balances with central banks

Carrying amounts of cash and short-term instruments in principle approximate their fair values.

### ii) Loans and advances to financial institutions

Carrying amounts of loans and advances to financial institutions due within 180 days in principle approximate their fair values. Fair values of other loans and advances to financial institutions are estimated using discounted cash flows based on common rates in similar types of investments (market rates adjusted by the credit risk). Fair values of default loans of financial institutions are estimated on the basis of discounted cash flows, fair values of loss loans are equal to their collateral values.

### iii) Loans and advances to customers

Fair values of loans with variable interest rate which are frequently remeasured and the change of the credit risk is insignificant in principle approximate their carrying amounts. Fair values of loans with fixed interest rate are estimated based on discounted cash flows using the interest rate common in loans with similar conditions and due dates and provided to debtors with similar risk rating. Fair values of default loans are estimated based on discounted cash flows including the potential collateral realisation.

### iv) Securities held to maturity

Fair values of securities carried in the held to maturity portfolio are estimated based on discounted cash flows using the interest rate common as of the balance sheet date.

### v) Amounts owed to financial institutions and customers

Fair values reported in respect of loans on request match amounts payable on demand (i.e. their carrying amounts) at the balance sheet date. Carrying amounts of term deposits with variable rate are principally equal to their fair values as of the balance sheet date. Fair values of deposits with fixed interest rate are estimated based on discounting of cash flows using market interest rates. The fair value of total amounts owed to financial institutions and customers does not significantly differ from the carrying amounts as of the balance sheet date.

**vi) Debt securities issued**

Fair values of debt securities issued by the Bank are determined on the basis of updated market prices. If market prices are not available, fair values are estimates of the Bank.

**vii) Subordinated liabilities**

Fair values of the subordinated loan are estimated based on discounting cash flows using market interest rates and reflecting liquid costs of the Bank. Fair values of subordinated bonds issued by the Bank are determined by reference to current market prices.

The following table shows the carrying amounts and fair values of financial assets and liabilities that are not reported at fair value in the statement of financial position:

| CZK thousand                                 | 2012            |             | 2011            |             |
|--|-----------------|-------------|-----------------|-------------|
|  | Carrying amount | Fair value  | Carrying amount | Fair value  |
| <b>Assets</b>                                |                 |             |                 |             |
| Cash and balances with central banks         | 4,964,510       | 4,964,510   | 3,924,202       | 3,924,202   |
| Loans and advances to financial institutions | 14,452,117      | 14,423,664  | 12,240,278      | 12,228,470  |
| Loans and advances to customers              | 150,138,242     | 150,903,254 | 158,507,269     | 158,848,477 |
| Securities held to maturity                  | 13,977,382      | 14,493,905  | 17,544,075      | 17,503,964  |
| <b>Liabilities</b>                           |                 |             |                 |             |
| Amounts owed to financial institutions       | 6,818,953       | 6,814,573   | 8,686,719       | 8,687,917   |
| Amounts owed to customers                    | 144,143,741     | 144,860,011 | 143,900,472     | 144,601,274 |
| Debt securities issued                       | 17,983,102      | 16,477,049  | 21,457,913      | 18,388,907  |
| Subordinated liabilities                     | 4,042,248       | 4,048,975   | 6,989,731       | 6,996,520   |

**Financial instruments at fair value**

| CZK thousand   | Fair value at 31 Dec 2012                                     |                                     | Fair value at 31 Dec 2011                                     |                                     |
|--|---|-------------------------------------|---|-------------------------------------|
|  | Fair value according to the price quoted on the active market | Fair value derived from market data | Fair value according to the price quoted on the active market | Fair value derived from market data |
| Positive fair values of financial derivative instruments | -   | 2,598,643                           | -   | 2,935,079                           |
| Securities at fair value through profit or loss          | 4,759,369   | 6,698,071                           | 4,571,078   | 3,406,648                           |
| Securities available for sale                            | -   | 842                                 | -   | 10,938                              |
| <b>Total</b>   | <b>4,759,369</b>  | <b>9,297,556</b>                    | <b>4,571,078</b>  | <b>6,352,665</b>                    |

| CZK thousand   | Fair value at 31 Dec 2012                                     |                                     | Fair value at 31 Dec 2011                                     |                                     |
|--|---|-------------------------------------|---|-------------------------------------|
|  | Fair value according to the price quoted on the active market | Fair value derived from market data | Fair value according to the price quoted on the active market | Fair value derived from market data |
| Negative fair values of financial derivative instruments | -   | 2,509,288                           | -   | 2,349,438                           |
| <b>Total</b>   | <b>-</b>  | <b>2,509,288</b>                    | <b>-</b>  | <b>2,349,438</b>                    |

Part of the securities available for sale not included in the above table are measured at cost due to the impossibility to reliably determine their fair value and the Bank performs regular impairment testing.

"Fair value according to the price quoted on the active market" is Level 1 category according to IFRS 7.

"Fair value derived from market data" is the Level 2 category according to IFRS 7.

The Bank holds no financial instruments that would be measured using techniques based on input information not based on data

identifiable on the market (the Level 3 category according to IFRS 7).

## (d) Risk Management Methods

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

The Bank monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates and equity market prices). The increase in the Value at Risk in interest rate positions at the end of 2012 is due to a significant increase in the volatility of interest rates in the Czech currency in December 2012. The absolute amount of the positions remains stable.

| CZK thousand                   | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|--------------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>VaR tržní riziko celkem</b> | <b>57,380</b>          | <b>15,169</b>      | <b>14,001</b>          | <b>17,577</b>      |

### Interest Rate Risk

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

| CZK thousand                          | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|---------------------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Total interest rate risk VaR</b>   | <b>57,787</b>          | <b>14,742</b>      | <b>13,996</b>          | <b>16,664</b>      |
| Interest rate risk VaR - banking book | 37,733                 | 15,169             | 11,972                 | 13,252             |
| Interest rate risk VaR - trading book | 20,784                 | 8,673              | 8,884                  | 7,587              |

### Currency Risk

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

| CZK thousand             | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|--------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Currency risk VaR</b> | <b>1,691</b>           | <b>1,871</b>       | <b>899</b>             | <b>1,722</b>       |

### Equity Risk

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

| CZK thousand           | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Equity risk VaR</b> | <b>395</b>             | <b>497</b>         | <b>168</b>             | <b>408</b>         |

### Stress Testing

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

### **Operational Risk**

In accordance with Basel II, operational risk is defined as the risk of loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Bank monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising these risks. The Bank applies the standardised approach to calculating capital adequacy, it intends to implement the advanced (AMA) approach in the future.

The basic principal is the responsibility of each employee for the identification and escalation of the operational risk which is within his/her responsibility and for timely and accurate reporting of incidents.

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

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

The objective of collecting data on operational risk events is not just to accumulate information but predominantly to analyse the causes of such events. More serious cases are presented to and discussed by the Operational Risk Management Committee. Through the Operational Risk Management Committee, the Bank also presents, discusses and approves measures aimed at minimising or fully eliminating further occurrence of similar events. Specific responsibilities are determined for the implementation of proposed changes and their fulfilment is reviewed by the Operational Risk Management Committee. Other cases are dealt with by the relevant departments.

Risk self-assessment - RSA is designed to identify areas with high operational risk. The results of RSA impact the Bank's priorities in eliminating operational risks. The assessment is performed no less than once in 15 months. Subsequently, risk and control self-assessments (RCSA) are performed for areas with high operational risk. The deliverable is a list of measures and key risk indicators (KRI).

These indicators monitor the development of the risk in specific areas, the effectiveness of the set controls of the performance of the introduced measures. The Bank gradually extends and adjusts the list of these indicators depending on the development of the situation. In setting the KRIs, the Bank cooperates with, and shares the results within, the Raiffeisen Group.

### **Capital Management**

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

The Bank additionally manages its capital to ensure that the Bank and its subsidiaries and jointly controlled entities are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy has remained unchanged since 2006.

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

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

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

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

The Bank assesses its receivables in accordance with the principles determined by the CNB's Regulation dated 15 May 2007 on the rules of prudent business of banks, savings and lending associations and securities traders (Collection of Laws No. 123/2007), as amended, and also in accordance with IFRS 9 and IAS 39 and internal regulations.

The Bank assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to Regulation of the Czech National Bank No. 123. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard, watch, sub-standard, doubtful, and loss. Substandard, doubtful and loss receivables are aggregately designated as receivables with debtor's default. If the Bank records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating. This rule does not apply to retail receivables where the default and sub-categories are allocated on the level of receivables rather than the client.

The classification is performed on an annual basis, with the key criteria being:

- Number of days past maturity;
- Financial position of the debtor – client/transaction rating;
- Implementation of enforced restructuring;
- Resolution on insolvency; and
- Other individually assessed events relating to the anticipated customer's compliance with contractual obligations

## (b) Provisioning for Receivables

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

The Bank applies the portfolio approach in respect of individually assessed receivables where no impairment was noted individually. In this case, the Bank also determines impairment of the portfolio of similar individually unimpaired loans.

Portfolio provisions are calculated pursuant to the anticipated development in the loan portfolio (probability of default, default loss, etc).

The amount of the individual provision is determined based on the anticipated cash flows. Future cash flows are estimated pursuant to the assessment of all available information, including the estimated collateral value, possibility of the sale of a receivable, proceeds from the bankruptcy and anticipated length of the recovery process.

Problematic receivables from the SME and Corporate segments are dealt with by the Workout division. Significant (in terms of volume) loans are assessed by the Problem Loan Committee.

The value of the future cash flows of retail receivables is estimated on the basis of the historical behaviour of similar receivables and historical success of the recovery process.

The Bank determines provisions for receivables at least on a monthly basis. .

## (c) Evaluation of Collateral

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

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

In arriving at the realisable value of collateral of immovable and movable assets, the Bank refers to estimates of usual prices supervised by a specialised department of the Bank or internal assessments prepared by this department of the Bank. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Bank. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Bank's ability to realise the collateral as and when required. The Bank regularly reviews and updates collateral values depending on the type and quality of the collateral, usually no later than on an annual basis.

## (d) Credit Risk Measurement Methods

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

In the corporate segment, the Bank measures the credit risk through rating scales (see below) and each rating category is allocated a certain risk rate (default probability and a coefficient for determining risk weighted assets); the risk measured using this method can be mitigated through collateral according to effective regulations of the Czech National Bank.

## (e) Concentration of Credit Risk

The Bank maintains a system of internal limits for individual countries, sectors and clients (or groups of economically connected clients) in order to prevent significant concentration of credit risk. As of the balance sheet date, the Bank recorded no significant credit risk concentration exposure to an individual client or an economically connected entity that would exceed the limits set by the Czech National Bank.

The credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Notes 17c and 17d.

## (f) Recovery of Receivables

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

## (g) Securitisation

In 2006, the Bank undertook a synthetic securitisation of its loan portfolio from the Corporate Banking. The substance of the transaction involves transferring part of the credit risk to the investor which is Kreditanstalt für Wiederaufbau (KfW).

The Bank entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. Kreditanstalt für Wiederaufbau (KfW), with the involvement of European Investment Fund. Dresdner Bank AG acted as the arranger and Clifford Chance acted as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction will mature in 2016 and its original volume is EUR 450 million, of which EUR 183 million and EUR 267 million relate to the Bank and Raiffeisen Bank Polska S.A., respectively, in March 2006. At the end of 2012, the Bank's portion amounted to EUR 15.6 million. The gradual decrease in the volume of the securitisation portfolio since 2011 has been due to the end of the five-year period in which the Bank could add new loans to the securitisation portfolio and thus replace those that have matured.

## (h) Portfolio Quality

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group in the interval from 0.5 to 5, where 0.5 represents highly excellent credit standing and 5 represents default. The rating in the interval from 6.1 to 6.5 is used for project financing where 6.1 represents excellent credit standing and 6.5 represents default.

| CZK thousand<br>Rating                         | Rating | 2012               | 2011               |
|--|--------|--------------------|--------------------|
| Highly excellent rating                        | 0.5    | 10,147,843         | 881,001            |
| Excellent credit rating                        | 1.0    | 15,736,282         | 9,027,599          |
| Very good credit rating                        | 1.5    | 16,575,778         | 25,635,684         |
| Good credit rating                             | 2.0    | 19,481,817         | 25,360,771         |
| Healthy credit rating                          | 2.5    | 17,374,458         | 18,450,644         |
| Acceptable credit rating                       | 3.0    | 15,484,678         | 19,464,600         |
| Limit credit rating                            | 3.5    | 12,851,885         | 13,721,482         |
| Weak credit rating                             | 4.0    | 4,710,096          | 7,024,979          |
| Very weak credit rating /monitored             | 4.5    | 3,879,819          | 5,973,411          |
| Default  | 5.0    | 9,462,649          | 9,698,521          |
| Excellent project profile - very low risk      | 6.1    | 20,232,882         | 12,960,632         |
| Good project profile - low risk                | 6.2    | 1,720,532          | 7,676,846          |
| Acceptable project profile - average risk      | 6.3    | 660,906            | 652,708            |
| Bad project profile - increased risk           | 6.4    | 577,093            | 646,274            |
| Default  | 6.5    | 886,715            | 1,074,659          |
| Retail and SME without rating: past due date   | -      | 281,641            | 174,978            |
| Retail and SME without rating: before due date | -      | 73,168             | 82,480             |
| <b>Total</b>                                   |        | <b>150,138,242</b> | <b>158,507,269</b> |

The significant year-on-year change in individual rating grades was due to the regular calibration of scoring and rating models of the Bank in the Retail segment and improvement in ratings of certain projects in project financing.

### (i) Credit Quality of Not Due and Individually Unimpaired Loans to Customers

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

| CZK thousand   | Rating | 2012               | 2011               |
|--|--------|--------------------|--------------------|
| Highly excellent rating  | 0.5    | 10,147,110         | 879,940            |
| Excellent credit rating  | 1.0    | 15,709,624         | 9,013,905          |
| Very good credit rating  | 1.5    | 16,424,101         | 25,581,929         |
| Good credit rating   | 2.0    | 18,803,168         | 24,659,200         |
| Healthy credit rating  | 2.5    | 16,746,158         | 18,185,321         |
| Acceptable credit rating   | 3.0    | 15,043,658         | 18,972,384         |
| Limit credit rating  | 3.5    | 12,078,497         | 12,644,006         |
| Weak credit rating   | 4.0    | 3,866,683          | 6,254,396          |
| Very weak credit rating /monitored   | 4.5    | 1,231,313          | 2,572,520          |
| Default  | 5.0    | 114,436            | 83,691             |
| Excellent project profile - very low risk  | 6.1    | 19,833,613         | 11,744,844         |
| Good project profile - low risk  | 6.2    | 1,578,769          | 7,629,545          |
| Acceptable project profile - average risk  | 6.3    | 490,859            | 645,438            |
| Bad project profile - increased risk   | 6.4    | 399,180            | 646,274            |
| Default  | 6.5    | 8,625              | -                  |
| Retail and SME without rating  | -      | 279,553            | 78,675             |
| <b>Total loans undue and individually unimpaired loans to customers to clients</b> |        | <b>132,755,347</b> | <b>139,592,068</b> |

The significant year-on-year change in individual rating grades was due to the regular calibration of scoring and rating models of the Bank in the Retail segment and improvement in ratings of certain projects in project financing.

## (j) Maximum Exposure to Credit Risk

| 2012   | On-balance<br>sheet<br>exposure<br>(carrying<br>amount) | Off-balance<br>sheet exposure<br>(carrying<br>amount) | Aggregate<br>exposure<br>(carrying<br>amount) | Allocated<br>collateral<br>- balance<br>sheet | Allocated<br>collateral - off<br>balance sheet | Aggregate<br>allocated<br>collateral |
|--|---|---|---|---|--|--------------------------------------|
| CZK thousand   |   |   |   |   |  |                                      |
| Cash and balances with central banks                     | 4,964,510   | -   | 4,964,510                                     | -   | -  | -                                    |
| Loans and advances to financial institutions             | 14,452,117  | 598,132   | 15,050,249                                    | 17,952  | 1,412  | 19,364                               |
| Loans and advances to customers                          | 150,138,242   | 29,001,659  | 179,139,901                                   | 121,789,686                                   | 21,912,610                                     | 143,702,296                          |
| Positive fair value of financial derivative transactions | 2,598,643   | -   | 2,598,643                                     | -   | -  | -                                    |
| Securities held to maturity                              | 13,977,382  | -   | 13,977,382                                    | -   | -  | -                                    |
| Securities at fair value through profit or loss          | 11,457,440  | -   | 11,457,440                                    | -   | -  | -                                    |
| Securities available for sale                            | 536,948   | -   | 536,948                                       | -   | -  | -                                    |
| Income tax receivable                                    | 148,425   | -   | 148,425                                       | -   | -  | -                                    |
| Other assets   | 1,095,206   | -   | 1,095,206                                     | -   | -  | -                                    |

Exposures are presented on a gross basis without the impact of provisioning.

| 2011   | On-balance<br>sheet<br>exposure<br>(carrying<br>amount) | Off-balance<br>sheet exposure<br>(carrying<br>amount) | Aggregate<br>exposure<br>(carrying<br>amount) | Allocated<br>collateral<br>- balance<br>sheet | Allocated<br>collateral - off<br>balance sheet | Aggregate<br>allocated<br>collateral |
|--|---|---|---|---|--|--------------------------------------|
| CZK thousand   |   |   |   |   |  |                                      |
| Cash and balances with central banks                     | 3,924,202   | -   | 3,924,202                                     | -   | -  | -                                    |
| Loans and advances to financial institutions             | 12,240,278  | 494,246   | 12,734,524                                    | -   | 1,449  | 1,449                                |
| Loans and advances to customers                          | 158,507,269   | 30,842,562  | 189,349,831                                   | 129,707,525                                   | 11,224,778                                     | 140,932,303                          |
| Positive fair value of financial derivative transactions | 2,935,079   | -   | 2,935,079                                     | -   | -  | -                                    |
| Securities held to maturity                              | 17,544,075  | -   | 17,544,075                                    | -   | -  | -                                    |
| Securities at fair value through profit or loss          | 7,977,726   | -   | 7,977,726                                     | -   | -  | -                                    |
| Securities available for sale                            | 540,044   | -   | 540,044                                       | -   | -  | -                                    |
| Income tax receivable                                    | 174,241   | -   | 174,241                                       | -   | -  | -                                    |
| Other assets   | 2,005,336   | -   | 2,005,336                                     | -   | -  | -                                    |

Exposures are presented on a gross basis without the impact of provisioning.

## 38. RELATED PARTY TRANSACTIONS

### (a) Related Party Transactions

31 December 2012

| CZK thousand   | Equity investments | Shareholders and controlling entities | Other     | Total             |
|--|--------------------|---------------------------------------|-----------|-------------------|
| Receivables  | 36,423             | 1,190,294                             | 672,775   | <b>1,899,491</b>  |
| Positive fair value of financial derivatives                   | 96,652             | 801,832                               | 353       | <b>898,837</b>    |
| Payables   | 492,465            | 2,279,103                             | 1,103,202 | <b>3,874,770</b>  |
| Negative fair value of financial derivatives                   | 786                | 325,899                               | 4,192     | <b>330,877</b>    |
| Subordinated loan  | -                  | 1,230,741                             | 2,556,566 | <b>3,787,307</b>  |
| Guarantees issued  | 10,000             | 65,300                                | 41,649    | <b>116,949</b>    |
| Guarantees received  | -                  | 687,960                               | 43,253    | <b>731,213</b>    |
| Nominal values of financial derivatives (future cash inflows)  | 3,301,525          | 45,125,219                            | 1,520,515 | <b>49,947,259</b> |
| Nominal values of financial derivatives (future cash outflows) | 3,302,315          | 45,117,036                            | 1,478,583 | <b>49,897,934</b> |
| Provided revocable loan commitments                            | 23,628             | 177,991                               | 1,198,539 | <b>1,400,158</b>  |
| Provided irrevocable loan commitments                          | -                  | 512,500                               | 836       | <b>513,336</b>    |
| Interest income  | 7,057              | 6,870                                 | 46,206    | <b>60,133</b>     |
| Interest expense   | (206)              | (40,807)                              | (138,000) | <b>(179,013)</b>  |
| Fee and commission income                                      | 3,303              | 17,948                                | 9,179     | <b>30,430</b>     |
| Fee and commission expense                                     | -                  | (351)                                 | (33,710)  | <b>(34,061)</b>   |
| Net profit or loss on financial operations                     | 76,834             | 205,082                               | 35,352    | <b>317,268</b>    |
| Other operating income, net                                    | 8,029              | 894                                   | 9,071     | <b>17,994</b>     |
| General administrative expenses                                | (14)               | (154,484)                             | (23,390)  | <b>(177,888)</b>  |

#### The receivables are principally composed of the following deposits with:

Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 472,375 thousand;
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 300,219 thousand;
- Raiffeisenlandesbank Oberösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 200,051 thousand;
- Raiffeisen Bank Polska (fellow subsidiary) in the amount of CZK 123,498 thousand;
- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount of CZK 73,132 thousand; and
- Raiffeisenbank Austria d.d. (Croatia) (fellow subsidiary) in the amount of CZK 36,674 thousand.

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 152,109 thousand.

Debit balances on the current account of the Bank from:

- Raiffeisen Leasing Real Estate (subsidiary of Raiffeisen Leasing) in the amount of CZK 70,417 thousand.

## Provided loans:

- Flex-Space Plzeň I, spol. s r.o. (subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 128,884 thousand (collateralised by real estate);
- PRK Sigma O6, s.r.o. (subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 66,300 thousand (collateralised by real estate);
- CREF CZ 4 s.r.o. (subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 67,347 thousand; and
- Raiffeisen Bank ZAO (Russia) (fellow subsidiary) in the amount of CZK 35,573 thousand.

## Nominal values of financial derivatives – off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,125,219 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,301,525 thousand.

## Debt securities:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 63,360 thousand.

**The payables are principally composed of:**

## Credit balances on the current account of the Bank from:

- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount CZK 323,253 thousand;
- Raiffeisen Penzijní Společnost (subsidiary) in the amount CZK 139,311 thousand;
- Raiffeisen Leasing (associate) in the amount CZK 106,194 thousand;
- ZUQ Czech (subsidiary of associate CCRB) in the amount CZK 58,035 thousand;
- Michalka – Sun (subsidiary of Raiffeisen Leasing Real Estate) in the amount CZK 54,513 thousand;
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount CZK 40,465 thousand; and
- Raiffeisen IS (subsidiary) in the amount CZK 40,000 thousand.

## Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,270,414 thousand;
- Raiffeisen Penzijní Společnost (subsidiary) in the amount of CZK 155,000 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 30,956 thousand.

## Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 456,542 thousand.

## Issued debt securities:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 128,405 thousand;
- Centrobank (fellow subsidiary) in the amount of CZK 520,091 thousand.

## Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,230,741 thousand; and
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 2,556,566 thousand

## Nominal values of financial derivatives – off-balance sheet payables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,117,036 thousand; and
- Raiffeisen Leasing (joint venture) in the amount of CZK 3,302,315 thousand.

## Provided revocable loan commitments:

- Raiffeisen Leasing Real Estate (subsidiary of Raiffeisen Leasing) in the amount of CZK 216,505 thousand;
- Exit 90 SPV (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 140,916 thousand;
- Photon SPV 11 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 138,667 thousand;
- Photon SPV 8 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 127,324 thousand;
- Photon SPV 10 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 114,848 thousand;
- Onyx Energy (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 94,654 thousand;
- Onyx Energy Projekt II (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 90,464 thousand;
- Photon SPV 6 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 81,604 thousand;
- Photon SPV 4 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 80,025 thousand; and
- Photon SPV 3 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 61,183 thousand.

## Provided irrevocable loan commitments:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 512,500 thousand.

**31 December 2011**

| <b>CZK thousand</b>  | <b>Equity investments</b> | <b>Shareholders and controlling entities</b> | <b>Other</b> | <b>Total</b>      |
|--|---------------------------|--|--------------|-------------------|
| Receivables  | 361,696                   | 677,212                                      | 1,322,672    | <b>2,361,580</b>  |
| Positive fair value of financial derivatives                   | 75,934                    | 297,026                                      | 1,270        | <b>374,230</b>    |
| Payables   | 93,643                    | 5,363,829                                    | 1,337,033    | <b>6,794,505</b>  |
| Negative fair value of financial derivatives                   | 611                       | 180,355                                      | 7,897        | <b>188,863</b>    |
| Subordinated loan  | -                         | 3,032,116                                    | 3,701,929    | <b>6,734,045</b>  |
| Guarantees issued  | 380,000                   | 49,004                                       | 420          | <b>429,424</b>    |
| Guarantees received  | -                         | 755,207                                      | 106,869      | <b>862,077</b>    |
| Nominal values of financial derivatives (future cash inflows)  | 3,592,175                 | 45,024,107                                   | 631,209      | <b>49,274,491</b> |
| Nominal values of financial derivatives (future cash outflows) | 3,592,039                 | 45,031,376                                   | 476,014      | <b>49,099,429</b> |
| Provided revocable loan commitments                            | 688,479                   | 120,158                                      | 615,924      | <b>1,424,561</b>  |
| Interest income  | 7,843                     | 11,437                                       | 52,374       | <b>71,654</b>     |
| Interest expense   | (656)                     | (353,124)                                    | (131,399)    | <b>(485,179)</b>  |
| Fee and commission income                                      | 11,354                    | 17,152                                       | 6,076        | <b>34,582</b>     |
| Fee and commission expense                                     | -                         | (438)  | (23,202)     | <b>(23,640)</b>   |
| Net profit or loss on financial operations                     | 98,786                    | 302,798                                      | (29,148)     | <b>372,436</b>    |
| Other operating income, net                                    | 7,944                     | 3,096  | 8,564        | <b>19,604</b>     |
| General administrative expenses                                | (15)                      | (107,486)                                    | (26,476)     | <b>(133,977)</b>  |

**The receivables are principally composed of the following deposits with:**

## Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 431,600 thousand;
- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount of CZK 82,828 thousand;
- Raiffeisen Bank ZAO (Russia) (fellow subsidiary) in the amount of CZK 52,495 thousand;
- Raiffeisen Bank Polska (fellow subsidiary) in the amount of CZK 31,000 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 100,000 thousand.

## Credit balances on the current account of the Bank maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 84,101 thousand; and
- Raiffeisen Bank Polska (fellow subsidiary) in the amount of CZK 74,547 thousand.

## Reverse repo:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 29,438 thousand.

## Provided loans:

- Raiffeisen Leasing Real Estate (the Bank's effective share - 25%) in the amount of CZK 726,881 thousand;
- Raiffeisen Leasing (joint venture) in the amount of CZK 293,940 thousand;
- RLRE Taurus Property, s.r.o. (the Bank's effective share - 25%) in the amount of CZK 94,100 thousand (collateralised by real estate);
- Flex-Space Plzeň I., spol. s r.o. (a subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 102,140 thousand (collateralised by real estate);
- PRK Sigma O6, s.r.o. (a subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 67,800 thousand (collateralised by real estate); and
- CREF CZ 4 s.r.o. (a subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 68,835 thousand.

## Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,024,107 thousand; and
- Raiffeisen Leasing (joint venture) in the amount of CZK 3,592,175 thousand.

**The payables are principally composed of:**

Credit balances on the current account maintained by the Bank from:

- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount CZK 43,022 thousand; and
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 57,076 thousand.

Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,930,814 thousand;
- Tatrabanka (fellow subsidiary) in the amount of CZK 662,000 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 28,791 thousand.

Loans received from:

- Raiffeisenlandesbank Niederösterreich in the amount of CZK 774,000 thousand.

Debit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,433,812 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,268,531 thousand;
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 3,701,929 thousand;
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 1,015,160 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 748,426 thousand.

Nominal values of financial derivatives - off-balance sheet payables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,031,376 thousand; and
- Raiffeisen Leasing (joint venture) in the amount of CZK 3,592,039 thousand.

Provided revocable loan commitments:

- Raiffeisen Leasing (joint venture) in the amount of CZK 688,479 thousand; and
- Raiffeisen Leasing Real Estate (the Bank's effective share - 25%) in the amount of CZK 520,000 thousand.

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

| CZK thousand        | Management bodies | Supervisory bodies | Other  |
|---------------------|-------------------|--------------------|--------|
| At 31 December 2011 | 10,166            | 15,476             | 76,714 |
| At 31 December 2012 | 11,533            | 11,379             | 84,673 |

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

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

| CZK thousand        | Management bodies | Supervisory bodies | Other  |
|---------------------|-------------------|--------------------|--------|
| At 31 December 2011 | 13,557            | 3,006              | 36,607 |
| At 31 December 2012 | 23,739            | 3,039              | 30,742 |

Members of Board of Directors held no shares of the Bank, share are held by corporate entities, refer to Note 30. Remuneration of the members of the Board of Directors is disclosed in Note 12.

**39. POST BALANCE SHEET EVENTS**

No events that would have a material impact on the unconsolidated financial statements for the year ended 31 December 2012 occurred subsequent to the balance sheet date.



# Raiffeisenbank a.s.

Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2012.

## Components of the Consolidated Financial Statements:

- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Financial Position
- Consolidated Statement of Changes in Equity
- Consolidated Cash Flow Statement
- Notes to the Consolidated Financial Statements

These consolidated financial statements were prepared and approved by the Board of Directors of the Bank on 25 March 2013.

## Statutory body of the reporting entity



Rudolf Rabiňák  
Member of the Board of Directors  
and Executive Director



Jan Kubín  
Member of the Board of Directors  
and Executive Director

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2012

| CZK thousand   | Note | 2012             | 2011             |
|--|------|------------------|------------------|
| Interest income and similar income   | 7    | 8,552,578        | 9,433,771        |
| Interest expense and similar expense   | 7    | (2,202,056)      | (2,494,304)      |
| <b>Net interest income</b>   |      | <b>6,350,522</b> | <b>6,939,467</b> |
| Change in provisions for credit risks  | 8    | (1,798,041)      | (1,913,320)      |
| <b>Net interest income after provisions for credit risks</b>   |      | <b>4,552,481</b> | <b>5,026,147</b> |
| Fee and commission income  | 9    | 2,828,619        | 2,830,169        |
| Fee and commission expense   | 9    | (641,359)        | (632,189)        |
| <b>Net fee and commission income</b>   |      | <b>2,187,260</b> | <b>2,197,980</b> |
| Net profit on financial operations   | 10   | 1,360,555        | 1,153,070        |
| Dividend income  | 11   | 30,684           | 31,925           |
| Other operating income, net  | 12   | 112,864          | 167,268          |
| General administrative expenses  | 13   | (5,755,225)      | (5,717,535)      |
| <b>Operating profit</b>  |      | <b>2,488,619</b> | <b>2,858,855</b> |
| Share in income of associated undertakings   | 23   | 37,069           | 94               |
| <b>Profit/(loss) before income tax</b>   |      | <b>2,525,688</b> | <b>2,858,949</b> |
| Income tax   | 15   | (505,237)        | (635,355)        |
| <b>Net profit for the year attributable to:</b>  |      | <b>2,020,451</b> | <b>2,223,594</b> |
| The parent company's shareholders  |      | 2,027,515        | 2,223,594        |
| Non-controlling interests  |      | (7,064)          | -                |
| <b>Other comprehensive income</b>  |      |                  |                  |
| Gains/(losses) from remeasurement of securities available for sale   |      | (5,605)          | 4,193            |
| Foreign exchange rate gains or losses from the translation of the financial statements denominated in foreign currencies |      | 598              | (14,176)         |
| Tax on profit attributable to components of other comprehensive income   |      | 951              | (761)            |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>   |      | <b>2,016,395</b> | <b>2,212,850</b> |

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

## Consolidated Statement of Financial Position As of 31 December 2012

| CZK thousand   | Note | 2012               | 2011               |
|--|------|--------------------|--------------------|
| <b>ASSETS</b>  |      |                    |                    |
| Cash and balances with central banks   | 16   | 4,964,518          | 3,924,273          |
| Securities at fair value through profit or loss  | 17   | 11,457,440         | 7,977,726          |
| Positive fair value of financial derivative transactions   | 36   | 2,598,643          | 2,897,112          |
| <i>of which: hedge derivatives hedging the fair value</i>  | 36   | 235,244            | -                  |
| Securities available for sale  | 17   | 536,948            | 540,077            |
| Loans and advances to financial institutions   | 18   | 14,452,117         | 12,277,874         |
| Loans and advances to customers  | 19   | 149,862,311        | 161,779,388        |
| Provisions for loans and advances  | 20   | (6,382,097)        | (6,856,268)        |
| Income tax receivable  | 15   | 148,425            | 174,241            |
| Deferred tax asset   | 21   | 145,165            | 156,567            |
| Securities held to maturity  | 17   | 13,977,382         | 17,544,075         |
| Other assets   | 22   | 1,097,697          | 2,305,895          |
| Equity investments in associates   | 23   | 231,653            | 54,620             |
| Intangible fixed assets  | 24   | 3,089,757          | 2,469,486          |
| Property and equipment   | 25   | 1,150,019          | 1,354,994          |
| Investment property  | 26   | 228,299            | 326,512            |
| <b>TOTAL ASSETS</b>  |      | <b>197,558,277</b> | <b>206,926,572</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |      |                    |                    |
| Amounts owed to financial institutions   | 27   | 6,818,953          | 12,350,627         |
| Amounts owed to customers  | 28   | 143,757,971        | 143,995,309        |
| <i>of which: change in the fair value of hedged items</i>  | 28   | 136,627            | -                  |
| Negative fair value of financial derivative transactions   | 36   | 2,509,288          | 2,354,315          |
| Issued debt securities   | 29   | 17,983,102         | 21,457,913         |
| Income tax liability   | 15   | 313                | 4,598              |
| Deferred tax liability   | 21   | 1,377              | 18,178             |
| Provisions   | 30   | 500,912            | 229,096            |
| Other liabilities  | 31   | 3,488,524          | 3,237,669          |
| Subordinated liabilities   | 32   | 4,042,248          | 6,989,731          |
| <b>TOTAL LIABILITIES</b>   |      | <b>179,102,688</b> | <b>190,637,436</b> |
| <b>SHAREHOLDERS' EQUITY</b>  |      |                    |                    |
| Attributable to shareholders of the Group  |      | 18,315,269         | 16,289,136         |
| Share capital  | 33   | 9,357,000          | 7,511,000          |
| Statutory reserve fund   |      | 549,454            | 438,950            |
| Valuation gains or losses from securities available for sale   |      | 185,304            | 189,844            |
| Valuation gains or losses from the translation of the financial statements denominated in foreign currencies |      | (13,692)           | (14,176)           |
| Retained earnings  |      | 6,209,688          | 5,939,924          |
| Profit for the year  |      | 2,027,515          | 2,223,594          |
| Non-controlling interests  |      | 140,320            | -                  |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  |      | <b>18,455,589</b>  | <b>16,289,136</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |      | <b>197,558,277</b> | <b>206,926,572</b> |

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

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2012

| CZK thousand  | Equity attributable to shareholders of the Group |                        |                                   |                   |                       | Non-controlling interests | Total equity      |
|---|--|------------------------|-----------------------------------|-------------------|-----------------------|---------------------------|-------------------|
|   | Share capital                                    | Statutory reserve fund | Gains and losses from revaluation | Retained earnings | Profit for the period |                           |                   |
| <b>Balance at 1 Jan 2011</b>  | <b>6,564,000</b>                                 | <b>348,745</b>         | <b>186,412</b>                    | <b>5,166,661</b>  | <b>1,802,885</b>      | -                         | <b>14,068,703</b> |
| Share capital increase  | 947,000  | -                      | -                                 | -                 | -                     | -                         | 947,000           |
| Dividends   | -  | -                      | -                                 | -                 | (946,078)             | -                         | (946,078)         |
| Net allocation to reserve funds   | -  | 90,205                 | -                                 | -                 | (90,205)              | -                         | -                 |
| Allocation to retained earnings   | -  | -                      | -                                 | 766,602           | (766,602)             | -                         | -                 |
| Changes in the consolidation group  | -  | -                      | -                                 | 6,661             | -                     | -                         | 6,661             |
| Net profit for the period   | -  | -                      | -                                 | -                 | 2,223,594             | -                         | 2,223,594         |
| Other comprehensive income, net   | -  | -                      | (10,744)                          | -                 | -                     | -                         | (10,744)          |
| <b>Comprehensive income for the period</b>                                      | -  | -                      | <b>(10,744)</b>                   | -                 | <b>2,223,594</b>      | -                         | <b>2,212,850</b>  |
| <b>Balance at 31 Dec 2011</b>   | <b>7,511,000</b>                                 | <b>438,950</b>         | <b>175,668</b>                    | <b>5,939,924</b>  | <b>2,223,594</b>      | -                         | <b>16,289,136</b> |
| Share capital increase  | 1,846,000  | -                      | -                                 | -                 | -                     | -                         | 1,846,000         |
| Dividends   | -  | -                      | -                                 | -                 | (1,846,000)           | -                         | (1,846,000)       |
| Net allocation to reserve funds   | -  | 110,504                | -                                 | -                 | (110,504)             | -                         | -                 |
| Allocation to retained earnings   | -  | -                      | -                                 | 267,090           | (267,090)             | -                         | -                 |
| Non-controlling interests in entities newly included in the consolidation group | -  | -                      | -                                 | -                 | -                     | 147,384                   | 147,384           |
| Effect from the change in the scope of the consolidation                        | -  | -                      | -                                 | 2,674             | -                     | -                         | 2,674             |
| Net profit for the period   | -  | -                      | -                                 | -                 | 2,027,515             | (7,064)                   | 2,020,451         |
| Other comprehensive income, net   | -  | -                      | (4,056)                           | -                 | -                     | -                         | (4,056)           |
| <b>Comprehensive income for the period</b>                                      | -  | -                      | <b>(4,056)</b>                    | -                 | <b>2,027,515</b>      | <b>(7,064)</b>            | <b>2,016,395</b>  |
| <b>Balance at 31 Dec 2012</b>   | <b>9,357,000</b>                                 | <b>549,454</b>         | <b>171,612</b>                    | <b>6,209,688</b>  | <b>2,027,515</b>      | <b>140,320</b>            | <b>18,455,589</b> |

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

# Consolidated Cash Flow Statement

## For the Year Ended 31 December 2012

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| <b>Profit before tax</b>  | <b>2,525,688</b>   | <b>2,858,949</b>   |
| <b>Adjustments for non-cash transactions</b>                                      |                    |                    |
| Change in provisions for credit risks   | 1,798,041          | 1,913,320          |
| Depreciation and amortisation   | 564,791            | 569,368            |
| Impairment loss on intangible assets  | 70,272             | -                  |
| Creation of other provisions  | 54,581             | (78,363)           |
| Change in fair values of financial derivatives                                    | 496,286            | (1,138,413)        |
| Unrealised loss/(gain) on revaluation of securities                               | (25,640)           | 2,964              |
| Gain on the sale of tangible and intangible assets                                | (17,773)           | (6,200)            |
| Gain on the sale of subsidiary and joint ventures                                 | (17,870)           | (6,315)            |
| Share in income of associated undertakings  | (37,069)           | (94)               |
| Remeasurement of foreign currency positions                                       | (592,894)          | 655,525            |
| Other non-cash changes  | (1,245,678)        | (1,525,686)        |
| <b>Operating profit before changes in operating assets and liabilities</b>        | <b>3,572,735</b>   | <b>3,245,055</b>   |
| <b>Cash flows from operating activities</b>                                       |                    |                    |
| <i>(Increase)/decrease in operating assets</i>                                    |                    |                    |
| Mandatory minimum reserve deposits with the Czech National Bank                   | (729,082)          | (334,222)          |
| Loans and advances to financial institutions                                      | (2,009,980)        | (5,404,208)        |
| Loans and advances to customers   | 8,225,537          | (5,774,150)        |
| Securities at fair value through profit or loss and securities available for sale | (3,450,978)        | 777,901            |
| Other assets  | 897,075            | (828,680)          |
| <i>Increase/(decrease) in operating liabilities</i>                               |                    |                    |
| Amounts owed to financial institutions  | (1,867,511)        | (12,125,897)       |
| Amounts owed to customers   | (162,972)          | 17,985,257         |
| Other liabilities   | 316,413            | 305,455            |
| <b>Net cash flow from operating activities before income tax</b>                  | <b>4,791,237</b>   | <b>(2,153,489)</b> |
| Income taxes paid   | (488,154)          | (999,088)          |
| <b>Net cash flow from operating activities</b>                                    | <b>4,303,083</b>   | <b>(3,152,577)</b> |
| <b>Cash flows from investing activities</b>                                       |                    |                    |
| Net cash flow from the acquisitions of subsidiaries and joint ventures            | (596)              | (2,574)            |
| Net cash flow from the disposals of subsidiaries and joint ventures               | 20,128             | 50                 |
| Purchase of property and equipment and intangible assets                          | (1,212,085)        | (1,749,023)        |
| Income from the sale of fixed assets  | 42,661             | 11,715             |
| Net decrease/(increase) of securities held to maturity                            | 3,558,551          | (3,026,445)        |
| Dividends received  | 30,684             | 31,925             |
| <b>Net cash flow from investing activities</b>                                    | <b>2,439,343</b>   | <b>(4,734,352)</b> |
| <b>Cash flows from financing activities</b>                                       |                    |                    |
| Share capital increase  | 1,846,000          | 947,000            |
| Dividends paid  | (1,846,000)        | (946,078)          |
| Bonds in issue  | (3,474,811)        | 5,194,157          |
| Subordinated liabilities  | (2,792,844)        | 2,904,945          |
| <b>Net cash flow from financing activities</b>                                    | <b>(6,267,655)</b> | <b>8,100,024</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                       | <b>474,771</b>     | <b>213,095</b>     |
| <b>Cash and cash equivalents at the beginning of the year (Note 34)</b>           | <b>3,447,830</b>   | <b>3,234,735</b>   |
| <b>Cash and cash equivalents at the end of the year (Note 34)</b>                 | <b>3,922,601</b>   | <b>3,447,830</b>   |

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

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# 1. PARENT COMPANY INFORMATION

Raiffeisenbank a.s. (henceforth the "Bank"), having its registered office address at Hvězdova 1716/2b, Prague 4, 140 78, corporate ID (IČ): 49240901, was established as a joint stock company in the Czech Republic. The Bank was entered in the Register of Companies maintained at the Municipal Court in Prague on 25 June 1993, Section B, File No. 2051.

The Bank together with its subsidiaries, joint ventures and associates disclosed in Note 3 form the Raiffeisenbank a. s. Financial Group (henceforth the "Group"). The parent company of the Group is the Bank.

## **Principal activities of the Bank according to the bank licence granted by the Czech National Bank (hereinafter the "CNB"):**

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance and administration of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
  - Main investment services under Section 4 (2) (a, b, c, d, e, g, h) of Act No. 256/2004 Coll., as amended;
  - Additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended;
- Issuance of mortgage bonds;
- Financial brokerage;
- Depository activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes;
- Activities directly relating to the activities listed in the bank licence; and
- Mediation of an additional pension savings programme (approved by the Czech National Bank on 28 December 2012, took legal effect on 2 January 2013).

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

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

During the year ended 31 December 2012, the performance or provision of the Bank's activities and services were not restricted or suspended by the Czech National Bank.

## 2. SHAREHOLDERS OF THE PARENT COMPANY

The shareholders of the Bank from 30 December 2011 to 15 May 2012:

| Name, address  | Voting power in % |      |
|--|-------------------|------|
|  | 2012              | 2011 |
| Raiffeisen CEE Region Holding GmbH,<br>Am Stadtpark 9, Vienna, Austria   | 51 %              | 51 % |
| RB Prag Beteiligungs GmbH,<br>Europaplatz 1a, 4020 Linz, Austria         | 25 %              | 25 % |
| Raiffeisen Zentralbank Österreich AG,<br>Am Stadtpark 9, Vienna, Austria | 24 %              | 24 % |

The Bank's shareholder structure changed on 15 May 2012. The shareholder Raiffeisen CEE Region Holding GmbH purchased the entire equity investment from the other shareholder Raiffeisen Zentralbank Österreich AG.

The new composition of the Bank's shareholders since 16 May 2012, effective as of 31 December 2012:

| Name, address  | Voting power in % |
|--|-------------------|
|  | 2012              |
| Raiffeisen CEE Region Holding GmbH,<br>Am Stadtpark 9, Vienna, Austria | 75 %              |
| RB Prag Beteiligungs GmbH,<br>Europaplatz 1a, 4020 Linz, Austria       | 25 %              |

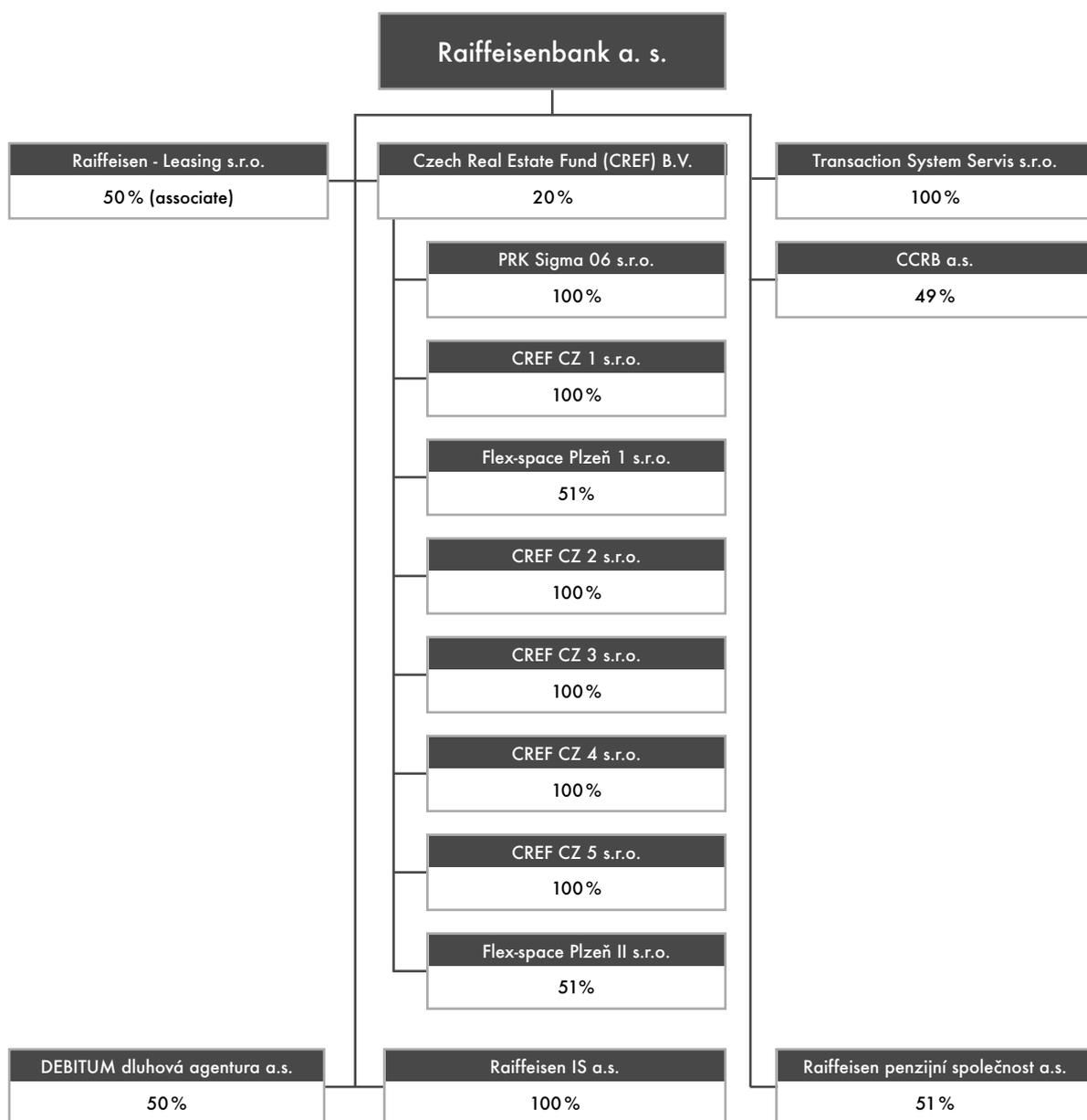
The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of Banking Act No. 21/1992 Coll., as amended.

For information on the share capital of the parent company refer to Note 33.

The ultimate parent company of the Bank is Raiffeisen-Landesbanken-Holding GmbH, Austria.

### 3. DEFINITION OF THE CONSOLIDATED GROUP

#### (a) Group Chart



## (b) Group companies included in the consolidation

As of 31 December 2012, the Group comprised the following entities:

| Company                             | The Bank's effective holding |            | Indirect holding through    | Consolidation method in 2012 | Registered office |
|-------------------------------------|------------------------------|------------|-----------------------------|------------------------------|-------------------|
|                                     | in %, 2012                   | in %, 2011 |                             |                              |                   |
| Raiffeisen penzijní společnost a.s. | 51%                          | -          |                             | - Full method                | Prague            |
| Raiffeisen IS a.s.                  | 100%                         | -          |                             | - Full method                | Prague            |
| DEBITUM dluhová agentura, a.s.      | 50%                          | 50%        |                             | - Proportional method        | Prague            |
| CCRB, a.s.                          | 49%                          | 49%        |                             | - Equity method              | Prague            |
| Transaction System Servis s.r.o.    | 100%                         | 100%       |                             | - Full method                | Prague            |
| Czech Real Estate Fund B.V.         | 100%                         | 100%       |                             | - Full method                | Amsterdam         |
| CREF CZ 1, s.r.o.                   | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| CREF CZ 2, s.r.o.                   | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| CREF CZ 3, s.r.o.                   | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| CREF CZ 4, s.r.o.                   | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| CREF CZ 5, s.r.o.                   | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| Flex-space Plzeň I., s.r.o.         | 51%                          | 51%        | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| Flex-space Plzeň II., s.r.o.        | 51%                          | -          | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| PRK Sigma 06, s.r.o.                | 100%                         | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| RLRE Taurus Property s.r.o.         | -                            | 100%       | Czech Real Estate Fund B.V. | Full method                  | Prague            |
| Raiffeisen – Leasing, s.r.o.        | 50%                          | 50%        |                             | - Equity method              | Prague            |

## (c) Inclusion of Czech Real Estate Fund B.V. in consolidation

Czech Real Estate Fund B.V. is consolidated using the full method even though the Group's share of the voting rights is 20 percent because the remaining owners act in accordance with the instructions of the Group and the Group receives a major part of the profit of the entity. In addition, the Group has an option to purchase the equity investments that are not held by it in circumstances where the remaining owners decide to sell the equity investment in the entity.

## (d) Companies included in the consolidation in 2012

| Company                             | The Bank's effective holding |            | Indirect holding through    | Consolidation method | Registered office |
|-------------------------------------|------------------------------|------------|-----------------------------|----------------------|-------------------|
|                                     | in %, 2012                   | in %, 2011 |                             |                      |                   |
| Raiffeisen penzijní společnost a.s. | 51 %                         | -          |                             | - Full method        | Prague            |
| Raiffeisen IS a.s.                  | 100 %                        | -          |                             | - Full method        | Prague            |
| Flex-space Plzeň II., s.r.o.        | 51 %                         | -          | Czech Real Estate Fund B.V. | Full method          | Prague            |

For a detailed description of companies newly included in the consolidation group refer to Note 41.

## (e) Companies which changed the owner within the Group in 2012

| Company                     | The Bank's effective holding |            | Indirect holding through    | Consolidation method | Registered office |
|-----------------------------|------------------------------|------------|-----------------------------|----------------------|-------------------|
|                             | in %, 2012                   | in %, 2011 |                             |                      |                   |
| RLRE Taurus Property s.r.o. | 100 %                        | 100 %      | Czech Real Estate Fund B.V. | Full method          | Prague            |

For a detailed description of the sales refer to Note 41.

## (f) Change in the Relationship of the Group to Raiffeisen-Leasing, s.r.o.

In 2012, changes were made to the internal guidelines of Raiffeisen - Leasing, s.r.o. following agreement with the other shareholder. The Bank, as one of the shareholders, newly focuses primarily on advisory activities and possibilities of joint business activities, while the other shareholder engages in the active management of operational, business and financial policies. In terms of control under IFRS, the substantial influence is exercised by the other shareholder and the Bank has reported Raiffeisen leasing, s.r.o. as an associate since 2012. The nominal interest in the share capital did not change for the two shareholders. Under IFRS, the Group reports Raiffeisen - Leasing, s.r.o. and the group of entities included in its consolidation group as an associate and uses the equity method of accounting for the consolidation of this group in line with IAS 28. In prior periods entities included in the Raiffeisen - Leasing, s.r.o. consolidation group were consolidated using the proportional method as they were joint ventures from the perspective of control. For details on the structure of the Raiffeisen - Leasing, s.r.o. group refer to Note 23.

The other shareholder holding the investment in the share capital and voting rights in Raiffeisen-Leasing, s.r.o. is Raiffeisen-Leasing International Gesellschaft GmbH.

## 4. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Accounting Policies

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

The consolidated financial statements include a consolidated statement of financial position, a consolidated statement of comprehensive income, a consolidated statement of changes in shareholders' equity, a consolidated cash flow statement and notes to the consolidated financial statements containing accounting policies and explanatory disclosures.

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

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

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

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

### Use of Estimates

The presentation of consolidated financial statements in conformity with IFRS requires the Bank's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no public market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date.

As disclosed in Note 40, the Group creates a provision for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Group's historical and current experience as well as judgments of the Group's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date.

The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditures required to settle a liability of uncertain timing or amount. Refer to Note 30 for more detailed disclosures of provisions for liabilities.

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

## (b) Principles of Consolidation

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

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

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

Starting from the date when a jointly controlled entity becomes an associate of an investor, the Group presents its equity investment in line with IAS 28. When the Group loses the joint control, it measures the investment retained in the previously jointly controlled entity at fair value. In the income statement, the Group presents the difference between:

- a) the fair value of the retained investment and proceeds from the disposal of a part of the equity investment in the jointly controlled entity; and
- b) carrying value of the investment as of the date on which the joint control is lost.

Equity investments where the Bank's shareholding interest is lower than 20 percent are presented as "*Securities available for sale*" (Note 17) and are reported at fair value except for equity investments where the fair value cannot be reliably determined in compliance with IAS 39. These equity investments are carried at cost.

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

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

### (b) Fees and Commissions

Fees and commissions are recognised in the statement of comprehensive income lines "*Fee and commission income*" and "*Fee and commission expense*" on an accrual basis, with the exception of fees that are deemed to be an integral part of the effective interest rate. The effective interest rate includes fees directly relating to the provision of loans such as the fee for the provision of loans, loan application processing, paid commissions, etc.

### (c) Dividends

Income from dividends on securities is recorded as declared and included as a receivable in the statement of financial position line "*Other assets*" and in "*Dividend income*" in the statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

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

### (d) Other Income and Expenses Reported in the Statement of Comprehensive Income

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

### (e) Taxation

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

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

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

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

## (f) Financial Assets and Liabilities

### Dates of Recognition and Derecognition of Financial Instruments in/from the Group's Statement of Financial Position

Financial assets with normal delivery terms, except for financial assets at fair value through profit or loss, are recognised using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (cash payment). When settlement date accounting is applied, the financial asset is recognised on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its provision (collection of cash).

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

In 2012, the Group changed the treatment of accounting for financial assets at fair value through profit or loss. The Group uses the transaction date accounting for these financial assets where the transaction date is the date when the entity undertakes to buy or sell the financial asset.

The substance of transaction date accounting is as follows:

- Recognition of an asset that the entity shall receive as of the transaction date; and
- Derecognition of a sold asset and recognition of the profit or loss upon disposal and recognition of a receivable from the buyer as of the transaction date.

The interest on the asset and the relating liability is accumulated from the settlement date when the ownership rights are transferred. The premium/discount is amortised from the purchase settlement date to the sale settlement date.

The above change in the accounting methodology had no significant impact on the financial statements of the Group in the years ended 31 December 2011 or 2012.

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

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

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

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

### Loans and Receivables

Loans originated by the Group by providing money directly to a borrower are categorised as loans originated by the Group and are stated at amortised cost. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation, if any, of discount or premium. In determining the amortised cost the Group uses the effective interest rate method. An integral part of the effective interest rate are fees and related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks).

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

Provisions are recognised individually in respect of specific loans where a debtor's default was identified or on a portfolio basis for not yet identified losses which may be present based on portfolio (similar individually unimpaired loans) performance with similar characteristics in terms of credit risk. The level of individual provisions is established by comparing the carrying amount of the loan and the present value of future expected cash flows using the effective interest rate. The level of portfolio provisions is determined on the basis of the anticipated recovery rates of the portfolio as of the financial statements date. The anticipated cash flows from individual portfolios of similar loans are estimated on the basis of previous experience. If the Group does not report multiple similar loans, the portfolio approach is not applied. Portfolio provisions are recognised for the loans and receivables of all market segments. The change in provisions, after write-offs, is charged to the statement of comprehensive income line "Change in provisions for credit risks". Additional details can be found in Note 40 b.

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

### Restructuring of Loans and Receivables from Customers

Loan restructuring involves providing the customer with relief because the Group determined that it would likely incur a loss if it did not do so. For economic or legal reasons associated with the debtor's financial position the Group therefore provided the debtor with relief which would not have been available otherwise. For example, the relief may include rescheduling repayments, reducing the interest rate or waiving default interest. A restructured loan does not include a loan which originated as a result of the renewal of a short-term loan for current assets if the debtor fulfilled all of his payment and non-payment obligations arising from the loan contract.

Restructuring additionally does not extend to the change in the repayment schedule or the form of loan if these changes are made for commercial reasons or on the grounds of changed financial needs of the debtor, and the anticipated development in the debtor's financial and economic situation does not give rise to doubt as to the full repayment of the receivable even without the change.

### Securities

Securities held by the Group are categorised into portfolios in accordance with the Group's intent on the acquisition of the securities and pursuant to the Bank's security investment strategy. In accordance with its intent, the Group allocates securities into several portfolios - the portfolio of "Securities at fair value through profit or loss", the portfolio of "Securities available for sale" and the portfolio of "Securities held to maturity". The principal difference between the portfolios relates to the approach to measurement and presentation in the financial statements.

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

This portfolio includes both debt and equity securities held for trading, that is, securities held with the intention of reselling them, thereby generating profits on price fluctuations in the short-term, and debt and equity securities that were designated, upon initial recognition, as at fair value through profit or loss. Securities at fair value through profit or loss are recognised at fair value (cost) at the acquisition date. In accordance with the Group's investment strategy, this portfolio does not include securities the fair value of which cannot be determined by reference to the public market. The Group primarily purchases government bonds and shares, or securities with high liquidity, into this portfolio with a view to achieving maximum profits from the purchases and sales.

Changes in the fair values of securities held for trading as well as securities measured at fair value through profit or loss are recognised in the statement of comprehensive income as "Net profit on financial operations". Interest income on debt securities held for trading as well as securities at fair value through profit or loss are included in "Interest income and similar income" in the statement of comprehensive income.

For debt and equity securities traded on a public market, fair values are derived from quoted prices.

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

#### Securities Available for Sale

Securities available for sale are securities held by the Group for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change. In accordance with the investments strategy, the Group did not include securities in this portfolio in the past period and this portfolio primarily includes the equity investment in Raiffeisen stavební spořitelna, a.s. as disclosed in Note 17. The Group does not intend to change the strategy for inclusion of securities in this portfolio in the coming years.

Securities available for sale are carried at fair value (cost) upon acquisition with the exception of securities for which the fair value cannot be reliably determined in accordance with IAS 39. These securities are stated at cost, and the Group annually assesses whether the value is not impaired. Changes in the fair values of available for sale securities are recognised in other comprehensive income as "Gains/(losses) from remeasurement of securities available for sale", with the exception of their impairment and interest income and foreign exchange differences on debt securities. When realised, the relevant revaluation gains or losses are taken to the statement of comprehensive income as "Net profit on financial operations". Interest income on coupons, amortisation of discounts or premiums, and dividends are included in "Interest income and similar income". Foreign exchange differences are reported within "Net profit on financial operations".

### Securities Held to Maturity

Investments held to maturity are financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity. In accordance with the Group's strategy, only the securities issued by the Czech Republic are included in this portfolio. The Group does not anticipate changing this intent in the future.

Securities held to maturity are initially measured at cost and subsequently reported at amortised cost using the effective interest rate less impairment, if any. The amortisation of premiums and discounts and interest income from coupon debt securities held to maturity is included in *"Interest income and similar income"*.

The fair value of this portfolio is disclosed in Note 39c) *"Fair values of financial assets and liabilities"*.

### Repurchase Agreements

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

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

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

### Debt Securities Issued

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

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

### Financial Derivative Instruments

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

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

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

## Hedge Accounting

The Group applies hedge accounting in accordance with the IFRS requirements. Hedging derivatives are derivatives that the Group can use to hedge against its interest rate and currency risks. A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- a) At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- b) The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship;
- c) For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss;
- d) The effectiveness of the hedge can be reliably measured, ie the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured; and
- e) The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging derivatives are accounted for according to the type of the hedging relationships which are as follows:

- a) Fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss;
- b) Cash flow hedge: a hedge of the exposure to variability in cash flows that:
  - i.) Is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction; and
  - ii.) Could affect profit or loss.
- c) Hedge of a net investment in a foreign operation.

In the year ended 31 December 2012, the Group applied only hedge accounting in respect of a fair value hedge.

Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the statement of comprehensive income in the line "*Net profit on financial operations*", interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the income statement line "*Interest expense and similar expense*". A change in the fair value of the hedged item is recognised as part of the carrying amount of the hedged item in the statement of financial position and in the line "*Net profit on financial operations*" in the statement of comprehensive income.

Through the above approach, the Group hedges against the interest rate risk of financial liabilities (term deposits with a fixed interest rate). The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Group discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through profit or loss over the period to the maturity of the hedged item.

Financial derivatives that provide economic hedges in respect of the risk positions of the Group but do not qualify for hedge accounting under the IFRS rules are reported as trading derivatives and the change in their fair value is reported in the statement of comprehensive income in the line "*Net profit on financial operations*".

## Subordinated Debt

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

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

## Subordinated Debt Securities Issued

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other payables if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for payables that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Group at amortised cost using the effective interest rate and are included in "*Subordinated liabilities*" in the statement of financial position. The interest expense from the issue of own bonds is reported in "*Interest expense and similar expense*" in the statement of comprehensive income.

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

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

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

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

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

|  | Depreciation period | Depreciation rate |
|--|---------------------|-------------------|
| Software   | 4 years             | 25 %              |
| Buildings  | 30 years            | 3.33 %            |
| Other (cars, furniture and fixtures, office equipment and computers) | 5 - 10 years        | 10 - 20 %         |

Technical improvements on leasehold assets are depreciated on a straight line basis over the lease term or the depreciation period is extended by the term arising from an option arrangement. Technical improvements on leasehold assets under lease arrangements for an indefinite period of time are depreciated over 15 years.

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

The costs of internally generated intangible assets include all costs that can be allocated directly or by reference to a reasonable and consistent basis for generating and preparing an asset for its intended use.

Intangible assets with a cost greater than CZK 40,000 and lower than CZK 60,000 (category of low value intangible fixed assets) are amortised over 36 months and tangible assets with a cost greater than CZK 20,000 and lower than CZK 40,000 are depreciated over 36 or 48 months according to the type of low value tangible fixed assets.

In 2012, the methodology of accounting for low value tangible and intangible assets was changed. Newly, low value tangible assets with a cost lower than CZK 20,000 and low value intangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition. In 2011, the threshold for expensing low value tangible and intangible assets was CZK 10,000 for both categories. The above change in the methodology had no significant impact of the financial statements of the Group in the years ended 31 December 2011 or 2012.

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

The Group's assets are regularly tested for impairment.

Common repairs and maintenance are charged directly to the statement of comprehensive income line "General administrative expenses" when the expenditure is incurred.

## (h) Goodwill

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

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

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

## (i) Investment Property

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

The Group's investment property is regularly tested for impairment. When an impairment of investment property is identified, the Group recognises the impairment through "General administrative expenses".

## (j) Leases

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

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

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

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

## (k) Provisions

The provision is a probable supply with an uncertain time schedule and amount. The Group recognises a provision when, and only when:

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

### Provisions for Guarantees and Other Off Balance Sheet Items

The Group records potential commitments arising from issued guarantees, irrevocable credit commitments (undrawn portion), confirmed open letters of credit, etc. as part of off-balance sheet assets. Provisions are made for estimated losses on these commitments pursuant to the estimated amount of performance from individual off-balance sheet commitments. Changes in these provisions are recognised in "Change in provisions for credit risks".

### Other Provisions

The recognition, use and release of other provisions (for outstanding vacation days, legal disputes, restructuring, credit card loyalty system, etc.) is recorded in "Other operating income, net".

## (l) Non-Controlling Interests

Non-controlling interests include the share in profits and losses and net assets that are not attributable to owners of the parent company. These interests are reported in the consolidated statement of comprehensive income and in "Equity" in the consolidated statement of financial position separately from the equity attributable to the owners of the Bank. Non-controlling interests are reported using the method of a proportionate interest in net identifiable assets of an acquired entity not attributable to the owners of the parent company and are adjusted by the share in profits and losses of the acquired entity and share in dividends paid from the acquired entity not attributable to the owners of the parent company.

### (m) Transactions with Securities Undertaken on behalf of Clients

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

### (n) Segment Reporting

The Group reports information in accordance with IFRS 8 Operating Segments. IFRS 8 requires that operating segments be identified on the basis of internal reports regularly reviewed by the Group's chief operating decision maker. Pursuant to these internal reports including the overview of the performance of the particular operating segment, it is possible to assess the performance of the segment/decide on the strategic development of the operating segment.

The basis for determining reportable segments is a report that the Group prepares for the Board of Directors, or for the meeting of the Top Managers Committee (TMC) which is considered to be the 'chief operating decision maker', i.e. a person/group of persons that allocate(s) resources and assess(es) the performance of individual operating segments of the Group.

Information on reportable operating segments of the Group is disclosed in Note 38.

### (o) Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in the local currency at official exchange rates as announced by the CNB on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency at the CNB's exchange rate prevailing at the financial statements date. Realised and unrealised gains and losses on foreign exchange are recognised in the statement of comprehensive income in "Net profit on financial operations", with the exception of foreign exchange rate differences on equity securities included in the available-for-sale portfolio which are reported as a component of a change in the fair value and foreign exchange rate differences on derivatives entered into with a view to hedging currency risk associated with assets or liabilities whose foreign exchange rate differences are part of the change in the fair value.

For the presentation of consolidated financial statements, assets, liabilities and transactions of consolidated entities that use other functional currency than CZK are translated into the functional currency of the Group (CZK). Resulting foreign exchange rate gains or losses are reported in other comprehensive income under "Foreign exchange rate gains or losses from the translation of the financial statements denominated in foreign currencies" and "Valuation gains or losses from the translation of the financial statements denominated in foreign currencies" in the consolidated statements of financial position.

### (p) Cash and Cash Equivalents

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

## 6. CHANGES IN ACCOUNTING POLICIES IN 2012

### (a) Newly applied standards and interpretations the application of which had a significant impact on the consolidated financial statements

In the year ended 31 December 2012, the Group did not apply any new standards and interpretations, the use of which would have a significant impact on the consolidated financial statements.

## (b) Newly applied standards and interpretations the application of which had no significant impact on the financial statements

The Group has applied the amendments to IFRS 7 – Financial Instruments Disclosures – Transfers of Financial Assets, adopted by the EU on 22 November 2012 (effective for annual periods beginning on or after 1 July 2011) in the current year. The start of the application of this amendment resulted in no changes in the Group's accounting policies.

## (c) Standards and interpretations in issue but not yet effective

As of the approval date of these consolidated financial statements, the following standards, amendments and interpretations adopted by the EU were issued but not yet effective:

- IFRS 10 – Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 11 – Joint Arrangements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 12 – Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014);
- IFRS 13 – Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013);
- IAS 27 (revised in 2011) – Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IAS 28 (revised in 2011) – Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014);
- Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IFRS 7 – Financial Instruments – Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 January 2012);
- Amendments to IAS 12 – Income Taxes – Deferred Tax – Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 19 – Employee Benefits – Improvements to the Accounting for Post-employment Benefits (effective for annual periods beginning on or after 1 January 2013);
- Amendments to IAS 32 – Financial Instruments – Presentation – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014); and
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (interpretation effective for annual periods beginning on or after 1 January 2013).

The Group decided not to apply these standards, amendments and interpretations before their effective dates. The Group estimates that the application of these standards, amendments and interpretations in the period of their first adoption will have no significant impact on the consolidated financial statements.

As of the approval date of these consolidated financial statements, the following standards, amendments and interpretations were issued by the IASB but not yet adopted by the EU:

- IFRS 9 – Financial Instruments;
- Amendments to IFRS 1 – First-time Adoption of International Financial Reporting Standards – Government Loans;
- Amendments to IFRS 9 – Financial Instruments and IFRS 7 Financial Instruments – Presentation – Mandatory Effective Date of IFRS 9 and Transition Disclosures;
- Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities – Transition Guidance;
- Amendments to IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 – Separate Financial Statements – Investment Entities; and
- Amendments to various standards and interpretations “Improvements to IFRSs (2012)” resulting from the annual improvement project of IFRS published on 17 May 2012 (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34), primarily with a view to removing inconsistencies and clarifying wording.

Given that the European Union deferred the adoption of IFRS 9 to the period when the standard is completed and able to entirely replace IAS 39, the Group has not yet assessed the potential impact of its adoption. The Group estimates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the financial statements of the Group prepared as of 31 December 2013, including comparative information.

## 7. NET INTEREST INCOME

| CZK thousand   | 2012               | 2011               |
|--|--------------------|--------------------|
| <b>Interest income arising from</b>                  |                    |                    |
| Loans and advances to financial institutions         | 114,855            | 143,316            |
| Loans and advances to customers                      | 7,976,303          | 8,585,147          |
| <i>of which: default interest on impaired assets</i> | 97,193             | 106,944            |
| Fixed income securities                              | 461,420            | 520,386            |
| Finance lease receivables                            | -                  | 184,922            |
| <b>Total interest income and similar income</b>      | <b>8,552,578</b>   | <b>9,433,771</b>   |
| <b>Interest expense arising from</b>                 |                    |                    |
| Deposits from financial institutions                 | (69,126)           | (388,464)          |
| Deposits from customers                              | (1,310,322)        | (1,361,993)        |
| Securities issued                                    | (628,520)          | (541,422)          |
| Subordinated liabilities                             | (194,088)          | (202,425)          |
| <b>Total interest expense and similar expense</b>    | <b>(2,202,056)</b> | <b>(2,494,304)</b> |
| <b>Net interest income</b>                           | <b>6,350,522</b>   | <b>6,939,467</b>   |

"Interest expense arising from deposits from customers" includes net interest income from the hedging derivative instrument upon a fair value hedge of term deposits of CZK 28,589 thousand in line with IAS 39.

## 8. CHANGE IN PROVISIONS FOR CREDIT RISKS

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| <b>Changes in loan loss provisions</b>                        |                    |                    |
| Charge for provisions   | (4,309,671)        | (4,532,397)        |
| Release of provisions   | 2,735,828          | 2,585,872          |
| Use of provisions   | 1,972,420          | 864,648            |
| Nominal value of assigned and written off receivables         | (1,980,429)        | (863,347)          |
| <i>of which: Direct write-off of receivables</i>              | (7,987)            | (3,507)            |
| Recoveries  | 11,952             | 6,023              |
| <b>Total changes in loan loss provisions</b>                  | <b>(1,569,900)</b> | <b>(1,939,201)</b> |
| <b>Provisions for off balance sheet credit risk exposures</b> |                    |                    |
| Charge for provisions   | (232,944)          | (4,803)            |
| Release of provisions   | 4,803              | 30,684             |
| <b>Total change in provisions for off-balance sheet risks</b> | <b>(228,141)</b>   | <b>25,881</b>      |
| <b>Change in provisions for credit risk</b>                   | <b>(1,798,041)</b> | <b>(1,913,320)</b> |

## 9. NET FEE AND COMMISSION INCOME

| CZK thousand                                   | 2012             | 2011             |
|--|------------------|------------------|
| <b>Fee and commission income arising from</b>  |                  |                  |
| Payment transactions                           | 1,929,658        | 1,910,100        |
| Provided loans and guarantees                  | 625,177          | 668,633          |
| Securities transactions                        | 108,528          | 97,922           |
| Financial operations                           | 14,195           | 15,215           |
| Other banking services                         | 151,061          | 138,299          |
| <b>Total fee and commission income</b>         | <b>2,828,619</b> | <b>2,830,169</b> |
| <b>Fee and commission expense arising from</b> |                  |                  |
| Payment transactions                           | (473,893)        | (460,285)        |
| Receiving of loans and guarantees              | (70,783)         | (71,642)         |
| Securities transactions                        | (8,572)          | (8,094)          |
| Securitisation                                 | (25,112)         | (29,071)         |
| Financial operations                           | (5,644)          | (5,923)          |
| Mediation of the sale of the Group's products  | (19,593)         | (28,513)         |
| Other services                                 | (37,762)         | (28,661)         |
| <b>Total fee and commission expense</b>        | <b>(641,359)</b> | <b>(632,189)</b> |
| <b>Net fee and commission income</b>           | <b>2,187,260</b> | <b>2,197,980</b> |

## 10. NET PROFIT ON FINANCIAL OPERATIONS

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| <b>Interest rate derivatives</b>   | <b>313,534</b>   | <b>57,479</b>    |
| <b>Commodity derivatives</b>   | <b>3,054</b>     | <b>525</b>       |
| <b>Equity derivatives</b>  | <b>(39)</b>      | <b>(4,038)</b>   |
| <b>Profit/loss from foreign currency transactions</b>                            | <b>975,817</b>   | <b>1,057,235</b> |
| <i>of which: Customer foreign currency result</i>                                | 941,311          | 903,380          |
| <i>FX proprietary P/L</i>  | 34,506           | 153,855          |
| <b>Profit/loss from transactions with securities</b>                             | <b>76,239</b>    | <b>41,869</b>    |
| <i>of which: Portfolio of securities available for sale</i>                      | 12,888           | -                |
| <i>Portfolio of securities held for trading</i>                                  | 39,685           | 21,825           |
| <i>Portfolio of securities at fair value through profit or loss</i>              | 61,069           | 25,651           |
| <i>Own issue</i>   | (55,273)         | (5,607)          |
| <i>Sale of equity investments</i>  | 17,870           | -                |
| <b>Change in the fair value of the hedged item in the fair value hedging</b>     | <b>(136,627)</b> | -                |
| <b>Change in the fair value of hedging derivatives in the fair value hedging</b> | <b>128,577</b>   | -                |
| <b>Total</b>   | <b>1,360,555</b> | <b>1,153,070</b> |

The "Customer foreign currency result" line item reflects margins from foreign currency transactions with customers.

The "FX proprietary P/L" line item reflects the impact of proprietary trading and the impact of the revaluation of foreign currency positions using the Czech National Bank's exchange rate.

In 2012, the Group started to apply hedge accounting upon the fair value hedge of term deposits.

## 11. DIVIDEND INCOME

"Income from other shares and participation interest" amounted to CZK 30,684 thousand (2011: CZK 31,925 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. (2012: CZK 30,000 thousand, 2011: CZK 30,000 thousand).

In the years ended 31 December 2012 and 2011, the Group recorded no dividend income from associates.

## 12. OTHER OPERATING INCOME, NET

| CZK thousand  | 2012           | 2011           |
|---|----------------|----------------|
| Change in operating provisions                      | (13,258)       | 12,133         |
| Gain from the disposal of in-/tangible fixed assets | 16,919         | 1,342          |
| Other operating income                              | 109,203        | 153,793        |
| <b>Total</b>  | <b>112,864</b> | <b>167,268</b> |

In 2012 and 2011, "Other operating income" predominantly includes income from the lease of the Group's assets. Operating income from the lease of investment property in PRK Sigma 06, s.r.o., RLRE Taurus Property s.r.o. and Flex-space Plzeň I., s.r.o. amounts to CZK 25,219 thousand in the year ended 31 December 2012. Operating income from the lease of investment property in PRK Sigma 06, s.r.o., RLRE Taurus Property s.r.o., Flex-space Plzeň I. and Gaia Property, s.r.o. amounted to CZK 39,808 thousand in the year ended 31 December 2011.

## 13. GENERAL ADMINISTRATIVE EXPENSES

| CZK thousand   | 2012               | 2011               |
|--|--------------------|--------------------|
| <b>Payroll costs (Note 14)</b>   | <b>(2,914,673)</b> | <b>(3,039,464)</b> |
| <b>Administrative expenses</b>   | <b>(2,086,046)</b> | <b>(1,983,428)</b> |
| Rental, repairs and other office management service expenses           | (621,732)          | (583,240)          |
| Advertising costs  | (226,440)          | (298,876)          |
| Costs of legal and advisory services                                   | (419,386)          | (284,302)          |
| Of which: Audit  | (7,260)            | (10,059)           |
| Tax advisory   | (16,375)           | (4,103)            |
| IT support costs   | (261,057)          | (227,728)          |
| Deposit and transaction insurance                                      | (213,981)          | (198,155)          |
| Telecommunication, postal and other services                           | (140,639)          | (163,727)          |
| Security costs   | (47,849)           | (57,787)           |
| Training costs   | (38,031)           | (44,023)           |
| Office equipment   | (31,482)           | (36,694)           |
| Travel costs   | (30,387)           | (29,175)           |
| Fuel   | (20,168)           | (21,882)           |
| Other administrative expenses  | (34,892)           | (37,839)           |
| <b>Depreciation and amortisation of fixed assets (Notes 24 and 25)</b> | <b>(564,791)</b>   | <b>(569,368)</b>   |
| <b>Loss from impaired intangible assets (Note 24)</b>                  | <b>(70,272)</b>    | <b>-</b>           |
| <b>Other operating expenses</b>  | <b>(119,443)</b>   | <b>(125,275)</b>   |
| <b>Total</b>   | <b>(5,755,225)</b> | <b>(5,717,535)</b> |

"Deposit and transaction insurance" includes the costs of the payment to the Deposit Insurance Fund.

## 14. PAYROLL COSTS

| CZK thousand                                | 2012               | 2011               |
|---|--------------------|--------------------|
| Wages and salaries                          | (2,205,641)        | (2,207,812)        |
| Social security and health insurance        | (637,297)          | (794,577)          |
| Other staff costs                           | (71,735)           | (37,075)           |
| <b>Total</b>                                | <b>(2,914,673)</b> | <b>(3,039,464)</b> |
| <b>Of which wages and salaries paid to:</b> |                    |                    |
| Members of the Board of Directors           | (56,464)           | (44,582)           |
| Members of the Supervisory Board            | (7,268)            | (5,907)            |
| Other members of management                 | (85,285)           | (96,343)           |
| <b>Total</b>                                | <b>(149,017)</b>   | <b>(146,832)</b>   |

The average number of the Group's employees as of 31 December 2012 and 2011 was as follows:

|                                   | 2012  | 2011  |
|-----------------------------------|-------|-------|
| Employees                         | 2,902 | 3,007 |
| Members of the Board of Directors | 6     | 6     |
| Members of the Supervisory Board  | 9     | 9     |
| Other management members          | 24    | 26    |

The financial arrangements between the Group and members of the Board of Directors and Supervisory Board are disclosed in Notes 42b and 42c.

## 15. INCOME TAX

### (a) Income tax expense

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| Income tax payable   | (510,806)        | (499,131)        |
| Tax overpayment/(additional payments) from the previous period | 1,121            | (73,027)         |
| Deferred income tax credit /(charge)                           | 4,448            | (63,197)         |
| <b>Total income tax</b>  | <b>(505,237)</b> | <b>(635,355)</b> |

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

| CZK thousand  | 2012             | 2011             |
|---|------------------|------------------|
| <b>Pre-tax profit (general tax base)</b>  | <b>2,525,643</b> | <b>2,858,282</b> |
| Pre-tax profit (separate tax base)  | 45               | 667              |
| <b>Total pre-tax profit</b>   | <b>2,525,688</b> | <b>2,858,949</b> |
| <b>Tax calculated at the tax rate for the general tax base - 19 % (2011: 19 %)</b>  | <b>(479,872)</b> | <b>(543,074)</b> |
| Tax calculated at the tax rate for the separate tax base (rate of 15 %)   | (7)              | (100)            |
| Non-taxable income (tax effect)   | 528,974          | 536,608          |
| Non-tax deductible expenses (tax effect)  | (560,320)        | (493,150)        |
| Tax relief and credit   | 419              | 585              |
| <b>Tax liability for the period</b>   | <b>(510,806)</b> | <b>(499,131)</b> |
| Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years | 1,121            | (73,027)         |
| Deferred tax  | 4,448            | (63,197)         |
| <b>Total income tax</b>   | <b>(505,237)</b> | <b>(635,355)</b> |
| <b>Effective tax rate</b>   | <b>20.00 %</b>   | <b>22.22 %</b>   |

The significant amount of non-tax deductible expenses is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables.

The increase in "Deferred tax" in 2011 is primarily due to a significant year-on-year increase in the difference between the tax and accounting carrying values of tangible assets (increase in the deferred tax liability), refer to Note 21.

## (b) Income Tax Liability/Asset

| CZK thousand  | 2012             | 2011             |
|---|------------------|------------------|
| Tax calculated at the tax rate for the general tax base - 19% (2011: 19%) | (510,799)        | (499,031)        |
| Tax calculated at the tax rate for the separate tax base (rate of 15%)    | (7)              | (100)            |
| <b>Tax liability for the period</b>                                       | <b>(510,806)</b> | <b>(499,131)</b> |
| Advances paid for current income tax                                      | 658,918          | 668,774          |
| <b>Total income tax asset</b>   | <b>148,112</b>   | <b>169,643</b>   |

| CZK thousand  | 2012           | 2011           |
|---|----------------|----------------|
| Income tax receivable reported in the balance sheet | 148,425        | 174,241        |
| Income tax payable reported in the balance sheet    | (313)          | (4,598)        |
| <b>Total income tax (payable)/receivable</b>        | <b>148,112</b> | <b>169,643</b> |

For additional details on the deferred tax, refer to Note 21.

## 16. CASH AND BALANCES WITH CENTRAL BANKS

| CZK thousand                            | 2012             | 2011             |
|---|------------------|------------------|
| Cash on hand and other cash equivalents | 2,646,086        | 2,792,779        |
| Balances with central banks             | 587,122          | 129,266          |
| Minimum reserve deposits with the CNB   | 1,731,310        | 1,002,228        |
| <b>Total</b>                            | <b>4,964,518</b> | <b>3,924,273</b> |

Statutory minimum reserves include deposits the amount of which is determined based on the regulation declared by the Czech National Bank and the drawing of which is limited. The Group may draw an amount from obligatory minimum reserves which exceeds the actual average amount of statutory minimum reserves for the particular period calculated according the regulation of the Czech National Bank.

For the information on cash and other highly liquid balances reported in the cash flow statement, refer to Note 34.

## 17. SECURITIES

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

| CZK thousand   | 2012              | 2011              |
|--|-------------------|-------------------|
| <b>Securities held to maturity (debt securities)</b>                         | <b>13,977,382</b> | <b>17,544,075</b> |
| <b>Securities at fair value through profit or loss</b>                       | <b>11,457,440</b> | <b>7,977,726</b>  |
| <b>of which: Securities held for trading</b>                                 | <b>11,196,027</b> | <b>3,713,986</b>  |
| - Debt securities  | 11,181,524        | 3,702,337         |
| - Shares and participation certificates                                      | 14,503            | 11,649            |
| <b>of which: Securities designated as FVTPL on initial recognition</b>       | <b>261,413</b>    | <b>4,263,740</b>  |
| - Debt securities  | 141,752           | 3,836,014         |
| - Shares and participation certificates                                      | 119,661           | 427,726           |
| <b>Securities available for sale (shares and participation certificates)</b> | <b>536,948</b>    | <b>540,077</b>    |
| <b>Total</b>   | <b>25,971,770</b> | <b>26,061,878</b> |
| of which: repayable within one year  | 11,178,837        | 11,202,699        |
| repayable in more than one year  | 14,792,933        | 14,859,179        |

"Securities held to maturity" includes bonds and state treasury bill of the Czech Republic.

"Securities at fair value through profit or loss" includes government bonds and treasury bills of CZK 10,974,782 thousand (2011: CZK 7,059,478 thousand) which may be used for refinancing with central banks.

"Securities available for sale" includes the Group's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 516,106 thousand (2011: CZK 516,106 thousand) and other minority investments of the Group.

In 2012, the Group changed its investment strategy and holds most of newly acquired securities in the "Securities held for trading" portfolio.

The remeasurement of securities available for sale for 2012 and 2011 amounted to CZK (5,605) thousand and CZK 4,193 thousand, respectively, and is included in the comprehensive income for the period.

### (b) Securities Pledged as Collateral

As of 31 December 2012 and 2011, the Group concluded no repurchase transaction and provided no securities pledged as collateral.

## 18. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

| CZK thousand                                       | 2012              | 2011              |
|--|-------------------|-------------------|
| Placements with financial institutions             | 689,393           | 525,785           |
| Term deposits with banks                           | 5,135,295         | 2,298,897         |
| Loans and other advances to financial institutions | 8,627,429         | 9,453,192         |
| <b>Total</b>                                       | <b>14,452,117</b> | <b>12,277,874</b> |
| <i>of which: repayable within one year</i>         | 14,452,117        | 12,277,874        |

"Loans and other advances to financial institutions" includes reverse repurchase transactions. As part of the reverse repurchase transactions (primarily with the Czech National Bank), the Group provided loans in the aggregate amount of CZK 8,561,967 thousand (2011: CZK 9,205,805 thousand).

## 19. LOANS AND ADVANCES TO CUSTOMERS

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

| CZK thousand                           | 2012               | 2011               |
|--|--------------------|--------------------|
| Overdrafts                             | 10,456,841         | 10,612,433         |
| Term loans                             | 75,882,002         | 78,605,335         |
| Mortgage loans                         | 62,395,418         | 67,600,803         |
| Finance leases                         | -                  | 2,861,708          |
| Other                                  | 1,128,050          | 2,099,109          |
| <b>Total</b>                           | <b>149,862,311</b> | <b>161,779,388</b> |
| <i>of which: repayable at request</i>  | 10,456,841         | 10,612,433         |
| <i>repayable within one year</i>       | 38,243,409         | 41,503,428         |
| <i>repayable in more than one year</i> | 101,162,061        | 109,663,527        |

In 2012, the Group restructured loans and advances to customers in the aggregate amount of CZK 3,357,639 thousand (2011: CZK 3,085,631 thousand).

### (b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2012 and 2011, the Group reported no repurchase transactions with customers. The Group advanced loans in the aggregate amount of CZK 805 thousand (2011: CZK 2,004 thousand) under reverse repurchase transactions.

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

| CZK thousand                                  | 2012               | 2011               |
|---|--------------------|--------------------|
| Public sector                                 | 253,622            | 173,862            |
| Loans to corporate entities (Large corporate) | 74,750,769         | 79,538,813         |
| Loans to private individuals                  | 70,244,052         | 75,218,716         |
| Small and medium size enterprises (SME)       | 4,613,868          | 6,829,186          |
| Other   | -                  | 18,811             |
| <b>Total</b>                                  | <b>149,862,311</b> | <b>161,779,388</b> |

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

| CZK thousand                            | 2012               | 2011               |
|---|--------------------|--------------------|
| Czech Republic                          | 143,959,108        | 156,617,646        |
| Slovakia                                | 1,335,132          | 1,332,879          |
| Other - EU countries                    | 2,889,778          | 2,219,413          |
| Other (Canada, USA, Ukraine, UAE, etc.) | 1,678,293          | 1,609,450          |
| <b>Total</b>                            | <b>149,862,311</b> | <b>161,779,388</b> |

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

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

| CZK thousand<br>Past due | Past due date |           | Discounted collateral value |           |
|--------------------------|---------------|-----------|-----------------------------|-----------|
|                          | 2012          | 2011      | 2012                        | 2011      |
| 1 - 30                   | 4,728,654     | 5,067,317 | 2,755,864                   | 3,065,785 |
| 31 - 90                  | 24,935        | 58,305    | 7,935                       | 51,148    |
| 91 - 180                 | 81,009        | 83,575    | 25,989                      | 12,450    |
| 181 - 360                | 45,221        | 2,235     | 19,786                      | 2,818     |
| 1 - 5 years              | 173,321       | 10,328    | 161,364                     | 10,601    |

Although the discounted value of collateral does not fully cover the amount of receivables in the "1 - 30" category, the Group recognised no individual provisions since most of the receivables in this category are overdue only by one day.

**(f) Analysis of Loans Provided to Customers by Delays**

| CZK thousand<br>2012              | Before due<br>date | Less than<br>1 month | 1 month to<br>3 months | 3 months to<br>6 months | 6 months to<br>1 year | Over 1<br>year   | Total              |
|-----------------------------------|--------------------|----------------------|------------------------|-------------------------|-----------------------|------------------|--------------------|
| <b>Amounts due from customers</b> |                    |                      |                        |                         |                       |                  |                    |
| - without default                 | 132,479,416        | -                    | -                      | -                       | -                     | -                | <b>132,479,416</b> |
| - with default                    | 4,528,697          | 5,438,875            | 1,040,103              | 1,151,232               | 204,363               | 5,019,625        | <b>17,382,895</b>  |
| <b>Gross</b>                      | <b>137,008,113</b> | <b>5,438,875</b>     | <b>1,040,103</b>       | <b>1,151,232</b>        | <b>204,363</b>        | <b>5,019,625</b> | <b>149,862,311</b> |
| Provisions                        | (1,358,789)        | (277,587)            | (171,120)              | (639,576)               | (90,378)              | (3,844,537)      | <b>(6,381,987)</b> |
| <b>Net</b>                        | <b>135,649,324</b> | <b>5,161,288</b>     | <b>868,983</b>         | <b>511,656</b>          | <b>113,985</b>        | <b>1,175,088</b> | <b>143,480,324</b> |

| CZK thousand<br>2011              | Before due<br>date | Less than<br>1 month | 1 month to<br>3 months | 3 months to<br>6 months | 6 months to<br>1 year | Over 1<br>year   | Total              |
|-----------------------------------|--------------------|----------------------|------------------------|-------------------------|-----------------------|------------------|--------------------|
| <b>Amounts due from customers</b> |                    |                      |                        |                         |                       |                  |                    |
| - without default                 | 142,842,173        | -                    | -                      | -                       | -                     | -                | <b>142,842,173</b> |
| - with default                    | 5,160,251          | 5,585,301            | 1,526,298              | 974,697                 | 171,427               | 5,519,241        | <b>18,937,215</b>  |
| <b>Gross</b>                      | <b>148,002,424</b> | <b>5,585,301</b>     | <b>1,526,298</b>       | <b>974,697</b>          | <b>171,427</b>        | <b>5,519,241</b> | <b>161,779,388</b> |
| Provisions                        | (1,540,531)        | (142,652)            | (380,312)              | (395,298)               | (140,261)             | (4,257,214)      | <b>(6,856,268)</b> |
| <b>Net</b>                        | <b>146,461,893</b> | <b>5,442,649</b>     | <b>1,145,986</b>       | <b>579,399</b>          | <b>31,166</b>         | <b>1,262,027</b> | <b>154,923,120</b> |

The amounts due from customers "without default" in the table above are amounts due that are not past their due dates and the individual provision is zero. Other amounts due from customers are reported within "with default".

## (g) Securitisation

There were no new securitisation type transactions during the year ended 31 December 2012. Since March 2006, the Group has carried out a synthetic securitisation of the Corporate Banking loans portfolio. The entire transaction will mature in March 2016.

At the end of 2012, the loan portfolio included in this securitisation amounted to CZK 391 million (2011: CZK 890 million). The decrease in the volume of the securitisation portfolio in 2012 is due to the end of the five-year period in which the Group could add new loans to the securitisation portfolio and thus replace those that have matured.

## (h) Syndicated loans

Pursuant to concluded syndicated loan agreements, the Group acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 5,222,500 thousand as of 31 December 2012 (2011: CZK 3,885,600 thousand), of which the proportion of the Group amounted to CZK 2,239,970 thousand (2011: CZK 1,586,400 thousand) and the proportion of other syndicate members amounted to CZK 2,982,530 thousand (2011: CZK 2,299,200 thousand).

As of 31 December 2012, the aggregate amount of outstanding receivables under the syndicated loan facilities, where the Group was an arranger, was CZK 4,199,243 thousand (2011: CZK 3,304,475 thousand), of which the proportion of the Group was CZK 1,665,610 thousand (2011: CZK 1,258,290 thousand) and the proportion of other syndicate members was CZK 2,533,633 thousand (2011: CZK 2,046,185 thousand).

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

## (i) Finance Lease Receivables

The aging analysis of finance lease receivables is as follows:

| CZK thousand  | 2012 | 2011             |
|---|------|------------------|
| <b>Gross finance lease investment</b>                   | -    | <b>3,461,575</b> |
| - of which remaining maturity up to 3 months            | -    | 318,036          |
| - of which remaining maturity from 3 months to 1 year   | -    | 591,387          |
| - of which remaining maturity of more than 1 to 5 years | -    | 1,686,218        |
| - of which remaining maturity of more than 5 years      | -    | 865,934          |
| <b>Unearned financial income</b>                        | -    | <b>(599,867)</b> |
| - of which remaining maturity up to 3 months            | -    | (43,361)         |
| - of which remaining maturity from 3 months to 1 year   | -    | (113,002)        |
| - of which remaining maturity of more than 1 to 5 years | -    | (324,028)        |
| - of which remaining maturity of more than 5 years      | -    | (119,476)        |
| <b>Net investment value</b>                             | -    | <b>2,861,708</b> |

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

| CZK thousand        | 2012 | 2011             |
|---------------------|------|------------------|
| Vehicles leasing    | -    | 730,004          |
| Real estate leasing | -    | 636,689          |
| Equipment leasing   | -    | 1,495,015        |
| <b>Total</b>        | -    | <b>2,861,708</b> |

In 2012, the Group reports no receivables from the finance lease due to the change in the relationship of the Group to Raiffeisen-Leasing s.r.o. (refer to Note 3).

The average period of lease contracts in 2011 was 4.2 years, 11.25 and 5.7 years in the lease of motor vehicles, real estate and other equipment, respectively. Lease contracts are concluded in CZK and EUR.

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

| 2012   | Cash collateral | State guarantees | Bank guarantee   | Real estate       | Company guarantee | Bill guarantee    | Personal guarantee | Movable assets    | Uncollateralised  | Total              |
|--|-----------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| Agriculture, Hunting, Forestry and Fishing   | 200             | -                | 25,803           | 171,204           | 104,922           | 531,064           | 52,127             | 241,835           | 153,826           | 1,280,981          |
| Mining and Quarrying   | -               | -                | 11,520           | 12,156            | 9,130             | 14,229            | -                  | 8,184             | 12,262            | 67,481             |
| Manufacturing  | 15,227          | -                | 821,604          | 2,149,434         | 737,457           | 3,466,517         | 2,252,113          | 4,239,687         | 2,635,156         | 16,317,195         |
| Electricity, Gas and Water Supply  | 20,055          | -                | 1,313            | 59,674            | 99,129            | 1,100,625         | 68,602             | 804,036           | 392,702           | 2,546,136          |
| Construction   | 14,910          | -                | 38,679           | 799,181           | 24,217            | 856,168           | 53,457             | 768,858           | 1,511,437         | 4,066,907          |
| Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods | 39,715          | -                | 239,936          | 2,534,515         | 604,480           | 3,508,866         | 1,025,951          | 3,394,782         | 3,989,051         | 15,337,296         |
| Hotels and Restaurants   | 10,011          | -                | 4,174            | 936,360           | 9,510             | 840,652           | 6,721              | 67,743            | 1,060,642         | 2,935,813          |
| Transport, Storage and Communication   | 4,585           | 355,275          | 30,510           | 274,137           | 35,804            | 436,394           | 18,187             | 322,319           | 1,031,681         | 2,508,892          |
| Financial Intermediation   | 172,799         | -                | 1,845,635        | 224,923           | 542,183           | 603,027           | 3,039              | 75,083            | 1,393,273         | 4,859,962          |
| Real Estate,   | 348,696         | 684,689          | 107,137          | 12,669,316        | 984,736           | 4,252,941         | 477,350            | 1,647,300         | 6,437,956         | 27,610,121         |
| Public Administration and Defence; Compulsory Social Security                                      | 421             | -                | -                | 57,710            | 31,013            | 22,875            | 360                | 7,320             | 153,506           | 273,205            |
| Education  | -               | -                | -                | 12,536            | -                 | 19,190            | -                  | 1,012             | 43,127            | 75,865             |
| Health and Social Work   | 533             | 26,088           | 3,065            | 102,935           | -                 | 117,866           | -                  | 7,706             | 27,832            | 286,025            |
| Other Community, Social and Personal Service Activities  | 13,089          | -                | 52,104           | 193,439           | 136,248           | 209,317           | 10,944             | 186,960           | 650,279           | 1,452,380          |
| Private Households With Employed Persons   | -               | 195              | -                | 57,567,051        | 18,752            | 12,768            | 3,894,591          | -                 | 8,750,695         | 70,244,052         |
| <b>Total</b>   | <b>640,241</b>  | <b>1,066,247</b> | <b>3,181,480</b> | <b>77,764,571</b> | <b>3,337,581</b>  | <b>15,992,499</b> | <b>7,863,442</b>   | <b>11,772,825</b> | <b>28,243,425</b> | <b>149,862,311</b> |

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Group uses the collateral in nominal value.

In 2012, the Group fine-tuned the allocation of collateral and noted an inaccuracy in the "Uncollateralised" category in the value of collateral by individual types as of 31 December 2011, where it did not disclose the value of partially uncollateralised loans and advances. In accordance with IFRS, the Group adjusted the comparative period.

| 2011   | Cash collateral | State guarantees | Bank guarantee   | Real estate       | Company guarantee | Bill guarantee    | Personal guarantee | Movable assets    | Uncollateralised  | Total              |
|--|-----------------|------------------|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|--------------------|
| Agriculture, Hunting, Forestry and Fishing   | 2,883           | -                | 4,440            | 193,859           | 88,923            | 509,288           | 216,588            | 293,048           | 99,555            | 1,408,584          |
| Mining and Quarrying   | -               | -                | 12,246           | 5,990             | 11,268            | 9,367             | -                  | 22,943            | 11,651            | 73,465             |
| Manufacturing  | 9,544           | -                | 990,649          | 2,571,746         | 837,432           | 4,066,999         | 1,302,264          | 4,940,171         | 2,725,173         | 17,443,978         |
| Electricity, Gas and Water Supply  | 7,029           | -                | 6,140            | 28,255            | 4,219             | 1,112,247         | 123,813            | 1,138,038         | 1,146,474         | 3,566,215          |
| Construction   | 4,585           | -                | 88,807           | 900,589           | 8,713             | 1,084,465         | 88,531             | 1,238,230         | 1,204,505         | 4,618,425          |
| Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods | 36,554          | -                | 349,074          | 3,800,468         | 839,582           | 3,905,033         | 552,900            | 4,633,206         | 3,825,627         | 17,942,444         |
| Hotels and Restaurants   | 6,254           | -                | 16,891           | 1,249,644         | 10,181            | 518,548           | 10,481             | 79,161            | 1,092,976         | 2,984,136          |
| Transport, Storage and Communication   | 5,163           | 769,309          | 32,582           | 324,831           | 41,436            | 449,480           | 14,968             | 664,898           | 602,964           | 2,905,631          |
| Financial Intermediation   | 219,678         | -                | 1,559,663        | 421,264           | 41,904            | 339,573           | -                  | 181,331           | 2,632,254         | 5,395,667          |
| Real Estate,   | 267,452         | 587,311          | 228,705          | 12,075,229        | 882,031           | 5,332,088         | 490,237            | 1,586,037         | 5,997,378         | 27,446,468         |
| Public Administration and Defence; Compulsory Social Security                                      | 1,058           | -                | -                | 86,367            | -                 | 50,866            | -                  | 53,714            | 21,506            | 213,511            |
| Education  | 294             | -                | -                | 29,195            | -                 | 20,897            | -                  | 2,374             | 26,572            | 79,332             |
| Health and Social Work   | 3,905           | 36,556           | 2,811            | 288,469           | 2,561             | 159,142           | -                  | 47,884            | 176,138           | 717,466            |
| Other Community, Social and Personal Service Activities  | 8,036           | -                | 93,345           | 239,320           | 155,432           | 277,221           | 1,187              | 386,444           | 604,365           | 1,765,350          |
| Private Households With Employed Persons   | -               | 210              | 572              | 62,594,536        | 33,799            | 11,833            | 3,692,622          | 35,869            | 8,849,275         | 75,218,716         |
| <b>Total</b>   | <b>572,435</b>  | <b>1,393,386</b> | <b>3,385,925</b> | <b>84,809,762</b> | <b>2,957,481</b>  | <b>17,847,047</b> | <b>6,493,591</b>   | <b>15,303,348</b> | <b>29,016,413</b> | <b>161,779,388</b> |

For the purposes of reporting loans and advances to customers by sector and type of collateral, the Group uses the collateral in nominal value.

## 20. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

| CZK thousand  | 2012               | 2011             |
|---|--------------------|------------------|
| <b>Clients</b>  |                    |                  |
| Balance at 1 January  | (6,856,268)        | (5,736,235)      |
| Charge for provisions   | (4,309,671)        | (4,532,288)      |
| Release of provisions   | 2,735,828          | 2,570,484        |
| Usage of provisions for the write-off and assignment of receivables | 1,972,420          | 864,648          |
| Effect from the change in the scope of consolidation (Note 3)       | 53,966             | -                |
| FX gains from provisions denominated in a foreign currency          | 21,738             | (22,767)         |
| <b>Balance at 31 December</b>                                       | <b>(6,381,987)</b> | <b>6,856,158</b> |
| <b>Banks</b>  |                    |                  |
| Balance at 1 January  | (110)              | -                |
| Charge for provisions   | -                  | (110)            |
| <b>Balance at 31 December</b>                                       | <b>(110)</b>       | <b>(110)</b>     |
| <b>Total</b>  | <b>(6,382,097)</b> | <b>6,856,268</b> |

## 21. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2013).

Deferred income tax assets are as follows:

| CZK thousand                                | 2012           | 2011           |
|---|----------------|----------------|
| Unpaid interest on loans of non-residents   | 278,590        | 288,607        |
| Unpaid social security and health insurance | 92,000         | 98,548         |
| Outstanding vacation days                   | 9,092          | 13,568         |
| Other provisions                            | 86,216         | 24,776         |
| Modification of lease reporting CAS - IFRS  | -              | 6,521          |
| <b>Total deferred tax asset</b>             | <b>465,898</b> | <b>432,020</b> |

Deferred income tax liabilities are as follows:

| CZK thousand  | 2012             | 2011             |
|---|------------------|------------------|
| Differences between accounting and tax carrying amounts of tangible and intangible assets       | (322,055)        | (274,332)        |
| Amount on the valuation difference in equity from revaluation of securities available for sales | (55)             | (1,121)          |
| Modification of the lease reporting CAS - IFRS  | -                | (18,178)         |
| <b>Total deferred tax liability</b>   | <b>(322,110)</b> | <b>(293,631)</b> |

Set out below is the calculation of a net deferred tax asset:

| CZK thousand                             | 2012             | 2011             |
|--|------------------|------------------|
| Balance at 1 January                     | 432,020          | 808,037          |
| Movement for the year - income/(expense) | 33,878           | (376,017)        |
| <b>Total deferred tax asset</b>          | <b>465,898</b>   | <b>432,020</b>   |
| Balance at 1 January                     | (293,631)        | (605,590)        |
| Movement for the year - income/(expense) | (29,430)         | 312,820          |
| Movement for the year - equity           | 951              | (761)            |
| <b>Total deferred tax liability</b>      | <b>(322,110)</b> | <b>(293,631)</b> |
| <b>Net deferred tax asset</b>            | <b>143,788</b>   | <b>138,389</b>   |

| CZK thousand   | 2012           | 2011           |
|--|----------------|----------------|
| Deferred tax asset reported in the balance sheet     | 145,165        | 156,567        |
| Deferred tax liability reported in the balance sheet | (1,377)        | (18,178)       |
| <b>Net deferred tax asset</b>                        | <b>143,788</b> | <b>138,389</b> |

The deferred tax (charge)/credit in the profit or loss and equity:

| CZK thousand  | 2012         | 2011            |
|---|--------------|-----------------|
| Recognition of a year-on-year difference due to temporary differences in profit or loss | 4,448        | (63,197)        |
| Recognition of a year-on-year difference due to temporary differences in equity         | 951          | (761)           |
| <b>Total year-on-year difference for recognition</b>                                    | <b>5,399</b> | <b>(63,958)</b> |

## 22. OTHER ASSETS

| CZK thousand                                     | 2012             | 2011             |
|--|------------------|------------------|
| Indirect tax receivables                         | 7,241            | 159              |
| Receivables arising from non-banking activities  | 483,376          | 547,839          |
| Deferred expenses and accrued income             | 10,091           | 6,771            |
| Receivables from securities trading              | 142,728          | 8,423            |
| Inventory - land                                 | -                | 171,509          |
| Settlement of cash transactions with other banks | 351,106          | 1,278,165        |
| Other  | 103,155          | 293,029          |
| <b>Total</b>                                     | <b>1,097,697</b> | <b>2,305,895</b> |

"Inventory - land" includes the land held for future finance lease and sale.

## 23. EQUITY INVESTMENTS IN ASSOCIATES

| CZK thousand  | 2012           | 2011          |
|---|----------------|---------------|
| <b>Opening balance</b>                                      | <b>54,620</b>  | <b>54,526</b> |
| Share in the profit or loss of the associate for the period | 37,069         | 94            |
| Effect from the change in the scope of the consolidation    | 139,964        | -             |
| <b>Closing balance</b>                                      | <b>231,653</b> | <b>54,620</b> |

| CZK thousand                       | Country | Assets    | Liabilities | Revenue | Profit/loss | Share of equity | Share of equity |
|------------------------------------|---------|-----------|-------------|---------|-------------|-----------------|-----------------|
| Raiffeisen - Leasing, s.r.o. group | ČR      | 9,074,695 | 8,678,385   | 231,778 | 54,236      | 50.00%          | 198,155         |
| CCRB a.s. group                    | ČR      | 119,748   | 51,385      | 79,555  | (25,527)    | 49.00%          | 33,498          |
| <b>At 31 Dec 2012</b>              |         |           |             |         |             |                 | <b>231,653</b>  |
| Bondy Centrum, s.r.o.              | ČR      | 1,075,796 | 1,006,726   | 93,810  | 27,637      | 12.50%          | 8,634           |
| RLRE Ypsilon Property s.r.o.       | ČR      | 59,663    | 59,811      | 979     | 8           | 12.50%          | (19)            |
| CCRB a.s.                          | ČR      | 149,569   | 55,682      | 1,115   | (6,861)     | 49.00%          | 46,005          |
| <b>At 31 Dec 2011</b>              |         |           |             |         |             |                 | <b>54,620</b>   |

As of 31 December 2012, the Raiffeisen - Leasing, s.r.o. group includes the following entities which are consolidated on the Raiffeisen - Leasing, s.r.o. level and the above assets, liabilities, income and profits and losses are the consolidated figures of this group. The revenues of the Raiffeisen - Leasing s.r.o. group include net interest income and net fee and commission income of the group.

| Entity                                | Effective holding<br>of RaiffeisenLeasing s.r.o. |            | Indirect<br>holding through           | Registered<br>office |
|---------------------------------------|--|------------|---------------------------------------|----------------------|
|                                       | in %, 2012                                       | in %, 2011 |                                       |                      |
| Raiffeisen Leasing Real Estate s.r.o. | 50%  | 50%        | -                                     | Prague               |
| RLRE Alpha Property s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Sirius Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE HOTEL ELLEN s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Beta Property, s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Raines Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Phoenix Property, s.r.o.              | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Perseus Property, s.r.o.              | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Eta Property, s.r.o.             | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Raiffeisen FinCorp, s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Jota Property, s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Orion Property s.r.o.            | 50%  | 47.86%     | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Gaia Property, s.r.o.                 | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Iris Property, s.r.o.                 | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Dione Property s.r.o.                 | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Lyra Property s.r.o.             | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| CRISTAL PALACE Property, s.r.o.       | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RESIDENCE PARK TŘEBEŠ, s.r.o.         | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Epsilon Property, s.r.o.         | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Holečkova Property, s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| UPC Real, s.r.o.                      | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Chronos Property, s.r.o.              | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Athena Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Ypsilon Property, s.r.o.         | 25%  | 25%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Bondy Centrum s.r.o.                  | 25%  | 25%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Carina Property, s.r.o.          | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Luna Property                         | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Dorado Property, s.r.o.          | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Orchideus Property, s.r.o.            | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Appolon Property, s.r.o.              | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Metis Property, s.r.o.                | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Nike Property, s.r.o.                 | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE EDEN INVEST s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Viktor Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| RLRE Gamma Property, s.r.o.           | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Hermes Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Selene Property s.r.o.                | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Pontos Property, s.r.o.               | 50%  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Hera Property, s.r.o.                 | -  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Jardin Property, s.r.o.               | -  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Matějská 24, s.r.o.                   | -  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |
| Artemis Property, s.r.o.              | -  | 50%        | Raiffeisen Leasing Real Estate s.r.o. | Prague               |

As of 31 December 2012, Raiffeisen Leasing Real Estate additionally legally owned the following entities: Green Energie větrný park Bílčice, s.r.o., IMPULS Tuchoňčice, s.r.o., Photon Energie s.r.o., Photon SPV 3 s.r.o., Photon SPV 8 s.r.o., JIHOČESKÁ EKO-ENERGETIKA s.r.o., Euros Property, s.r.o., Exit 90 SPV s.r.o., FORZA SOLE s.r.o., Elektrárna Dynín s.r.o., Michalka - Sun s.r.o., DBK Energy s.r.o., GS55 Sazovice s.r.o., Onyx Energy projekt II s.r.o., Onyx Energy s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 10 s.r.o., Photon SPV 11 s.r.o., Rheia Property, s.r.o., MATĚJKOVA s.r.o., Trojské výhledy s.r.o., ALT POHLEDY s.r.o., PZ PROJEKT a.s., VILLA ATRIUM BUBENEČ s.r.o., Logistický areál Hostivař, s.r.o., T.L.S. building construction s.r.o., FVE Cihelna s.r.o., Maharal Hotels, s.r.o., and Credibilis a.s. Although these entities are legally owned by Raiffeisen Leasing Real Estate, they do not comply with the IFRS conditions for inclusion in the consolidation group as Raiffeisen Leasing Real Estate is not a party that would enjoy benefits arising from the activities of these entities and would be exposed to risks relating to the entities based on concluded contracts.

In 2012 and 2011, Raiffeisen-Leasing s.r.o. excluded Kalypso Property, s.r.o., Dike Property, s.r.o., Tyche Property s.r.o., and newly Pyrit Property, s.r.o. in liquidation and Dionysos Property, s.r.o. in 2012, from its consolidation group due to immateriality.

In 2012, Raiffeisen-Leasing s.r.o. newly included Hermes Property, s.r.o., Selene Property s.r.o. and Pontos Property s.r.o. in the consolidation group due to the increase in the materiality of these entities.

In 2012, CCRB a.s. newly included ZUQ Czech s.r.o., in which it held 90% of shares as of 31 December 2012, in its consolidation group. The above assets, liabilities, income and profit and losses include consolidated figures of this group.

Mutual relationships of the Group with the above associates are described in Note 42. .

## 24. INTANGIBLE FIXED ASSETS

| CZK thousand                                      | Goodwill      | Software           | Intangible assets under construction | Total              |
|---|---------------|--------------------|--------------------------------------|--------------------|
| <b>Cost</b>                                       |               |                    |                                      |                    |
| 1 January 2011                                    | 14,862        | 1,931,869          | 1,027,235                            | 2,973,966          |
| Additions   | -             | 200,307            | 971,042                              | 1,171,349          |
| Disposals   | -             | (4,627)            | -                                    | (4,627)            |
| Other changes (transfers)                         | -             | 239,237            | (239,237)                            | -                  |
| <b>31 December 2011</b>                           | <b>14,862</b> | <b>2,366,786</b>   | <b>1,759,040</b>                     | <b>4,140,688</b>   |
| Additions   | -             | 124,372            | 888,083                              | 1,012,455          |
| Disposals   | -             | -                  | (70,272)                             | (70,272)           |
| Other changes (transfers)                         | -             | 88,940             | (88,940)                             | -                  |
| Effect from the change in the consolidation scope | (13,707)      | (16,243)           | -                                    | (29,950)           |
| <b>31 December 2012</b>                           | <b>1,155</b>  | <b>2,563,855</b>   | <b>2,487,911</b>                     | <b>5,052,921</b>   |
| <b>Accumulated amortisation and provisions</b>    |               |                    |                                      |                    |
| 1 January 2011                                    | -             | (1,412,230)        | -                                    | (1,412,230)        |
| Additions - annual amortisation charges           | -             | (263,599)          | -                                    | (263,599)          |
| Disposals   | -             | 4,627              | -                                    | 4,627              |
| <b>31 December 2011</b>                           | <b>-</b>      | <b>(1,671,202)</b> | <b>-</b>                             | <b>(1,671,202)</b> |
| Additions - annual amortisation charges           | -             | (301,288)          | -                                    | (301,288)          |
| Disposals   | -             | -                  | -                                    | -                  |
| Effect from the change in the consolidation scope | -             | 9,326              | -                                    | 9,326              |
| <b>31 December 2012</b>                           | <b>-</b>      | <b>(1,963,164)</b> | <b>-</b>                             | <b>(1,963,164)</b> |
| <b>Net book value</b>                             |               |                    |                                      |                    |
| <b>31 December 2011</b>                           | <b>14,862</b> | <b>695,584</b>     | <b>1,759,040</b>                     | <b>2,469,486</b>   |
| <b>31 December 2012</b>                           | <b>1,155</b>  | <b>600,691</b>     | <b>2,487,911</b>                     | <b>3,089,757</b>   |

The year-on-year increase in intangible assets under construction in 2012 relates to the development of a new banking system and other applications supporting the new banking system and the initiation of a series of new projects supporting the management of processes and increase in business activities. Internal costs (primarily staff costs and lease costs) which are required to generate these assets are capitalised. In 2012, internal costs of CZK 220,591 thousand (2011: CZK 219,543 thousand) were capitalised. Other additions to intangible assets under construction include purchases from external entities. In this category, the Group does not report and record additions acquired through business combinations.

As part of the impairment testing of intangible assets under construction in accordance with IAS 36, an impairment of the new banking system of CZK 70,272 thousand was noted. The impairment was due to a change in the migration strategy of the new banking system.

"Other changes (transfers)" includes capitalisation of completed investments.

## 25. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

| CZK thousand                                      | Land, buildings, technical improvements on buildings | Furniture and fixtures | Machinery and equipment | Tangible assets under construction | Total              |
|---|--|------------------------|-------------------------|------------------------------------|--------------------|
| <b>Cost</b>                                       |  |                        |                         |                                    |                    |
| 1 January 2011                                    | 1,009,204  | 254,989                | 1,190,709               | 297,166                            | 2,752,068          |
| Additions   | 254,405  | 30,822                 | 147,959                 | 144,488                            | 577,674            |
| Disposals   | (255,433)  | (37,199)               | (361,751)               | (6,408)                            | (660,791)          |
| Other changes (transfers)                         | 65,372   | 7,664                  | 185,048                 | (258,084)                          | -                  |
| <b>31 December 2011</b>                           | <b>1,073,548</b>                                     | <b>256,276</b>         | <b>1,161,965</b>        | <b>177,162</b>                     | <b>2,668,951</b>   |
| Additions   | 49,753   | 10,865                 | 86,674                  | 52,338                             | 199,630            |
| Disposals   | (40,466)   | (9,884)                | (189,853)               | -                                  | (240,203)          |
| Other changes (transfers)                         | 51,664   | 10,877                 | 98,076                  | (160,617)                          | -                  |
| Effect from the change in the consolidation scope | (143,025)  | 443                    | (12,546)                | -                                  | (155,128)          |
| <b>31 December 2012</b>                           | <b>991,474</b>                                       | <b>268,577</b>         | <b>1,144,316</b>        | <b>68,883</b>                      | <b>2,473,250</b>   |
| <b>Accumulated depreciation</b>                   |  |                        |                         |                                    |                    |
| 1 January 2011                                    | (390,436)  | (167,818)              | (881,891)               | -                                  | (1,440,145)        |
| Additions   | (64,563)   | (24,666)               | (192,981)               | -                                  | (282,210)          |
| Disposals   | 15,661   | 36,570                 | 356,167                 | -                                  | 408,398            |
| <b>31 December 2011</b>                           | <b>(439,338)</b>                                     | <b>(155,914)</b>       | <b>(718,705)</b>        | <b>-</b>                           | <b>(1,313,957)</b> |
| Additions   | (77,553)   | (26,843)               | (152,285)               | -                                  | (256,681)          |
| Disposals   | 18,790   | 9,365                  | 182,224                 | -                                  | 210,379            |
| Effect from the change in the consolidation scope | 28,008   | 452                    | 8,568                   | -                                  | 37,028             |
| <b>31 December 2012</b>                           | <b>(470,093)</b>                                     | <b>(172,940)</b>       | <b>(680,198)</b>        | <b>-</b>                           | <b>(1,323,231)</b> |
| <b>Net book value</b>                             |  |                        |                         |                                    |                    |
| <b>31 December 2011</b>                           | <b>634,210</b>                                       | <b>100,362</b>         | <b>443,260</b>          | <b>177,162</b>                     | <b>1,354,994</b>   |
| <b>31 December 2012</b>                           | <b>521,381</b>                                       | <b>95,637</b>          | <b>464,118</b>          | <b>68,883</b>                      | <b>1,150,019</b>   |

The figures presented under "Other changes (transfers)" represent the reclassification of assets from assets under construction to individual categories and a change in the classification of selected classes of assets.

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

The Group recorded no significant property and equipment under finance leases in the years ended 31 December 2012 and 2011.

## 26. INVESTMENT PROPERTY

| CZK thousand  | 2012            | 2011            |
|---|-----------------|-----------------|
| <b>Cost</b>   |                 |                 |
| At 1 January  | 361,790         | 50,256          |
| Additions   | 79,319          | 311,534         |
| Disposals   | (106,246)       | -               |
| Effect from the change in the consolidation scope             | (82,648)        | -               |
| <b>Cost at 31 December</b>                                    | <b>252,215</b>  | <b>361,790</b>  |
| <b>Accumulated depreciation</b>                               |                 |                 |
| At 1 January  | (35,278)        | (5,962)         |
| Annual charges  | (6,822)         | (29,316)        |
| Disposals   | 10,439          | -               |
| Effect from the change in the consolidation scope             | 7,745           | -               |
| <b>Accumulated depreciation and provisions at 31 December</b> | <b>(23,916)</b> | <b>(35,278)</b> |
| <b>Net book value at 31 December</b>                          | <b>228,299</b>  | <b>326,512</b>  |

The fair value does not significantly differ from the carrying amount.

## 27. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

| CZK thousand                  | 2012             | 2011              |
|-------------------------------|------------------|-------------------|
| <b>Repayable on demand</b>    | <b>957,058</b>   | <b>1,882,437</b>  |
| <b>Term deposits of banks</b> | <b>5,861,895</b> | <b>10,468,190</b> |
| Within 3 months               | 2,886,545        | 4,532,112         |
| From 3 months to 1 year       | 401,976          | 1,577,884         |
| From 1 year to 5 years        | 1,132,423        | 2,238,574         |
| Over 5 years                  | 1,440,951        | 2,119,620         |
| <b>Total</b>                  | <b>6,818,953</b> | <b>12,350,627</b> |

The year-on-year decrease in "Term deposits of banks" is due to the effect of changes in the consolidation group, refer to Note 3.

## 28. AMOUNTS OWED TO CUSTOMERS

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

| CZK thousand  | 2012               | 2011               |
|---|--------------------|--------------------|
| Repayable on demand   | 115,748,674        | 110,648,054        |
| Term deposits with maturity at accrued amount                       | 27,805,848         | 33,333,226         |
| Change in the fair values of hedged items in the fair value hedging | 136,627            | -                  |
| Other   | 66,822             | 14,029             |
| <b>Total</b>  | <b>143,757,971</b> | <b>143,995,309</b> |
| <i>of which: repayable within one year</i>                          | 129,592,184        | 129,786,338        |
| <i>repayable in more than one year</i>                              | 14,165,787         | 14,208,971         |

In 2012, the Group started to use hedge accounting upon the fair value hedge of term deposits.

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

| CZK thousand                            | 2012               | 2011               |
|---|--------------------|--------------------|
| Public sector                           | 4,257,753          | 4,547,208          |
| Corporate clients (Large corporate)     | 59,273,188         | 56,327,219         |
| Private individuals                     | 64,070,421         | 68,051,129         |
| Small and medium size enterprises (SME) | 15,504,652         | 14,243,142         |
| Other                                   | 651,957            | 826,611            |
| <b>Total</b>                            | <b>143,757,971</b> | <b>143,995,309</b> |

## 29. DEBT SECURITIES ISSUED

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

| CZK thousand  | 2012              | 2011              |
|---|-------------------|-------------------|
| Deposit certificates and depository bills of exchange | 2,467,946         | 3,189,791         |
| Bonds in issue  | 2,737,135         | 2,426,014         |
| Mortgage bonds  | 12,778,021        | 15,842,108        |
| <b>Total</b>  | <b>17,983,102</b> | <b>21,457,913</b> |
| <i>of which: repayable within one year</i>            | 5,510,105         | 7,862,872         |
| <i>repayable in more than one year</i>                | 12,472,997        | 13,595,041        |

Note: The subordinated debt securities issued are disclosed in Note 32.

## (b) Analysis of Mortgage Bonds

| CZK thousand  |            |              |          | Nominal value     |                   | Net carrying value |                   |
|---------------|------------|--------------|----------|-------------------|-------------------|--------------------|-------------------|
| Date of issue | Maturity   | ISIN         | Currency | 2012              | 2011              | 2012               | 2011              |
| 16.2.2007     | 16.2.2012  | CZ0002000946 | CZK      | -                 | 1,274,710         | -                  | 1,330,234         |
| 12.9.2007     | 12.9.2012  | CZ0002001175 | CZK      | -                 | 2,000,000         | -                  | 2,042,952         |
| 14.11.2007    | 14.11.2014 | CZ0002001316 | CZK      | 500,000           | 500,000           | 510,359            | 513,952           |
| 12.12.2007    | 12.12.2012 | CZ0002001662 | CZK      | -                 | 391,400           | -                  | 401,059           |
| 12.12.2007    | 12.12.2017 | CZ0002001670 | CZK      | 2,427,800         | 1,517,800         | 2,589,019          | 1,564,167         |
| 12.12.2007    | 12.12.2017 | CZ0002001696 | CZK      | 500,000           | 500,000           | 531,209            | 536,863           |
| 12.12.2007    | 12.12.2022 | CZ0002001704 | CZK      | -                 | 1,000,000         | -                  | 1,000,339         |
| 20.12.2007    | 20.12.2017 | CZ0002001928 | CZK      | 1,444,500         | 1,057,500         | 1,603,173          | 1,168,064         |
| 26.11.2008    | 26.11.2013 | CZ0002002058 | CZK      | 1,462,460         | 816,040           | 1,495,306          | 837,617           |
| 18.2.2009     | 18.2.2012  | CZ0002002074 | CZK      | -                 | 240,180           | -                  | 246,478           |
| 28.8.2009     | 28.8.2012  | CZ0002002108 | CZK      | -                 | 241,790           | -                  | 244,381           |
| 14.10.2009    | 14.10.2012 | CZ0002002140 | CZK      | -                 | 249,980           | -                  | 251,688           |
| 16.11.2010    | 16.11.2013 | CZ0002002249 | CZK      | 960,000           | 960,000           | 959,010            | 957,124           |
| 19.1.2011     | 19.1.2014  | CZ0002002272 | CZK      | 222,230           | 206,840           | 228,441            | 212,363           |
| 9.2.2011      | 9.2.2014   | CZ0002002280 | CZK      | 852,580           | 865,790           | 874,345            | 887,762           |
| 4.5.2011      | 4.5.2016   | CZ0002002314 | CZK      | 499,960           | 496,350           | 511,774            | 507,822           |
| 27.7.2011     | 27.7.2016  | CZ0002002363 | CZK      | 500,000           | 499,530           | 507,147            | 506,433           |
| 27.7.2011     | 27.7.2014  | CZ0002002371 | CZK      | 1,710,120         | 1,712,350         | 1,731,703          | 1,733,318         |
| 26.9.2011     | 26.9.2016  | CZ0002002405 | CZK      | 930,000           | 885,000           | 945,112            | 899,491           |
| 11.1.2012     | 11.1.2017  | CZ0002002439 | CZK      | 283,750           | -                 | 291,423            | -                 |
| 5.12.2012     | 5.12.2017  | XS0861195369 | EUR      | -                 | -                 | -                  | -                 |
| <b>Total</b>  |            |              |          | <b>12,293,400</b> | <b>15,415,260</b> | <b>12,778,021</b>  | <b>15,842,108</b> |

In December 2012, the Group issued mortgage bonds of EUR 500,000 thousand. The Group repurchased the entire issue. This is the first issue under the bond programme of the Group with the total amount of EUR 5,000,000 thousand. The issued mortgage bonds comply with the conditions for repurchase transactions with the European Central Bank and the Group can use them when it needs to increase liquidity.

## 30. PROVISIONS

| CZK thousand                      | Provisions for legal disputes | Provisions for off balance sheet credit risk exposures | Provision for outstanding vacation days | Other provisions | Total          |
|-----------------------------------|-------------------------------|--|---|------------------|----------------|
| 1 January 2011                    | 6,185                         | 35,684   | 64,400                                  | 193,039          | 299,308        |
| Charge for provisions             | 1,300                         | 4,803  | 71,411                                  | 85,800           | 163,314        |
| Use of provisions                 | -                             | -  | (64,400)                                | (13,962)         | (78,362)       |
| Release of redundant provisions   | (5,500)                       | (30,684)   | -                                       | (130,401)        | (166,585)      |
| Foreign exchange rate differences | -                             | -  | -                                       | 515              | 515            |
| <b>31 December 2011</b>           | <b>1,985</b>                  | <b>9,803</b>   | <b>71,411</b>                           | <b>134,991</b>   | <b>218,190</b> |
| Charge for provisions             | 12,000                        | 232,944  | 29,732                                  | 104,730          | 379,406        |
| Use of provisions                 | -                             | -  | (53,292)                                | (31,673)         | (84,965)       |
| Release of redundant provisions   | (85)                          | (4,803)  | -                                       | (6,396)          | (11,284)       |
| Foreign exchange rate differences | -                             | -  | -                                       | (435)            | (435)          |
| <b>31 December 2012</b>           | <b>13,900</b>                 | <b>237,944</b>   | <b>47,851</b>                           | <b>201,217</b>   | <b>500,912</b> |

The Group recognises provisions for legal disputes on the basis of an internal expert assessment of the current legal disputes conducted against the Group. If there is a risk of a possible loss in the legal dispute, the internal division issues an instruction for a provision to be recognised. If the legal dispute discontinues or the likelihood of a loss is reduced, the provision is released due to redundancy.

The Group recognises provisions for credit risks arising from off-balance sheet items in respect of irrevocable credit commitments, guarantees and letters of credit provided to clients who are in delay in the repayment of their principal balances and accrued interest and there is an increased risk that the Group will not collect the provided amount in the event of the performance under the irrevocable commitments to clients.

“Other provisions” includes provisions for future potential payments arising from compensation for armed robberies, provisions for three-year bonuses, bonuses provided for the successful implementation of internal projects, bonuses for clients, etc. For all types of other provisions, the Group assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

In the years ended 31 December 2011 and 2012, the Group recognised no provision for restructuring.

Provisions are recognised when it is possible to estimate the amount of the future performance. In most types of risk, the Group recognises a provision equal to 100% of the anticipated repayments and payments.

## 31. OTHER LIABILITIES

| CZK thousand                                    | 2012             | 2011             |
|---|------------------|------------------|
| Liabilities arising from non-banking activities | 574,689          | 509,016          |
| Estimated payables for payroll costs            | 727,214          | 727,281          |
| Accrued expenses                                | 30,861           | 95               |
| Deferred income                                 | 12,905           | 30,649           |
| Liabilities from securities trading             | 141,804          | 8,481            |
| Local settlement and suspense clearing account  | 1,090,530        | 1,124,746        |
| Other   | 910,521          | 837,401          |
| <b>Total</b>                                    | <b>3,488,524</b> | <b>3,237,669</b> |

## 32. SUBORDINATED LIABILITIES

### (a) Subordinated Loan

| CZK thousand                                      | 2012             | 2011             |
|---|------------------|------------------|
| Raiffeisen Bank International AG (parent company) | 1,230,741        | 1,268,531        |
| Raiffeisenlandesbank Oberösterreich*              | -                | 1,015,160        |
| Raiffeisenlandesbank Niederösterreich*            | -                | 748,426          |
| Raiffeisen Malta Bank Plc (fellow subsidiary)     | 2,556,566        | 3,701,929        |
| <b>Total</b>                                      | <b>3,787,307</b> | <b>6,734,046</b> |
| <i>of which: repayable within one year</i>        | 49,312           | 106,648          |
| <i>repayable in more than one year</i>            | 3,737,995        | 6,627,397        |

\* The entity holding an indirect investment in the share capital of the parent company

During 2012, the Group repaid the subordinated loan from Raiffeisenlandesbank Oberösterreich and Raiffeisenlandesbank Niederösterreich and partially repaid the subordinated loan from Raiffeisen Malta Bank Plc.

### (b) Issue of Subordinated Bonds

| CZK thousand  |                  |              |          |                |                |                |                |
|---------------|------------------|--------------|----------|----------------|----------------|----------------|----------------|
| Date of issue | Date of maturity | ISIN         | Currency | Nominal value  |                | Net book value |                |
|               |                  |              |          | 2012           | 2011           | 2012           | 2011           |
| 21.9.2011     | 21.9.2016        | CZ0003702953 | CZK      | 125,000        | 125,000        | 128,689        | 129,268        |
| 21.9.2011     | 21.9.2018        | CZ0003702961 | CZK      | 125,000        | 125,000        | 126,252        | 126,417        |
| <b>Total</b>  |                  |              |          | <b>250,000</b> | <b>250,000</b> | <b>254,941</b> | <b>255,685</b> |

## 33. SHARE CAPITAL

On 15 May 2012, the shareholder structure of the Bank changed. The shareholder Raiffeisen CEE Region Holding GmbH purchased the investment in the share capital of the Bank from the other shareholder Raiffeisen Zentralbank Österreich AG.

The shareholder structure of the Bank before 15 May 2012:

| Name                                 | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|--------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH   | Austria           | 383,061                   | 3,830,610                    | 51                           |
| RB Prag Beteiligungs GmbH            | Austria           | 187,775                   | 1,877,750                    | 25                           |
| Raiffeisen Zentralbank Österreich AG | Austria           | 180,264                   | 1,802,640                    | 24                           |
|                                      |                   | <b>751,100</b>            | <b>7,511,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital

The new shareholder structure of the Bank since 16 May 2012:

| Name                               | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH | Austria           | 563,325                   | 5,633,250                    | 75                           |
| RB Prag Beteiligungs GmbH          | Austria           | 187,775                   | 1,877,750                    | 25                           |
| <b>Total</b>                       |                   | <b>751,100</b>            | <b>7,511,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital.

On 27 June 2012, the share capital of the Bank was increased by CZK 1,846,000 thousand (issue of 184,600 shares) from CZK 7,511,000 thousand to CZK 9,357,000 thousand. The aggregate nominal value of all the shares was fully paid. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital did not impact the shareholder structure effective since 16 May 2012, i.e. all existing shareholders participated in the increase in the share capital in a proportionate manner according to the amount of the investment in the share capital and voting rights.

The shareholder structure and the nominal value of their investments as of 31 December 2012 is as follows:

| Name                               | Registered office | Number of ordinary shares | Nominal value (CZK thousand) | Ownership Percentage* (in %) |
|------------------------------------|-------------------|---------------------------|------------------------------|------------------------------|
| Raiffeisen CEE Region Holding GmbH | Austria           | 701,775                   | 7,017,750                    | 75                           |
| RB Prag Beteiligungs GmbH          | Austria           | 233,925                   | 2,339,250                    | 25                           |
| <b>Total</b>                       |                   | <b>935,700</b>            | <b>9,357,000</b>             | <b>100</b>                   |

\* Direct investment in the share capital

## 34. CASH AND CASH EQUIVALENTS

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

| CZK thousand   | 2012             | 2011             |
|--|------------------|------------------|
| Cash and accounts with central banks (Note 16)         | 4,964,518        | 3,924,273        |
| Required minimum reserves (Note 16)                    | (1,731,310)      | (1,002,228)      |
| Placements with other financial institutions (Note 18) | 689,393          | 525,785          |
| <b>Total cash and cash equivalents</b>                 | <b>3,922,601</b> | <b>3,447,830</b> |

## 35. CONTINGENT LIABILITIES

### (a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2012. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Group recognised provisions (Note 30) for significant litigations in the aggregate amount CZK 13,900 thousand (2011: CZK 1,985 thousand).

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

| CZK thousand                       | 2012              | 2011              |
|------------------------------------|-------------------|-------------------|
| <b>Banks</b>                       |                   |                   |
| Provided commitments (irrevocable) | 512,500           | -                 |
| Guarantee commitments              | 70,140            | 449,922           |
| Letters of credit issued           | 15,492            | 44,324            |
| <b>Total</b>                       | <b>598,132</b>    | <b>494,246</b>    |
| <b>Customers</b>                   |                   |                   |
| Provided commitments (irrevocable) | 16,516,380        | 18,934,962        |
| Guarantee commitments              | 12,039,351        | 11,126,185        |
| Letters of credit issued           | 445,928           | 508,327           |
| <b>Total</b>                       | <b>29,001,659</b> | <b>30,569,474</b> |
| <b>Total</b>                       | <b>29,599,791</b> | <b>31,063,720</b> |

In 2011, the Group provided no irrevocable commitments to banks. In 2012, the Group provided an irrevocable commitment to Raiffeisen Bank International.

**(c) Refinancing Agreements**

During 2011, the Group used EUR 50,000 thousand from the EIB. During January 2012, the Group used another EUR 50,000 thousand. As of 31 December 2012, this is an equivalent of CZK 2,514,000 thousand.

**36. FINANCIAL DERIVATIVES****(a) Analysis of Derivative Financial Instruments – Contractual Amounts (nominal value)**

| CZK thousand  | Contractual amounts (nominal value) |                    |
|---|-------------------------------------|--------------------|
|   | 2012                                | 2011               |
| <b>Trading instruments</b>                              |                                     |                    |
| Cross currency swaps                                    | 562,703                             | 159,479            |
| Currency forwards and swaps                             | 33,701,578                          | 40,379,183         |
| Interest rate swaps (IRS)                               | 109,622,515                         | 93,537,150         |
| Forward rate agreements (FRA)                           | 26,262,600                          | 40,610,000         |
| Option contracts (purchase)                             | 6,408,312                           | 5,903,839          |
| Option contracts (sale)                                 | 6,412,363                           | 5,877,296          |
| <b>Total trading instruments</b>                        | <b>182,970,071</b>                  | <b>186,466,947</b> |
| <b>Hedging derivatives</b>                              |                                     |                    |
| Interest rate swaps (IRS)                               | 2,011,200                           | -                  |
| <b>Total hedging derivatives</b>                        | <b>2,011,200</b>                    | <b>-</b>           |
| <b>Financial derivatives - total contractual amount</b> | <b>184,981,271</b>                  | <b>186,466,947</b> |

In 2012, the Group started to use hedge accounting upon the fair value hedge of term deposits.

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

| CZK thousand                                    | Fair value in 2012 |                    | Fair value in 2011 |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | Positive           | Negative           | Positive           | Negative           |
| <b>Trading instruments</b>                      |                    |                    |                    |                    |
| Cross currency swaps                            | 4,268              | (1,003)            | 490                | (682)              |
| Currency forwards and swaps                     | 175,078            | (240,650)          | 1,375,870          | (303,724)          |
| Interest rate swaps (IRS)                       | 2,064,764          | (2,152,371)        | 1,255,686          | (1,795,629)        |
| Forward rate agreements (FRA)                   | 14,419             | (10,568)           | 26,398             | (16,200)           |
| Option contracts (purchase)                     | 104,870            | -                  | 238,669            | -                  |
| Option contracts (sale)                         | -                  | (104,696)          | -                  | (238,080)          |
| <b>Total trading instruments</b>                | <b>2,363,399</b>   | <b>(2,509,288)</b> | <b>2,897,112</b>   | <b>(2,354,315)</b> |
| <b>Hedging derivatives</b>                      |                    |                    |                    |                    |
| Interest rate swaps (IRS)                       | 235,244            | -                  | -                  | -                  |
| <b>Total hedging derivatives</b>                | <b>235,244</b>     | <b>-</b>           | <b>-</b>           | <b>-</b>           |
| <b>Financial derivatives - total fair value</b> | <b>2,598,643</b>   | <b>(2,509,288)</b> | <b>2,897,112</b>   | <b>(2,354,315)</b> |

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

| CZK thousand                       | Up to 1 year      | From 1 to 5 years | Over 5 years      | Total              |
|------------------------------------|-------------------|-------------------|-------------------|--------------------|
| <b>At 31 December 2012</b>         |                   |                   |                   |                    |
| <b>Trading instruments</b>         |                   |                   |                   |                    |
| Cross currency swaps               | -                 | 562,703           | -                 | 562,703            |
| Currency forwards and swaps        | 32,426,750        | 1,274,828         | -                 | 33,701,578         |
| Interest rate swaps (IRS)*         | 28,983,691        | 64,594,157        | 16,044,667        | 109,622,515        |
| Forward rate agreements (FRA)      | 25,262,600        | 1,000,000         | -                 | 26,262,600         |
| Option contracts (purchase)        | 5,769,228         | 622,975           | 16,109            | 6,408,312          |
| Option contracts (sale)            | 5,767,928         | 628,326           | 16,109            | 6,412,363          |
| <b>Total trading instruments</b>   | <b>98,210,197</b> | <b>68,682,989</b> | <b>16,076,885</b> | <b>182,970,071</b> |
| <b>Hedging derivatives</b>         |                   |                   |                   |                    |
| Interest rate swaps (IRS)          | -                 | -                 | 2,011,200         | 2,011,200          |
| <b>Total hedging derivatives</b>   | <b>-</b>          | <b>-</b>          | <b>2,011,200</b>  | <b>2,011,200</b>   |
| <b>Total financial derivatives</b> | <b>98,210,197</b> | <b>68,682,989</b> | <b>18,088,085</b> | <b>184,981,271</b> |

\*The nominal value reported by the final transaction maturity.

| CZK thousand                       | Up to 1 year       | From 1 to 5 years | Over 5 years      | Total              |
|------------------------------------|--------------------|-------------------|-------------------|--------------------|
| <b>At 31 December 2011</b>         |                    |                   |                   |                    |
| <b>Trading instruments</b>         |                    |                   |                   |                    |
| Cross currency swaps               | 77,325             | 82,154            | -                 | 159,479            |
| Currency forwards and swaps        | 38,519,689         | 1,859,494         | -                 | 40,379,183         |
| Interest rate swaps (IRS)*         | 23,251,823         | 58,189,224        | 12,096,103        | 93,537,150         |
| Forward rate agreements (FRA)      | 36,578,000         | 4,032,000         | -                 | 40,610,000         |
| Option contracts (purchase)        | 4,585,911          | 1,301,396         | 16,532            | 5,903,839          |
| Option contracts (sale)            | 4,561,039          | 1,299,725         | 16,532            | 5,877,296          |
| <b>Total trading instruments</b>   | <b>107,573,787</b> | <b>66,763,993</b> | <b>12,129,167</b> | <b>186,466,947</b> |
| <b>Total financial derivatives</b> | <b>107,573,787</b> | <b>66,763,993</b> | <b>12,129,167</b> | <b>186,466,947</b> |

\*The nominal value reported by the final transaction maturity.

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

| CZK thousand  | Future Cash Inflows |                   |                | Future Cash Outflows |                    |                  |
|---|---------------------|-------------------|----------------|----------------------|--------------------|------------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years   | Up to 1 year         | From 1 to 5 years  | Over 5 years     |
| <b>31 December 2012</b>                                   |                     |                   |                |                      |                    |                  |
| <b>Trading instruments</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | 89,604              | 1,356,551         | 618,609        | (315,227)            | (1,027,655)        | (809,489)        |
| Forward rate agreements (FRA)                             | 13,880              | 539               | -              | (10,568)             | -                  | -                |
| Option contracts (purchase)                               | -                   | -                 | 583            | -                    | -                  | -                |
| Option contracts (sale)                                   | -                   | -                 | -              | -                    | -                  | (622)            |
| <b>Total trading instruments</b>                          | <b>103,484</b>      | <b>1,357,090</b>  | <b>619,192</b> | <b>(325,795)</b>     | <b>(1,027,655)</b> | <b>(810,111)</b> |
| <b>Hedging derivatives</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | -                   | -                 | 235,244        | -                    | -                  | -                |
| <b>Total hedging derivatives</b>                          | <b>-</b>            | <b>-</b>          | <b>235,244</b> | <b>-</b>             | <b>-</b>           | <b>-</b>         |
| <b>Financial derivatives - total contractual payments</b> | <b>103,484</b>      | <b>1,357,090</b>  | <b>854,436</b> | <b>(325,795)</b>     | <b>(1,027,655)</b> | <b>(810,111)</b> |

| CZK thousand  | Future Cash Inflows |                   |                | Future Cash Outflows |                    |                  |
|---|---------------------|-------------------|----------------|----------------------|--------------------|------------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years   | Up to 1 year         | From 1 to 5 years  | Over 5 years     |
| <b>31 December 2011</b>                                   |                     |                   |                |                      |                    |                  |
| <b>Trading instruments</b>                                |                     |                   |                |                      |                    |                  |
| Interest rate swaps (IRS)                                 | 118,999             | 770,540           | 403,015        | (209,060)            | (1,119,033)        | (462,658)        |
| Forward rate agreements (FRA)                             | 22,236              | 4,163             | -              | (14,133)             | (2,067)            | -                |
| <b>Total trading instruments</b>                          | <b>141,235</b>      | <b>774,703</b>    | <b>403,015</b> | <b>(223,193)</b>     | <b>(1,121,100)</b> | <b>(462,658)</b> |
| <b>Financial derivatives - total contractual payments</b> | <b>141,235</b>      | <b>774,703</b>    | <b>403,015</b> | <b>(223,193)</b>     | <b>(1,121,100)</b> | <b>(462,658)</b> |

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

| CZK thousand  | Future Cash Inflows |                   |              | Future Cash Outflows |                    |              |
|---|---------------------|-------------------|--------------|----------------------|--------------------|--------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years | Up to 1 year         | From 1 to 5 years  | Over 5 years |
| <b>31 December 2012</b>                                   |                     |                   |              |                      |                    |              |
| <b>Trading instruments</b>                                |                     |                   |              |                      |                    |              |
| Cross currency swaps                                      | -                   | 562,703           | -            | -                    | (562,703)          | -            |
| Currency forwards and swaps                               | 32,426,750          | 1,274,828         | -            | (32,477,583)         | (1,293,919)        | -            |
| Option contracts (purchase)                               | 5,769,228           | 622,975           | -            | (5,690,334)          | (621,636)          | -            |
| Option contracts (sale)                                   | 5,690,334           | 628,281           | -            | (5,767,928)          | (628,326)          | -            |
| <b>Total trading instruments</b>                          | <b>43,886,312</b>   | <b>3,088,787</b>  | <b>-</b>     | <b>(43,935,845)</b>  | <b>(3,106,584)</b> | <b>-</b>     |
| <b>Financial derivatives - total contractual payments</b> | <b>43,886,312</b>   | <b>3,088,787</b>  | <b>-</b>     | <b>(43,935,845)</b>  | <b>(3,106,584)</b> | <b>-</b>     |

| CZK thousand<br>31 December 2011                          | Future Cash Inflows |                   |               | Future Cash Outflows |                    |                 |
|---|---------------------|-------------------|---------------|----------------------|--------------------|-----------------|
|   | Up to 1 year        | From 1 to 5 years | Over 5 years  | Up to 1 year         | From 1 to 5 years  | Over 5 years    |
| <b>Trading instruments</b>                                |                     |                   |               |                      |                    |                 |
| Cross currency swaps                                      | 77,325              | 83,809            | -             | (77,325)             | (83,809)           | -               |
| Currency forwards and swaps                               | 38,519,689          | 1,859,494         | -             | (37,476,130)         | (1,829,584)        | -               |
| Option contracts (purchase)                               | 4,585,911           | 1,301,396         | 16,532        | (3,985,256)          | (1,145,264)        | (16,532)        |
| Option contracts (sale)                                   | 4,561,039           | 1,299,725         | 16,532        | (4,561,038)          | (1,299,725)        | (16,532)        |
| <b>Total trading instruments</b>                          | <b>47,743,964</b>   | <b>4,544,424</b>  | <b>33,064</b> | <b>(46,099,749)</b>  | <b>(4,358,382)</b> | <b>(33,064)</b> |
| <b>Financial derivatives – total contractual payments</b> | <b>47,743,964</b>   | <b>4,544,424</b>  | <b>33,064</b> | <b>(46,099,749)</b>  | <b>(4,358,382)</b> | <b>(33,064)</b> |

## 37. OTHER OFF BALANCE SHEET ASSETS – OTHER

### (a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2012 and 2011, the Group provided no assets for management, administration and custody.

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

| CZK thousand                       | 2012              | 2011              |
|------------------------------------|-------------------|-------------------|
| Assets accepted for management     | 3,675,659         | 3,725,302         |
| Assets accepted for administration | 15,452,875        | 11,834,040        |
| <b>Total</b>                       | <b>19,128,534</b> | <b>15,559,342</b> |

## 38. SEGMENT ANALYSIS

### (a) Segments

The base for the segment analysis according to IFRS 8 are internal reports of the Group which are based on management accounts and serve as the principal financial information for decision-making of the Group's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expenses and fee and commission expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

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

The Corporate banking segment involves transactions with corporate clients with an annual turnover exceeding CZK 250 million, public sector and financial institutions.

The SME banking segment entails all medium-sized entities and individuals – businessmen with an annual turnover of up to CZK 250 million.

The Retail banking segment generally includes all private individuals including VIP clients and own employees.

The Treasury segment includes interbank transactions and securities.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Group that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Group monitors amounts of net interest income and net fee and commission income, net profit/(loss) from financial operations, movements in provisions and other operating expenses by segment. Since 2012, the Group has monitored the income tax by segment. Other profit and loss items are not monitored by segment.

A predominant part of the Group's income is generated in the Czech Republic from transactions with clients who have their permanent residence or place of business in the Czech Republic or from trading with financial instruments issued by Czech entities. The income generated outside the Czech Republic is immaterial for the Group.

The Group has no client, or a group of related parties, whose income from transactions with the Group would account for more than 10 percent of total income of the Group.

## (b) Selected items by segment (2012)

| <b>CZK thousand</b>   |                           |  |                       |                   |                  |                    |
|---|---------------------------|--|-----------------------|-------------------|------------------|--------------------|
| <b>31 December 2012</b>   | <b>Corporate entities</b> | <b>Small and medium-size enterprises</b> | <b>Retail clients</b> | <b>Treasury</b>   | <b>Other</b>     | <b>Total</b>       |
| Net interest income   | 1,778,817                 | 1,423,122                                | 2,943,825             | (125,318)         | 162,468          | <b>6,182,914</b>   |
| Net fee and commission income   | 708,144                   | 1,137,794                                | 1,279,375             | 21,408            | -                | <b>3,146,721</b>   |
| Net profit/(loss) from financial operations                                 | 12,320                    | -  | -                     | 580,171           | -                | <b>592,491</b>     |
| Movements in provisions   | (852,560)                 | (242,463)                                | (703,018)             | -                 | -                | <b>(1,798,041)</b> |
| Other operating expenses  | (922,119)                 | (1,392,213)                              | (2,930,297)           | (199,668)         | (191,169)        | <b>(5,635,465)</b> |
| <b>Pre-tax profit</b>   | <b>724,602</b>            | <b>926,240</b>                           | <b>589,885</b>        | <b>276,593</b>    | <b>(28,701)</b>  | <b>2,488,619</b>   |
| Income tax  | (145,853)                 | (188,682)                                | (120,204)             | (56,345)          | 5,847            | <b>(505,237)</b>   |
| <b>Profit after tax</b>   | <b>578,749</b>            | <b>737,558</b>                           | <b>469,681</b>        | <b>220,248</b>    | <b>(22,854)</b>  | <b>1,983,382</b>   |
| <b>Reconciliation to the consolidated statement of comprehensive income</b> |                           |  |                       |                   |                  |                    |
| Share in the income from associates   | -                         | -  | -                     | -                 | 37,069           | <b>37,069</b>      |
| Reconciled profit after tax   | 578,749                   | 737,558                                  | 469,681               | 220,248           | 14,215           | <b>2,020,451</b>   |
| <b>Assets and liabilities:</b>  |                           |  |                       |                   |                  |                    |
| <b>Total assets</b>   | <b>57,030,642</b>         | <b>19,893,346</b>                        | <b>66,964,704</b>     | <b>44,601,570</b> | <b>9,068,015</b> | <b>197,558,277</b> |
| <b>Total liabilities</b>  | <b>43,110,722</b>         | <b>38,550,713</b>                        | <b>69,157,901</b>     | <b>20,308,564</b> | <b>9,995,239</b> | <b>181,123,139</b> |

## Selected items by segment (2011)

| CZK thousand  | Corporate entities | Small and medium-size enterprises | Retail clients    | Treasury          | Other             | Total              |
|---|--------------------|-----------------------------------|-------------------|-------------------|-------------------|--------------------|
| <b>31 December 2011</b>   |                    |                                   |                   |                   |                   |                    |
| Net interest income   | 1,844,170          | 1,620,091                         | 3,173,364         | (293,500)         | 413,265           | <b>6,757,390</b>   |
| Net fee and commission income   | 661,201            | 1,191,332                         | 1,249,400         | 22,461            | (1)               | <b>3,124,393</b>   |
| Net profit/(loss) from financial operations                                 | (2,422)            | -                                 | -                 | 441,998           | -                 | <b>439,576</b>     |
| Movements in provisions   | (395,440)          | (489,884)                         | (1,028,183)       | -                 | (55)              | <b>(1,913,562)</b> |
| Other operating expenses  | (955,646)          | (1,385,757)                       | (2,840,238)       | (177,495)         | (189,806)         | <b>(5,548,942)</b> |
| <b>Pre-tax profit</b>   | <b>1,151,863</b>   | <b>935,782</b>                    | <b>554,343</b>    | <b>(6,536)</b>    | <b>223,403</b>    | <b>2,858,855</b>   |
| Income tax  | -                  | -                                 | -                 | -                 | (635,355)         | <b>(635,355)</b>   |
| <b>Profit after tax</b>   | <b>1,151,863</b>   | <b>935,782</b>                    | <b>554,343</b>    | <b>(6,536)</b>    | <b>(411,952)</b>  | <b>2,223,500</b>   |
| <b>Reconciliation to the consolidated statement of comprehensive income</b> |                    |                                   |                   |                   |                   |                    |
| Share in the income from associates   | -                  | -                                 | -                 | -                 | 94                | <b>94</b>          |
| Reconciled profit after tax   | 1,151,863          | 935,782                           | 554,343           | (6,536)           | (411,858)         | <b>2,223,594</b>   |
| <b>Assets and liabilities:</b>  |                    |                                   |                   |                   |                   |                    |
| <b>Total assets</b>   | <b>60,639,765</b>  | <b>23,149,036</b>                 | <b>71,895,497</b> | <b>41,828,654</b> | <b>9,413,619</b>  | <b>206,926,572</b> |
| <b>Total liabilities</b>  | <b>43,015,185</b>  | <b>40,490,378</b>                 | <b>73,472,282</b> | <b>23,338,023</b> | <b>12,545,162</b> | <b>192,861,030</b> |

**Differences between individual lines of the segment analysis and information in the consolidated statement of comprehensive income**

The difference in "Net interest income" arises from the different presentation of the dividend income, income and expenses from commissions from foreign currency transactions, expense fees of synthetic securitisation and interest income from transactions with securities.

The difference in "Net fee and commission income" arises from the different presentation of income and expenses from commissions from foreign currency transactions and expense fees of synthetic securitisation.

The difference in "Net profit/(loss) from financial operations" arises from the different presentation of the dividend income, income and expenses from foreign currency transactions and interest income from transactions with securities.

"Other operating expenses" includes "Other operating income, net" and "General administrative expenses" presented in the statement of comprehensive income in separate lines.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items.

The profit after tax differs by the amount of the share in income of associates in the amount of CZK 37,069 thousand and CZK 94 thousand for the years ended 31 December 2012 and 2011, respectively.

## 39. FINANCIAL INSTRUMENTS – MARKET RISK

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

### (a) Trading

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

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

The Group manages risks associated with its trading activities on the level of individual types of risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 39 (d).

### (b) Risk Management

The selected risks exposures resulting from the Group's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 39 (d).

#### Liquidity Risk

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

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

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 36 (d) and 36 (e).

### Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

| 2012<br>(CZK thousand)                 | Total<br>contractual<br>liability | Up to 3<br>months | 3 - 12 months | 1 - 5<br>years | Over 5 years |
|--|-----------------------------------|-------------------|---------------|----------------|--------------|
| Amounts owed to financial institutions | 7,021,859                         | 3,838,303         | 314,875       | 159,082        | 2,709,599    |
| Amounts owed to customers              | 145,154,411                       | 124,941,025       | 5,316,634     | 10,866,522     | 4,030,230    |
| Debt securities issued                 | 19,901,248                        | 947,655           | 4,926,778     | 14,026,815     | -            |
| Subordinated liabilities               | 5,903,334                         | 110,700           | 106,392       | 1,000,234      | 4,686,008    |
| Other liabilities                      | 3,488,524                         | 3,488,524         | -             | -              | -            |
| Off-balance sheet items                | 17,316,622                        | 17,316,622        | -             | -              | -            |

| 2011<br>(CZK thousand)                 | Total<br>contractual<br>liability | Up to 3<br>months | 3 - 12 months | 1 - 5<br>years | Over 5 years |
|--|-----------------------------------|-------------------|---------------|----------------|--------------|
| Amounts owed to financial institutions | 12,775,296                        | 6,418,611         | 1,587,579     | 1,908,812      | 2,860,294    |
| Amounts owed to customers              | 145,649,066                       | 124,274,852       | 6,874,798     | 10,585,231     | 3,914,185    |
| Debt securities issued                 | 23,142,903                        | 3,662,009         | 4,619,992     | 10,620,032     | 4,240,870    |
| Subordinated liabilities               | 9,863,799                         | 194,892           | 190,914       | 2,881,189      | 6,596,804    |
| Other liabilities                      | 3,237,669                         | 3,237,669         | -             | -              | -            |
| Off-balance sheet items                | 18,478,635                        | 18,478,635        | -             | -              | -            |

Off-balance sheet items include all irrevocable credit commitments provided to the Group's clients and guarantees and letters of credit provided to clients classified as standard, doubtful or loss. In 2012 and 2011, the Group did not record any letters of credit provided to clients that are classified as default.

### Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Group's assets and liabilities in various currencies, including the currency-sensitive off balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Group denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 39 (d).

### Interest Rate Risk

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

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

Part of the Group's income is generated through a targeted mismatch between rate-sensitive assets and rate-sensitive liabilities. In managing the interest rate risk, the carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are included either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

### Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Group's portfolio and financial derivatives related to these instruments. This risk predominantly arises from trading with equity instruments although a portion of equity exposure is also attributable to non-trading activities of the Group. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 39 (d).

## (c) Fair values of financial assets and liabilities

In disclosing the estimates of fair values of financial assets and liabilities, the Group used the following methods and estimates.

### i) Cash and balances with central banks

Carrying amounts of cash and short-term instruments in principle approximate their fair values.

### ii) Loans and advances to financial institutions

Carrying amounts of loans and advances to financial institutions due within 180 days in principle approximate their fair values. Fair values of other loans and advances to financial institutions are estimated using discounted cash flows based on common rates in similar types of investments (market rates adjusted by the credit risk). Fair values of default loans of financial institutions are estimated on the basis of discounted cash flows, fair values of loss loans are equal to their collateral values.

**iii) Loans and advances to customers**

Fair values of loans with variable interest rate which are frequently remeasured and the change of the credit risk is insignificant in principle approximate their carrying amounts. Fair values of loans with fixed interest rate are estimated based on discounted cash flows using the interest rate common in loans with similar conditions and due dates and provided to debtors with similar risk rating. Fair values of default loans are estimated based on discounted cash flows including the potential collateral realisation.

**iv) Securities held to maturity**

Fair values of securities carried in the held to maturity portfolio are estimated based on discounted cash flows using the interest rate common as of the consolidated balance sheet date.

**v) Amounts owed to financial institutions and customers**

Fair values reported in respect of loans on request match amounts payable on demand (i.e. their carrying amounts) at the balance sheet date. Carrying amounts of term deposits with variable rate are principally equal to their fair values as of the balance sheet date. Fair values of deposits with fixed interest rate are estimated based on discounting of cash flows using market interest rates. The fair value of total amounts owed to financial institutions and customers does not significantly differ from the carrying amounts as of the balance sheet date.

**vi) Debt securities issued**

Fair values of debt securities issued by the Group are determined on the basis of updated market prices. If market prices are not available, fair values are estimates of the Group.

**vii) Subordinated liabilities**

Fair values of the subordinated loan are estimated based on discounting cash flows using market interest rates and reflecting liquid costs of the Group.

Fair values of subordinated bonds issued by the Group are determined by reference to current market prices.

The following table shows the carrying amounts and fair values of financial assets and liabilities that are not reported at fair value in the statement of financial position:

| CZK thousand                                 | 2012            |             | 2011            |             |
|--|-----------------|-------------|-----------------|-------------|
|  | Carrying amount | Fair value  | Carrying amount | Fair value  |
| <b>Assets</b>                                |                 |             |                 |             |
| Cash and balances with central banks         | 4,964,518       | 4,964,518   | 3,924,273       | 3,924,273   |
| Loans and advances to financial institutions | 14,452,117      | 14,423,664  | 12,277,874      | 12,266,030  |
| Loans and advances to customers              | 149,862,311     | 150,627,323 | 161,779,388     | 162,127,640 |
| Securities held to maturity                  | 13,977,382      | 14,493,905  | 17,544,075      | 17,503,964  |
| <b>Liabilities</b>                           |                 |             |                 |             |
| Amounts owed to financial institutions       | 6,818,953       | 6,814,573   | 12,350,627      | 12,352,331  |
| Amounts owed to customers                    | 143,757,971     | 144,474,241 | 143,995,309     | 144,696,573 |
| Debt securities issued                       | 17,983,102      | 16,477,049  | 21,457,913      | 18,388,907  |
| Subordinated liabilities                     | 4,042,248       | 4,048,975   | 6,989,731       | 6,996,520   |

## Financial instruments at fair value

| CZK thousand   | Fair value at 31 Dec 2012                                     |                                     | Fair value at 31 Dec 2011                                     |                                     |
|--|---|-------------------------------------|---|-------------------------------------|
|  | Fair value according to the price quoted on the active market | Fair value derived from market data | Fair value according to the price quoted on the active market | Fair value derived from market data |
| Positive fair values of financial derivative instruments | -   | 2,598,643                           | -   | 2,897,112                           |
| Securities at fair value through profit or loss          | 4,759,369   | 6,698,071                           | 4,571,078   | 3,406,648                           |
| Securities available for sale                            | -   | 842                                 | -   | 10,938                              |
| <b>Total</b>   | <b>4,759,369</b>  | <b>9,297,556</b>                    | <b>4,571,078</b>  | <b>6,314,698</b>                    |

| CZK thousand   | Fair value at 31 Dec 2012                                     |                                     | Fair value at 31 Dec 2011                                     |                                     |
|--|---|-------------------------------------|---|-------------------------------------|
|  | Fair value according to the price quoted on the active market | Fair value derived from market data | Fair value according to the price quoted on the active market | Fair value derived from market data |
| Negative fair values of financial derivative instruments | -   | 2,509,288                           | -   | 2,354,315                           |
| <b>Total</b>   | <b>-</b>  | <b>2,509,288</b>                    | <b>-</b>  | <b>2,354,315</b>                    |

Part of the securities available for sale not included in the above table are measured at cost due to the impossibility to reliably determine their fair value and the Group performs regular impairment testing.

"Fair value according to the price quoted on the active market" is Level 1 category according to IFRS 7.

"Fair value derived from market data" is the Level 2 category according to IFRS 7.

The Group holds no financial instruments that would be measured using techniques based on input information not based on data identifiable on the market (the Level 3 category according to IFRS 7).

### (d) Risk Management Methods

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

The Group monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates and equity market prices). The increase in the Value at Risk in interest rate positions at the end of 2012 is due to a significant increase in the volatility of interest rates in the Czech currency in December 2012. The absolute amount of the positions remains stable.

| CZK thousand                 | At 31 December 2012 | Average in 2012 | At 31 December 2011 | Average in 2011 |
|------------------------------|---------------------|-----------------|---------------------|-----------------|
| <b>Total market risk VaR</b> | <b>57,380</b>       | <b>15,169</b>   | <b>14,001</b>       | <b>17,577</b>   |

#### Interest Rate Risk

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

| CZK thousand                          | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|---------------------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Total interest rate risk VaR</b>   | <b>57,787</b>          | <b>14,742</b>      | <b>13,996</b>          | <b>16,664</b>      |
| Interest rate risk VaR - banking book | 37,733                 | 15,169             | 11,972                 | 13,252             |
| Interest rate risk VaR - trading book | 20,784                 | 8,673              | 8,884                  | 7,587              |

### Currency Risk

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

| CZK thousand             | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|--------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Currency risk VaR</b> | <b>1,691</b>           | <b>1,871</b>       | <b>899</b>             | <b>1,722</b>       |

### Equity Risk

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

| CZK thousand           | At 31 December<br>2012 | Average in<br>2012 | At 31 December<br>2011 | Average in<br>2011 |
|------------------------|------------------------|--------------------|------------------------|--------------------|
| <b>Equity risk VaR</b> | <b>395</b>             | <b>497</b>         | <b>168</b>             | <b>408</b>         |

### Stress Testing

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

### Operational Risk

In accordance with Basel II, operational risk is defined as the risk of the Group's loss arising from the inappropriateness or failure of internal processes, human errors or failures of systems or the risk of loss arising from external events. The Group monitors, tracks and assesses these risks on a regular basis and undertakes measures aimed at minimising these risks. The Group applies the standardised approach to calculating capital adequacy, it intends to implement the advanced (AMA) approach in the future.

The basic principal is the responsibility of each employee for the identification and escalation of the operational risk which is within his/her responsibility and for timely and accurate reporting of incidents. The Group has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

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

The objective of collecting data on operational risk events is not just to accumulate information but predominantly to analyse the causes of such events. More serious cases are presented to and discussed by the Operational Risk Management Committee. Through the Operational Risk Management Committee, the Group also presents, discusses and approves measures aimed at minimising or fully eliminating further occurrence of similar events. Specific responsibilities are determined for the implementation of proposed changes and their fulfilment is reviewed by the Operational Risk Management Committee. Other cases are dealt with by the relevant departments.

Risk self-assessment - RSA is designed to identify areas with high operational risk. The results of RSA impact the Group's priorities in eliminating operational risks. The assessment is performed no less than once in 15 months. Subsequently, risk and control self-assessments (RCSA) are performed for areas with high operational risk. The deliverable is a list of measures and key risk indicators (KRI).

These indicators monitor the development of the risk in specific areas, the effectiveness of the set controls of the performance of the introduced measures. The Group gradually extends and adjusts the list of these indicators depending on the development of the situation. In setting KRI, the Group cooperates with, and shares the results within, the Raiffeisen Group.

### Capital Risk Management

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

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

## 40. FINANCIAL INSTRUMENTS – CREDIT RISK

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

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

### (a) Assessment and Classification of Receivables

The Group assesses its receivables in accordance with the principles determined by the CNB's Regulation dated 15 May 2007 on the rules of prudent business of banks, savings and lending associations and securities traders (Collection of Laws No. 123/2007), as amended (hereinafter the "Regulation of the Czech National Bank"), and also in accordance with IFRS 9 and IAS 39 and internal regulations.

The Group assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to the Regulation of the Czech National Bank. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard, watch, sub-standard, doubtful, and loss. Substandard, doubtful and loss receivables are aggregately designated as receivables with debtor's default. If the Group records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating. This rule does not apply to retail receivables where the default and sub-categories are allocated on the level of receivables rather than the client.

The classification is performed on an annual basis, with the key criteria being:

- Number of days past maturity;
- Financial position of the debtor – client/transaction rating;
- Implementation of enforced restructuring;
- Resolution on insolvency; and
- Other individually assessed events relating to the anticipated customer's compliance with contractual obligations.

### (b) Provisioning for Receivables

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

The Group applies the portfolio approach in respect of individually assessed receivables where no impairment was noted individually. In this case, the Group also determines impairment of the portfolio of similar individually unimpaired loans.

Portfolio provisions are calculated pursuant to the anticipated development in the loan portfolio (probability of default, default loss, etc).

The amount of the individual provision is determined based on the anticipated cash flows. Future cash flows are estimated pursuant to the assessment of all available information, including the estimated collateral value, possibility of the sale of a receivable, proceeds from the bankruptcy and anticipated length of the recovery process.

Problematic receivables from the SME and Corporate segments are dealt with by the Workout division. Significant (in terms of volume) loans are assessed by the Problem Loan Committee.

The value of the future cash flows of retail receivables is estimated on the basis of the historical behaviour of similar receivables and historical success of the recovery process.

The Group determines provisions for receivables on a monthly basis.

## (c) Evaluation of Collateral

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

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

In arriving at the realisable value of collateral of immovable and movable assets, the Group refers to estimates of usual prices supervised by a specialised department of the Group or internal assessments prepared by this department. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Group. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Group's ability to realise the collateral as and when required. The Group regularly reviews and updates collateral values and correction coefficients depending on the type and quality of the collateral, usually on an annual basis.

## (d) Credit Risk Measurement Methods

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

In the corporate segment, the Group measures the credit risk through rating scales (see below) and each rating category is allocated a certain risk rate (default probability and a coefficient for determining risk weighted assets); the risk measured using this method can be mitigated through collateral according to effective regulations of the Czech National Bank.

## (e) Concentration of Credit Risk

The Group maintains a system of internal limits for individual countries, sectors and clients (or groups of economically connected clients) in order to prevent significant concentration of credit risk. As of the balance sheet date, the Group recorded no significant credit risk concentration exposure to an individual client or an economically connected entity that would exceed limits set by the Czech National Bank.

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

## (f) Recovery of Receivables

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

## (g) Securitisation

In 2006, the Group undertook a synthetic securitisation of its loan portfolio from the Corporate Banking segment. The substance of the transaction involves transferring part of the credit risk to the investor which is Kreditanstalt für Wiederbau (KfW).

The Group entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. Kreditanstalt für Wiederbau (KfW), with the involvement of European Investment Fund. Dresdner Bank AG acted as the arranger and Clifford Chance acted as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction will mature in 2016 and its original volume is EUR 450 million, of which EUR 183 million and EUR 267 million relate to the Group and Raiffeisen Bank Polska S.A., respectively, in March 2006. At the end of 2012, the Group's portion amounted to EUR 15.6 million. The gradual decrease in the volume of the securitisation portfolio since 2011 is due to the end of the five-year period in which the Group could add new loans to the securitisation portfolio and thus replace those that have matured.

## (h) Portfolio quality

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group in the interval from 0.5 to 5, where 0.5 represents highly excellent credit standing and 5 represents default. The rating in the interval from 6.1 to 6.5 is used for project financing where 6.1 represents excellent credit standing and 6.5 represents default.

| CZK thousand<br>Rating                         | Rating | 2012               | 2011               |
|--|--------|--------------------|--------------------|
| Highly excellent rating                        | 0.5    | 10,147,843         | 881,001            |
| Excellent credit rating                        | 1.0    | 15,736,282         | 9,027,598          |
| Very good credit rating                        | 1.5    | 16,575,778         | 24,643,374         |
| Good credit rating                             | 2.0    | 19,481,817         | 25,801,061         |
| Healthy credit rating                          | 2.5    | 17,374,458         | 18,808,758         |
| Acceptable credit rating                       | 3.0    | 15,484,678         | 19,689,015         |
| Limit credit rating                            | 3.5    | 12,851,885         | 14,015,593         |
| Weak credit rating                             | 4.0    | 4,710,096          | 7,246,782          |
| Very weak credit rating /monitored             | 4.5    | 3,879,819          | 6,078,771          |
| Default  | 5.0    | 9,462,649          | 9,698,521          |
| Excellent project profile - very low risk      | 6.1    | 20,165,313         | 13,148,619         |
| Good project profile - low risk                | 6.2    | 1,512,170          | 9,368,313          |
| Acceptable project profile - average risk      | 6.3    | 660,906            | 952,305            |
| Bad project profile - increased risk           | 6.4    | 577,093            | 658,586            |
| Default  | 6.5    | 886,715            | 1,076,111          |
| Retail and SME without rating: past due date   | -      | 281,641            | 174,978            |
| Retail and SME without rating: before due date | -      | 73,168             | 510,002            |
| <b>Total</b>                                   |        | <b>149,862,311</b> | <b>161,779,388</b> |

The significant year-on-year change in individual rating grades was due to the regular calibration of scoring and rating models of the Group in the Retail segment and improvement in ratings of certain projects in project financing.

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

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

| <b>CZK thousand</b>  |               |                    |                    |
|--|---------------|--------------------|--------------------|
| <b>Rating</b>  | <b>Rating</b> | <b>2012</b>        | <b>2011</b>        |
| Highly excellent rating  | 0.5           | 10,147,110         | 879,940            |
| Excellent credit rating  | 1             | 15,709,624         | 9,052,253          |
| Very good credit rating  | 1.5           | 16,424,101         | 24,950,587         |
| Good credit rating   | 2             | 18,803,168         | 24,902,390         |
| Healthy credit rating  | 2.5           | 16,746,158         | 18,477,635         |
| Acceptable credit rating   | 3             | 15,043,658         | 19,234,025         |
| Limit credit rating  | 3.5           | 12,078,497         | 12,869,161         |
| Weak credit rating   | 4             | 3,866,683          | 6,378,875          |
| Very weak credit rating /monitored   | 4.5           | 1,231,313          | 2,625,463          |
| Default  | 5             | 114,436            | 109,230            |
| Excellent project profile - very low risk  | 6.1           | 19,766,044         | 12,691,700         |
| Good project profile - low risk  | 6.2           | 1,370,407          | 8,545,858          |
| Acceptable project profile - average risk  | 6.3           | 490,859            | 869,592            |
| Bad project profile - increased risk   | 6.4           | 399,180            | 651,602            |
| Default  | 6.5           | 8,625              | -                  |
| Retail and SME without rating  | -             | 279,553            | 506,197            |
| <b>Total loans undue and individually unimpaired loans to customers to clients</b> |               | <b>132,479,416</b> | <b>142,744,508</b> |

The significant year-on-year change in individual rating grades was due to the regular calibration of scoring and rating models of the Group in the Retail segment and improvement in ratings of certain projects in project financing.

## (j) Maximum Exposure to Credit Risk

| 2012   | On-balance<br>sheet<br>exposure<br>(carrying<br>amount) | Off-balance<br>sheet exposure<br>(carrying<br>amount) | Aggregate<br>exposure<br>(carrying<br>amount) | Allocated<br>collateral<br>- balance<br>sheet | Allocated<br>collateral - off<br>balance sheet | Aggregate<br>allocated<br>collateral |
|--|---|---|---|---|--|--------------------------------------|
| CZK thousand   |   |   |   |   |  |                                      |
| Cash and balances with central banks                     | 4,964,518   | -   | 4,964,518                                     | -   | -  | -                                    |
| Loans and advances to financial institutions             | 14,452,117  | 598,132   | 15,050,249                                    | 17,952  | 1,412  | 19,364                               |
| Loans and advances to customers                          | 149,862,311   | 29,001,659  | 178,863,970                                   | 121,789,686                                   | 21,912,610                                     | 143,702,296                          |
| Positive fair value of financial derivative transactions | 2,598,643   | -   | 2,598,643                                     | -   | -  | -                                    |
| Securities held to maturity                              | 13,977,382  | -   | 13,977,382                                    | -   | -  | -                                    |
| Securities at fair value through profit or loss          | 11,457,440  | -   | 11,457,440                                    | -   | -  | -                                    |
| Securities available for sale                            | 536,948   | -   | 536,948                                       | -   | -  | -                                    |
| Income tax receivable                                    | 148,425   | -   | 148,425                                       | -   | -  | -                                    |
| Other assets   | 1,097,697   | -   | 1,097,697                                     | -   | -  | -                                    |

Exposures are presented on a gross basis without the impact of provisioning.

| 2011   | On-balance<br>sheet<br>exposure<br>(carrying<br>amount) | Off-balance<br>sheet exposure<br>(carrying<br>amount) | Aggregate<br>exposure<br>(carrying<br>amount) | Allocated<br>collateral<br>- balance<br>sheet | Allocated<br>collateral - off<br>balance sheet | Aggregate<br>allocated<br>collateral |
|--|---|---|---|---|--|--------------------------------------|
| CZK thousand   |   |   |   |   |  |                                      |
| Cash and balances with central banks                     | 3,924,273   | -   | 3,924,273                                     | -   | -  | -                                    |
| Loans and advances to financial institutions             | 12,277,874  | 494,246   | 12,772,120                                    | -   | 1,449  | 1,449                                |
| Loans and advances to customers                          | 161,779,388   | 30,569,474  | 192,348,862                                   | 132,762,975                                   | 10,707,529                                     | 143,470,504                          |
| Positive fair value of financial derivative transactions | 2,897,112   | -   | 2,897,112                                     | -   | -  | -                                    |
| Securities held to maturity                              | 17,544,075  | -   | 17,544,075                                    | -   | -  | -                                    |
| Securities at fair value through profit or loss          | 7,977,726   | -   | 7,977,726                                     | -   | -  | -                                    |
| Securities available for sale                            | 540,077   | -   | 540,077                                       | -   | -  | -                                    |
| Income tax receivable                                    | 174,241   | -   | 174,241                                       | -   | -  | -                                    |
| Other assets   | 2,305,895   | -   | 2,305,895                                     | -   | -  | -                                    |

Exposures are presented on a gross basis without the impact of provisioning.

## 41. CHANGES IN THE CONSOLIDATION GROUP

### (a) Newly Consolidated Entities in the Year Ended 31 December 2012

| CZK thousand                                 | Fair value as of date of inclusion in the consolidation group |                        |                                      | Total     |
|--|---|------------------------|--------------------------------------|-----------|
|  | Raiffeisen<br>Penzijní<br>Společnost a.s.*                    | Raiffeisen IS<br>a.s.* | Flex-space<br>Plzeň II.,<br>s.r.o.** |           |
| <b>Assets</b>                                |   |                        |                                      |           |
| Cash and balances with central banks         | -   | -                      | 2                                    | 2         |
| Loans and advances to financial institutions | 153,000   | 40,000                 | -                                    | 193,000   |
| Tangible and intangible fixed assets         | -   | -                      | 3,247                                | 3,247     |
| Other assets                                 | -   | -                      | -                                    | -         |
| Loans and advances to customers              | -   | -                      | -                                    | -         |
| Other liabilities                            | -   | -                      | (2,650)                              | (2,650)   |
| Fair value of identifiable net assets        | 153,000   | 40,000                 | 600                                  | 193,600   |
| <b>Goodwill / (Negative goodwill)</b>        |   |                        |                                      |           |
| Cost of investment                           | (153,000)   | (40,000)               | 600                                  | (192,400) |
| Cash and cash equivalent                     | 153,000   | 40,000                 | 4                                    | 193,004   |
| Cash inflow/(outflow) from the acquisition   | -   | -                      | (596)                                | (596)     |

\* Formation of the entity in 2012

\*\*Acquisition of the entity in 2012

### (b) Newly Consolidated Entities in the Year Ended 31 December 2011

| CZK thousand                                 | Fair value as of date of inclusion in the consolidation group |                                | Total     |
|--|---|--------------------------------|-----------|
|  | Viktor<br>Property s.r.o.*                                    | RLRE Gamma<br>Property s.r.o.* |           |
| <b>Assets</b>                                |   |                                |           |
| Cash and balances with central banks         | 1   | 1                              | 2         |
| Loans and advances to financial institutions | 5,590   | 26                             | 5,616     |
| Other assets                                 | 113,774   | 4,681                          | 118,455   |
| Loans and advances to customers              | (116,030)   | (2,082)                        | (118,112) |
| Other liabilities                            | (3,284)   | (101)                          | (3,385)   |
| Fair value of identifiable net assets        | 50  | 2,526                          | 2,576     |
| <b>Goodwill / (Negative goodwill)</b>        |   |                                |           |
| Cost of investment                           | 50  | 2,526                          | 2,576     |
| Cash and cash equivalent                     | 1   | 1                              | 2         |
| Cash inflow/(outflow) from the acquisition   | (49)  | (2,525)                        | (2,574)   |

\* Entity newly included in the consolidation group in 2011

In 2011, the Group implemented no mergers.

### (c) Disposals for the Year Ended 31 December 2012

In 2012, the Group sold the 100% equity investment in RLRE Taurus Property s.r.o. The following table summarises the assets and liabilities of the companies disposed of at the disposal date.

| CZK thousand   | Fair value at the sale date |
|--|-----------------------------|
|  | RLRE Taurus Property s.r.o. |
| <b>Assets</b>  |                             |
| Loans and advances to financial institutions           | -                           |
| Tangible and intangible fixed assets                   | 95,807                      |
| Other assets   | 234                         |
| <b>Liabilities</b>                                     |                             |
| Other liabilities                                      | (1,633)                     |
| Amounts owed to financial institutions                 | -                           |
| Fair value of identifiable net assets                  | 94,408                      |
| Selling price of the investment                        | 112,278                     |
| Gain/(loss) from the sale                              | 17,870                      |
| Cash and cash equivalents                              | -                           |
| Increase in receivables from customers                 | (92,150)                    |
| Cash inflow/(outflow) from the sale of the acquisition | 20,128                      |

### (d) Disposals for the Year Ended 31 December 2011

In 2011, the Group sold the 25% equity investment in Gama Project CZ, s.r.o. The following table summarises the assets and liabilities of the companies disposed of at the disposal date.

| CZK thousand                                 | Fair value at the sale date |
|--|-----------------------------|
|  | Gama Project CZ s.r.o.      |
| <b>Assets</b>                                |                             |
| Loans and advances to financial institutions | -                           |
| Tangible and intangible fixed assets         | 11,134                      |
| Other assets                                 | 2,823                       |
| <b>Liabilities</b>                           |                             |
| Other liabilities                            | (7,592)                     |
| Fair value of identifiable net assets        | 6,365                       |
| Selling price of the investment              | 50                          |
| Gain/(loss) from sale                        | (6,315)                     |
| Cash and cash equivalents                    | -                           |
| Cash inflow/(outflow) resulting from sale    | 50                          |

The fair value of the identifiable net assets of the joint ventures represents the proportionate share of the Group.

## 42. RELATED PARTY TRANSACTIONS

### (a) Related Party Transactions

At 31 December 2012

| CZK thousand   | Shareholders and controlling entities | Associates | Other     | Total             |
|--|---------------------------------------|------------|-----------|-------------------|
| Receivables  | 1,190,294                             | 106,840    | 326,263   | <b>1,623,398</b>  |
| Positive fair value of financial derivatives                   | 801,832                               | 96,652     | 353       | <b>898,836</b>    |
| Payables   | 2,279,103                             | 376,515    | 826,707   | <b>3,482,325</b>  |
| Negative fair value of financial derivatives                   | 325,899                               | 786        | 4,192     | <b>330,877</b>    |
| Subordinated liabilities                                       | 1,230,741                             | -          | 2,556,566 | <b>3,787,307</b>  |
| Guarantees issued  | 65,300                                | 10,000     | 41,649    | <b>116,949</b>    |
| Guarantees received  | 687,956                               | -          | 43,253    | <b>731,209</b>    |
| Nominal values of financial derivatives (future cash inflows)  | 45,125,219                            | 3,301,525  | 1,520,515 | <b>49,947,259</b> |
| Nominal values of financial derivatives (future cash outflows) | 45,117,036                            | 3,302,315  | 1,478,583 | <b>49,897,934</b> |
| Provided revocable loan commitments                            | 177,991                               | 240,133    | 982,034   | <b>1,400,158</b>  |
| Provided irrevocable loan commitments                          | 512,500                               | -          | 836       | <b>513,336</b>    |
| Interest income  | 6,870                                 | 30,392     | 5,226     | <b>42,488</b>     |
| Interest expense   | (40,807)                              | (936)      | (137,126) | <b>(178,869)</b>  |
| Fee and commission income                                      | 17,948                                | 4,956      | 7,438     | <b>30,342</b>     |
| Fee and commission expense                                     | (351)                                 | -          | (33,710)  | <b>(34,061)</b>   |
| Net profit or loss on financial operations                     | 205,082                               | 76,848     | 35,337    | <b>317,267</b>    |
| Other operating income, net                                    | 894                                   | 14,891     | 2,209     | <b>17,994</b>     |
| General administrative expenses                                | (154,484)                             | (14)       | (13,437)  | <b>(167,935)</b>  |

#### The receivables are principally composed of the following deposits with:

Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 472,375 thousand;
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 300,219 thousand;
- Raiffeisenlandesbank Oberösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 200,051 thousand;
- Raiffeisen Bank Polska (fellow subsidiary) in the amount of CZK 123,498 thousand;
- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount of CZK 73,132 thousand; and
- Raiffeisenbank Austria d.d. (Croatia - fellow subsidiary) in the amount of CZK 36,674 thousand.

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 152,109 thousand.

Debit balances on the current account of the Group from:

- Raiffeisen Leasing Real Estate (subsidiary of Raiffeisen Leasing) in the amount of CZK 70,417 thousand.

Provided loan:

- Raiffeisen Bank ZAO (Russia) (fellow subsidiary) in the amount of CZK 35,573 thousand.

Nominal values of financial derivatives - off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,125,219 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,301,525 thousand.

Debt securities:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 63,360 thousand.

**The payables are principally composed of:**

Credit balances on the current account of the Group from:

- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount CZK 323,253 thousand;
- Raiffeisen Leasing (associate) in the amount CZK 106,194 thousand;
- ZUQ Czech (subsidiary of associate CCRB) in the amount CZK 58,035 thousand;
- Michalka - Sun (subsidiary of Raiffeisen Leasing Real Estate) in the amount CZK 54,513 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount CZK 40,465 thousand.

Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,270,414 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 30,956 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 456,542 thousand.

Issued debt securities:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 128,405 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 520,091 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,230,741 thousand; and
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 2,556,566 thousand.

Nominal values of financial derivatives - off-balance sheet payables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,117,036 thousand; and
- Raiffeisen Leasing (joint venture) in the amount of CZK 3,302,315 thousand.

Provided revocable loan commitments:

- Raiffeisen Leasing Real Estate (subsidiary of Raiffeisen Leasing) in the amount of CZK 216,505 thousand;
- Exit 90 SPV (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 140,916 thousand;
- Photon SPV 11 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 138,667 thousand;
- Photon SPV 8 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 127,324 thousand;
- Photon SPV 10 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 114,848 thousand;
- Onyx Energy (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 94,654 thousand;
- Onyx Energy Projekt II (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 90,464 thousand;
- Photon SPV 6 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 81,604 thousand;
- Photon SPV 4 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 80,025 thousand; and
- Photon SPV 3 (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 61,183 thousand.

Provided irrevocable loan commitments:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 512,500 thousand.

**31 December 2011**

| <b>CZK thousand</b>  | <b>Equity investments</b> | <b>Shareholders and controlling entities</b> | <b>Other</b> | <b>Total</b>      |
|--|---------------------------|--|--------------|-------------------|
| Receivables  | 677,413                   | 49,975                                       | 256,471      | <b>983,859</b>    |
| Positive fair value of financial derivatives                   | 297,026                   | -  | 1,270        | <b>298,296</b>    |
| Payables   | 5,390,768                 | 28,281                                       | 927,712      | <b>6,346,761</b>  |
| Negative fair value of financial derivatives                   | 180,355                   | -  | 7,897        | <b>188,252</b>    |
| Subordinated liabilities                                       | 3,032,116                 | -  | 3,701,929    | <b>6,734,045</b>  |
| Guarantees issued  | 49,004                    | -  | 420          | <b>49,424</b>     |
| Guarantees received  | 1,638,920                 | -  | 106,869      | <b>1,745,789</b>  |
| Nominal values of financial derivatives (future cash inflows)  | 45,024,107                | -  | 631,209      | <b>45,655,316</b> |
| Nominal values of financial derivatives (future cash outflows) | 45,031,376                | -  | 476,014      | <b>45,507,390</b> |
| Provided revocable loan commitments                            | 120,158                   | -  | 95,924       | <b>216,082</b>    |
| Provided irrevocable loan commitments                          | -                         | -  | -            | <b>-</b>          |
| Interest income  | 9,345                     | 541  | 38,323       | <b>48,209</b>     |
| Interest expense   | (312,140)                 | 8  | (130,724)    | <b>(442,856)</b>  |
| Fee and commission income                                      | 17,129                    | 71   | 5,424        | <b>22,624</b>     |
| Fee and commission expense                                     | (6,112)                   | -  | (23,202)     | <b>(29,314)</b>   |
| Net profit or loss on financial operations                     | 302,798                   | -  | (29,148)     | <b>273,650</b>    |
| Other operating income, net                                    | 3,096                     | -  | 2,761        | <b>5,857</b>      |
| General administrative expenses                                | (107,486)                 | -  | (16,182)     | <b>(123,668)</b>  |

**The receivables are principally composed of the following deposits with:**

## Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 431,600 thousand;
- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount of CZK 82,828 thousand;
- Raiffeisen Bank ZAO (Russia) (fellow subsidiary) in the amount of CZK 52,495 thousand;
- Raiffeisen Bank Polska (fellow subsidiary) in the amount of CZK 31,000 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 100,000 thousand.

## Credit balances on the current account of the Group maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 84,101 thousand; and
- Raiffeisen Bank Polska (parent company) in the amount of CZK 74,547 thousand.

## Reverse repo:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 29,438 thousand.

## Nominal values of financial derivatives – off-balance sheet receivables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,024,107 thousand.

**The payables are principally composed of:**

Credit balances on the current account maintained by the Group from:

- Raiffeisen Bank RT Hungary (fellow subsidiary) in the amount CZK 43,022 thousand; and
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 57,076 thousand.

Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,930,814 thousand;
- Tatrabanka (fellow subsidiary) in the amount of CZK 662,000 thousand; and
- Centrobanka (fellow subsidiary) in the amount of CZK 28,791 thousand.

Loans received from:

- Raiffeisenlandesbank Niederösterreich in the amount of CZK 774,000 thousand.

Debit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,433,812 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,268,531 thousand;
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 3,701,929 thousand;
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 1,015,160 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 748,426 thousand.

Nominal values of financial derivatives - off-balance sheet payables:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 45,031,376 thousand.

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

| CZK thousand        | Management<br>bodies | Supervisory<br>bodies | Other  |
|---------------------|----------------------|-----------------------|--------|
| At 31 December 2012 | 10,166               | 15,476                | 76,714 |
| At 31 December 2011 | 11,533               | 11,379                | 84,673 |

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

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

| CZK thousand        | Management<br>bodies | Supervisory<br>bodies | Other  |
|---------------------|----------------------|-----------------------|--------|
| At 31 December 2012 | 13,557               | 3,006                 | 36,607 |
| At 31 December 2011 | 23,739               | 3,039                 | 30,742 |

Members of Board of Directors held no shares of the Group, the shares are held by corporate entities, refer to Note 33. Remuneration of the members of the Board of Directors is disclosed in Note 14.

**43. POST BALANCE SHEET EVENTS**

No events that would have a material impact on the consolidated financial statements for the year ended 31 December 2012 occurred subsequent to the balance sheet date.

## Information about capital

| (CZK thousand)  | individual   | consolidated |
|---|--------------|--------------|
| Information about capital   | 31. 12. 2012 | 31. 12. 2012 |
| a) aggregate amount of original capital (Tier 1)  | 12,872,361   | 17,406,270   |
| b) aggregate amount of additional capital (Tier 2)  | 3,862,995    | 3,862,995    |
| c) aggregate amount of capital designed to cover market risks (Tier 3)  | -            | -            |
| d) aggregate amount of all deductible items only from Tier 1  | 3,084,638    | 3,148,557    |
| e) aggregate amount of all deductible items from Tier 1 and Tier 2  | 320,652      | 315,960      |
| f) aggregate amount of capital after the consideration of deductible items and stipulated limits applicable to additional capital | 16,414,704   | 20,953,305   |
| g) Internal capital   | 15,826,745   | -            |
| h) Economic capital   | 9,950,042    | -            |

| (CZK thousand)   | individual   | consolidated |
|--|--------------|--------------|
| Information about capital requirements                       | 31. 12. 2012 | 31. 12. 2012 |
| Amount of capital requirements                               |              |              |
| Aggregate amount of capital requirements                     | 9,617,358    | 11,578,202   |
| a) related to credit risks                                   | 8,258,639    | 9,981,669    |
| b) related to settlement risk                                | -            | -            |
| c) related to position, foreign exchange and commodity risks | 98,174       | 98,179       |
| d) related to operational risks                              | 1,260,545    | 1,498,354    |
| e) related to exposure risk in the trading portfolio         | -            | -            |
| f) related to other instruments in the trading portfolio     | -            | -            |
| g) temporary capital adequacy                                | -            | -            |

|   | individual | consolidated |
|---|------------|--------------|
| Ratio indicators                            |            |              |
| Capital adequacy ratio                      | 13.65      | 14.48        |
| Return of average assets (ROAA)             | 1.2        | -            |
| Return of average equity (ROAE)             | 11.44      | -            |
| Assets per one employee                     | 66,631.21  | -            |
| General operating expenses per one employee | 1,951.39   | -            |
| Net profit or loss per one employee         | 674.12     | -            |

# Report on Related Parties

prepared in accordance with Section 66a (9) of Act No. 513/1991 Coll., the Commercial Code, for the reporting period from 1 January 2012 to 31 December 2012

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

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

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# 1. CONTROLLING PARTIES

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

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

The indirectly controlling entity is **Raiffeisen Bank International AG** (hereinafter "RBI") with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

The indirectly controlling entity is **Raiffeisen RS Beteiligungs GmbH**, with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

The directly controlling entity is **Raiffeisen CEE Region Holding GmbH**, with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

# 2. Other Related Parties

## Czech Republic

|   |  |
|---|--|
| <b>Raiffeisen stavební spořitelna a.s.</b><br>Prague 3, Koněvova 2747/99              | <b>Raiffeisen – Leasing, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78        |
| <b>Raiffeisen – Leasing Real Estate, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78 | <b>Raiffeisen finanční poradenství, s.r.o.</b><br>Prague 3, Koněvova 2747/99     |
| <b>Real Invest Vodičkova, spol. s r.o.</b><br>Prague 1, Vodičkova 38, 110 00          | <b>Raiffeisen Investment, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78       |
| <b>KHD a.s.</b><br>Karla Engliše 3219/4, 150 00 Praha 5                               | <b>ZUNO BANK AG, organizační složka</b><br>Prague 2, Na Rybníčku 1329/5          |
| <b>Raiffeisen Property Management, s.r.o.</b><br>Prague 1, Vodičkova 1935/38          | <b>Hotel Maria Prag Besitz s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78      |
| <b>KONEVOVA s.r.o.</b><br>Prague 3, Koněvova 2747/99, 130 45                          | <b>Raiffeisen penzijní společnost a.s.</b><br>Prague 4, Hvězdova 1716/2b, 140 78 |

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

|  |   |
|--|---|
| <b>RLRE Alpha Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>RLRE HOTEL ELLEN, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>RLRE Beta Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78    | <b>RLRE Gamma Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>RLRE Eta Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78     | <b>Luna Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>RLRE Jota Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78    | <b>Phoenix Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>RLRE Epsilon Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78 | <b>Perseus Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>RLRE Lyra Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78    | <b>Athena Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Raines Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78       | <b>Jardin Property, a.s.</b><br>Prague 4, Hvězdova 1716/2b, 140 78<br>Note: company liquidated as of 29 June 2012 |

|  |  |
|--|--|
| <b>Dione Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Green Energie větrný park Bílčice, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                       |
| <b>Gaia Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Chronos Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Hera Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78<br>Note: company sold as of 8 November 2012                     | <b>Metis Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Iris Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Sirius Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Pyrit Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Dionysos Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                                       |
| <b>Raiffeisen FinCorp s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Impuls Tuchoměřice, s.r.o.</b><br>Prague 1, Dlouhá 26, 110 00   |
| <b>Orchideus Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>RLRE Ypsilon Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                                   |
| <b>Artemis Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Viktor Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Holečkova Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Appolon Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Euros Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Pontos Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Dike Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Nike Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Hermes Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Rheia Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Kalypso Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Matějská 24, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78<br>Note: company sold as of 16 October 2012 |
| <b>RESIDENCE PARK TŘEBEŠ, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>RLRE Orion Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                                     |
| <b>UPC Real, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Photon SPV 3, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>CRISTAL PALACE Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Bondy Centrum s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Photon Energie s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>RLRE EDEN INVEST s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>RLRE Carina Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>JIHOČESKÁ EKO-ENERGETIKA s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                                 |
| <b>Michalka – Sun s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>FORZA SOLE s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Exit 90 SPV s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>Elektrárna Dynín s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Photon SPV 4 s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Photon SPV 8 s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   |
| <b>Photon SPV 6 s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Photon SPV 11 s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>Photon SPV 10 s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  | <b>GS55 Sazovice s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>DBK Energy s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78   | <b>Onyx Energy s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78  |
| <b>SOLEK V s.r.o. (former Solar – efekt s.r.o.)</b><br>Prague 4, Hvězdova 1716/2b, 140 78<br>Note: company sold as of 28 June 2012 | <b>RLRE Dorado Property s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                                     |

|  |  |
|--|--|
| <b>Onyx Energy projekt II s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78     | <b>Tyche Property, s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                    |
| <b>Selene Property s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78            | <b>Trojské výhledy s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                    |
| <b>MATĚJKOVA s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                  | <b>VILLA BUBENEČ s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                      |
| <b>ALT POHLEDY s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                | <b>PZ PROJEKT a.s.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                           |
| <b>FVE Cihelna s.r.o.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                | <b>T.L.S. building construction s.r.o.</b><br>Prague 2, Karlovo náměstí 557/30, 120 00 |
| <b>Credibilis a.s.</b><br>Prague 4, Hvězdova 1716/2b, 140 78                   | <b>Maharal Hotels, s.r.o.</b><br>Prague 1, Platněská 111/19, 110 00                    |
| <b>Logistický areál Hostivař, s.r.o.</b><br>Prague 9, Kolbenova 609/40, 190 00 |  |

## Other countries:

|   |   |
|---|---|
| <b>Raiffeisen Bank Zrt.</b><br>Akadémia utca 6, Budapest,<br>Hungary  | <b>Raiffeisen Bank Polska S.A.</b><br>Piekna ulica 20, Warsaw,<br>Poland  |
| <b>Raiffeisen banka a.d.</b><br>Bulevar Zorana Djindjića 64a, Belgrade,<br>Serbia   | <b>Raiffeisen Bank S.A.</b><br>Piata Charles de Gaulle 15, Bucharest,<br>Romania                                |
| <b>Raiffeisenbank Austria d.d.</b><br>Petriņjska 59, Zagreb,<br>Croatia   | <b>Tatra Asset Management, správ. spol., a.s.</b><br>Hodžovo námestie 3, 811 06 Bratislava,<br>Slovakia         |
| <b>Tatra Banka, a.s.</b><br>Hodžovo námestie 3, 811 06, Bratislava,<br>Slovakia   | <b>Raiffeisen Centrobank AG</b><br>Tegetthoffstrasse 1, 1020, Vienna,<br>Austria                                |
| <b>Centralised Raiffeisen International Services<br/>and Payments S.R.L.</b><br>Dimitre Pompei Bld. No. 9-9A, 020335 Bucharest<br>Romania | <b>Raiffeisen Banka d.d. (former Raiffeisen Krekova Banka d.d.)</b><br>Zagrebska cesta 76, Maribor,<br>Slovenia |
| <b>RZB Finance LLC</b><br>24 Grassy Plain Street, Bethel, CT 06801<br>U.S.A.  | <b>Raiffeisen-Leasing International GmbH</b><br>Am Stadtpark 9, 1020 Vienna,<br>Austria                         |
| <b>Raiffeisen Malta Bank PLC</b><br>52, Il Piazzetta, Tower Road, SLM 1607 Sliema<br>Malta  | <b>Raiffeisen-Leasing Bank AG</b><br>Hollandstrasse 11-13, 1020 Vienna,<br>Austria                              |
| <b>ZUNO BANK AG</b><br>Am Stadtpark 3, 1030 Vienna<br>Austria<br>(note: former Raiffeisen International Direct Bank AG)                   | <b>ZAO Raiffeisenbank</b><br>Smolenskaya-Sennaya 28, Moscow,<br>Russia  |
| <b>Regional Card Processing Centre, s.r.o.</b><br>Hodžovo námestie 3, 811 06 Bratislava,<br>Slovakia                                      | <b>Raiffeisen Informatik Consulting GmbH</b><br>Lillienbrunnngasse 7-9, A-1020 Vienna,<br>Austria               |

### 3. LIST OF CONTRACTS

#### 3.1. List of Contracts with Controlling Parties

In the 2012 reporting period, Raiffeisenbank a.s. had relations with the following controlling entities.

##### Raiffeisen Zentralbank Österreich AG

| Legal act                 | Counterparty                         | Date concluded | Performance/ Counter-performance                                  |
|---------------------------|--------------------------------------|----------------|---|
| Confidentiality Agreement | Raiffeisen Zentralbank Österreich AG | 2 April 2010   | Confidentiality agreement as part of potential mutual cooperation |

Raiffeisenbank a.s. also had subordinated debt agreements concluded with Raiffeisen Zentralbank Österreich AG, which have been transferred to Raiffeisen Bank International AG in October 2010 as a result of merger of Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG. In 2012, Raiffeisenbank a.s. paid contractual interest under these agreements.

##### Raiffeisen Bank International AG

| Legal act   | Counterparty                             | Date concluded    | Performance/ Counter-performance  |
|---|--|-------------------|---|
| Service Description - Lotus Notes International Domino HUB Service Agreement                        | Raiffeisen International Bank-Holding AG | 20 July 2009      | Agreement on cooperation regarding the operation of the Lotus Notes banking system                |
| RSA Anti-eFraud Service   | Raiffeisen International Bank-Holding AG | 28 August 2009    | Provision of IT services in security of banking transactions/payment of contractual remuneration  |
| Insurance Refund Agreement  | Raiffeisen International Bank-Holding AG | 1 September 2009  | Refund of insurance premiums paid at group level for services rendered to RBCZ                    |
| Internet/Firewall Checkup Agreement   | Raiffeisen International Bank-Holding AG | 28 August 2009    | Provision of IT services in security of internet applications/payment of contractual remuneration |
| Group Marketing Agreement   | Raiffeisen International Bank-Holding AG | 1 January 2010    | Definition of the conditions of mutual cooperation and financing of marketing activities          |
| Amendment No. 1 to RSA Anti-eFraud Service  | Raiffeisen International Bank-Holding AG | 20 September 2010 | Change of contractual terms   |
| Amendment No. 1 to the Internet/Firewall Checkup Agreement  | Raiffeisen International Bank-Holding AG | 20 September 2010 | Change of contractual terms   |
| Amendment No. 1 to the Service Description - Lotus Notes International Domino HUB Service Agreement | Raiffeisen International Bank-Holding AG | 20 September 2010 | Change of contractual terms   |
| Amendment No. 1 to the Insurance Refund Agreement   | Raiffeisen Bank International AG         | 20 December 2010  | Change of contractual terms   |
| Group Marketing Cooperation Agreement   | Raiffeisen Bank International AG         | 1 January 2011    | Provision of marketing services/payment of contractual remuneration                               |
| General Agreement on Cooperation in Risk Management and Reporting                                   | Raiffeisen Bank International AG         | 1 January 2011    | Definition of terms of cooperation in Risk Management and Reporting/payment of contractual fees   |

| Legal act  | Counterparty                     | Date concluded                   | Performance/ Counter-performance   |
|--|----------------------------------|----------------------------------|--|
| 4x Service Agreement related to the General Agreement on Cooperation in Risk Management and Reporting                        | Raiffeisen Bank International AG | 1 January 2011                   | Detailed description of cooperation in the areas   |
| Service Agreement  | Raiffeisen Bank International AG | 3 January 2011                   | Agreement on the provision of defined services in selected areas/payment of contractual remuneration |
| Agreement to Open a Correspondent Loro Account   | Raiffeisen Bank International AG | 28 March 2011                    | Opening of a correspondent account/payment of contractual fees                                       |
| JIRA Application Communication Agreement   | Raiffeisen Bank International AG | 4 May 2011                       | Agreement to allow for mutual communication through a shared application                             |
| Project Contract   | Raiffeisen Bank International AG | 6 May 2011                       | Analysis of the supply of software application/payment of contractual remuneration                   |
| Project Contract   | Raiffeisen Bank International AG | 31 May 2011                      | Analysis of the supply of software application/payment of contractual remuneration                   |
| General IT Cooperation Agreement   | Raiffeisen Bank International AG | 31 October 2011                  | Definition of terms of cooperation in IT services/payment of contractual fees                        |
| 7x Service Description related to the General IT Cooperation Agreement   | Raiffeisen Bank International AG | 31 October 2011                  | Detailed description of cooperation in respect of specific IT applications                           |
| STEP2 Indirect Participation Contract  | Raiffeisen Bank International AG | 7 November 2011                  | Definition of the terms of use of STEP2 services   |
| Project Contract   | Raiffeisen Bank International AG | 11 November 2011                 | Analysis of the supply of software application/payment of contractual remuneration                   |
| Agreement to Open a Correspondent Loro Account   | Raiffeisen Bank International AG | 18 November 2011                 | Opening of a correspondent account/payment of contractual fees                                       |
| Amendment No. 2 to the Insurance Refund Agreement  | Raiffeisen Bank International AG | 20 December 2011                 | Change of contractual terms  |
| Project Contract   | Raiffeisen Bank International AG | 29 December 2011                 | Analysis of the supply of software application/payment of contractual remuneration                   |
| 7 partial amendments to Service Descriptions related to the General IT Cooperation Agreement of 31 October 2011              | Raiffeisen Bank International AG | 23 February 2012 - 26 March 2012 | Detailed description of cooperation in respect of specific IT applications for 2012                  |
| General Project and Consultancy Agreement  | Raiffeisen Bank International AG | 23 March 2012                    | Consulting in project management/payment of contractual price  |
| Implementing Agreement to the General IT Cooperation Agreement of 31 October 2011 on support for the Everest project in 2012 | Raiffeisen Bank International AG | 23 March 2012                    | Agreement on mutual cooperation and support as part of a running IT project in 2012                  |
| Group Marketing Cooperation Agreement  | Raiffeisen Bank International AG | 23 May 2012                      | Marketing services/payment of contractual remuneration   |
| Service Agreement  | Raiffeisen Bank International AG | 30 May 2012                      | Agreement to provide defined services in selected areas/payment of contractual remuneration          |

| Legal act   | Counterparty                     | Date concluded    | Performance/ Counter-performance  |
|---|----------------------------------|-------------------|---|
| Amendment to partial Service Agreement related to the General Agreement on Cooperation in Risk Management and Reporting of 1 January 2011 | Raiffeisen Bank International AG | 12 June 2012      | Stipulation of detailed terms for Rating Model Validation and Methods                               |
| Service Level Agreement   | Raiffeisen Bank International AG | 25 June 2012      | Definition of cooperation within the competence centre in Fixed Income/payment of contractual fees  |
| Amendment to the General Project and Consultancy Agreement and Service Agreement  | Raiffeisen Bank International AG | 30 June 2012      | Definition of contractual terms   |
| Amendment to the Project Contract of 11 November 2011   | Raiffeisen Bank International AG | 1 July 2012       | Definition of contractual terms   |
| Service Agreement   | Raiffeisen Bank International AG | 14 August 2012    | Agreement to provide services in OTC Transactions/payment of contractual remuneration               |
| Implementing Agreement to the General Project Consultancy Agreement of 23 March 2012  | Raiffeisen Bank International AG | 27 August 2012    | Detailed definition of terms of a payment system project  |
| Project Contract  | Raiffeisen Bank International AG | 11 September 2012 | Analysis of the supply of a software application/payment of contractual remuneration                |
| General Placement Agreement   | Raiffeisen Bank International AG | 21 September 2012 | Stipulation of general terms for offering securities issued by RBI                                  |
| Placement Agreement   | Raiffeisen Bank International AG | 21 September 2012 | Detailed definition of terms for offering securities issued by RBI/payment of contractual fees      |
| General Service Agreement   | Raiffeisen Bank International AG | 30 September 2012 | Agreement to provide defined transaction services/payment of contractual remuneration               |
| Service Agreement   | Raiffeisen Bank International AG | 2 October 2012    | Agreement on consulting services in recruitment of top managers/payment of contractual remuneration |
| Partial Service Agreement related to the General Agreement on Cooperation in Risk Management and Reporting of 1 January 2011              | Raiffeisen Bank International AG | 16 October 2012   | Definition of detailed contractual terms for Workout  |
| Project Contract  | Raiffeisen Bank International AG | 24 October 2012   | Analysis of the supply of a software application/payment of contractual remuneration                |
| Partial Service Agreement related to the General Agreement on Cooperation in Risk Management and Reporting of 1 January 2011              | Raiffeisen Bank International AG | 7 November 2012   | Definition of detailed contractual terms for Credit Management Corporate                            |
| Cost Compensation Agreement   | Raiffeisen Bank International AG | 6 December 2012   | Agreement to compensate for costs of a client survey  |

In addition to the contracts referred to above, the Bank and the controlling entities entered into other bank transactions in the course of 2012, predominantly loans and borrowings in the money market and fixed-term transactions, from which the Bank received or on which it paid interest and fees.

In the reporting period, the controlled entity received or provided no other performance or counter-performance in the interest or at the initiative of the controlling entity or entities controlled by the controlling entity outside the scope of performance or counter-performance, which is customary within the controlled entity's relations with the controlling entity as the shareholder of the controlled entity.

### 3.2. LIST OF CONTRACTS WITH OTHER RELATED PARTIES

In the 2012 reporting period, Raiffeisenbank a.s. had relations with the following related parties:

#### Raiffeisen stavební spořitelna a.s.

| Legal act  | Counterparty   | Date concluded    | Performance/ Counter-performance   |
|--|--|-------------------|--|
| Cooperation Contract   | Raiffeisen stavební spořitelna a.s.                                | 31 May 2002       | Mediation of the sale of building saving schemes/payment of contractual commissions  |
| Contract for the Provision of Call Centre Services   | Raiffeisen stavební spořitelna a.s.                                | 23 June 2005      | Provisions of call centre services to RSTS/contractual fee   |
| Amendment No. 5 to the Cooperation Contract of 31 May 2002   | Raiffeisen stavební spořitelna a.s.                                | 27 March 2009     | Change of conditions of cooperation in mutual offering of products   |
| Amendment No. 6 to the Cooperation Contract of 31 May 2002   | Raiffeisen stavební spořitelna a.s.                                | 23 December 2009  | Change of conditions of cooperation in mutual offering of products   |
| Cooperation Contract   | Raiffeisen stavební spořitelna a.s.                                | 7 June 2010       | Change of mutual cooperation in providing payment cards/payment of contractual commission  |
| Cooperation Contract   | Raiffeisen stavební spořitelna a.s.                                | 26 July 2010      | Change of mutual cooperation in providing building saving schemes/payment of contractual commission                                |
| Confidentiality Agreement and Personal Data Processing Agreement                                     | Raiffeisen stavební spořitelna a.s.                                | 29 September 2011 | Definition of confidentiality and processing of personal data within mutual business cooperation                                   |
| Amendment to the Cooperation Contract of 7 June 2010   | Raiffeisen stavební spořitelna a.s.                                | 15 November 2011  | Change of contractual terms for the purpose of addressing clients with a new offer   |
| Cooperation Contract   | Raiffeisen stavební spořitelna a.s./ Vodafone Czech Republic, a.s. | 1 December 2011   | Agreement on mutual cooperation in distribution of products and services   |
| Treasury Master Agreement  | Raiffeisen stavební spořitelna a.s.                                | 29 February 2012  | Agreement on rights and obligations related to transactions in the financial market  |
| Personal Data Processing and Confidentiality Agreement   | Raiffeisen stavební spořitelna a.s.                                | 5 April 2012      | Agreement on the processing of personal data and confidentiality as part of mutual business cooperation                            |
| Agreement on Further Terms of Cooperation  | Raiffeisen stavební spořitelna a.s.                                | 16 April 2012     | Agreement on further cooperation in mutual offering of products to clients (according to the Cooperation Agreement of 31 May 2002) |
| General Cooperation Agreement  | Raiffeisen stavební spořitelna a.s.                                | 24 April 2012     | General stipulation of terms of a planned business transaction   |
| Sales Representation Agreement concluded based on the General Cooperation Agreement of 24 April 2012 | Raiffeisen stavební spořitelna a.s.                                | 24 April 2012     | Stipulation of detailed terms of a planned business transaction  |
| Guarantee Agreement concluded based on the General Cooperation Agreement of 24 April 2012            | Raiffeisen stavební spořitelna a.s.                                | 24 April 2012     | Stipulation of detailed terms of a planned business transaction  |
| Amendment No. 1 to the General Cooperation Agreement of 24 April 2012                                | Raiffeisen stavební spořitelna a.s.                                | 27 June 2012      | Stipulation of detailed terms of a planned business transaction  |
| Amendment No. 1 to the Cooperation Agreement of 1 December 2011                                      | Raiffeisen stavební spořitelna a.s./ Vodafone Czech Republic, a.s. | 29 June 2012      | Change of contractual terms  |

## Raiffeisen – Leasing, s.r.o.

| Legal act  | Counterparty                 | Date concluded    | Performance/<br>Counter-performance  |
|--|------------------------------|-------------------|--|
| Loan Contract  | Raiffeisen – Leasing, s.r.o. | 28 November 2005  | Provision of a loan facility/payment of contractual interest   |
| Contract for the Sublease of Non-Residential Premises  | Raiffeisen – Leasing, s.r.o. | 28 August 2008    | Sublease of non-residential premises/payment of the rent   |
| Bank Guarantee Agreement   | Raiffeisen – Leasing, s.r.o. | 12 June 2009      | Provision of a bank guarantee/payment of contractual fees  |
| Amendment No. 1 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008 | Raiffeisen – Leasing, s.r.o. | 15 June 2009      | Change of contractual terms  |
| Bank Guarantee Agreement   | Raiffeisen – Leasing, s.r.o. | 30 September 2009 | Provision of a bank guarantee/payment of contractual fees  |
| Amendment No. 2 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008 | Raiffeisen – Leasing, s.r.o. | 1 December 2009   | Change of contractual terms  |
| Cooperation Agreement  | Raiffeisen – Leasing, s.r.o. | 13 December 2010  | Definition of mutual cooperation in the provision of payment cards/payment of contractual commission |
| Amendment No. 3 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008 | Raiffeisen – Leasing, s.r.o. | 28 March 2011     | Change of contractual terms  |
| Amendment No. 7 to the Bank Guarantee Agreement of 30 September 2009                           | Raiffeisen – Leasing, s.r.o. | 29 March 2011     | Change of contractual terms  |
| Amendment No. 7 to the Loan Contract of 28 November 2005                                       | Raiffeisen – Leasing, s.r.o. | 26 January 2011   | Change of contractual terms  |
| Amendment No. 8 to the Loan Contract of 28 November 2005                                       | Raiffeisen – Leasing, s.r.o. | 27 January 2011   | Change of contractual terms  |
| Amendment No. 9 to the Loan Contract of 28 November 2005                                       | Raiffeisen – Leasing, s.r.o. | 28 March 2011     | Change of contractual terms  |
| Loan Contract  | Raiffeisen – Leasing, s.r.o. | 28 March 2011     | Provision of a loan facility/payment of contractual interest   |
| Cash Pooling Agreement   | Raiffeisen – Leasing, s.r.o. | 28 April 2011     | Automatic transfers of account balances  |
| Amendment No. 3 to the Bank Guarantee Agreement of 12 June 2009                                | Raiffeisen – Leasing, s.r.o. | 4 May 2011        | Change of contractual terms  |
| Amendment No. 4 to the Bank Guarantee Agreement of 12 June 2009                                | Raiffeisen – Leasing, s.r.o. | 10 June 2011      | Change of contractual terms  |
| Amendment No. 8 to the Bank Guarantee Agreement of 30 September 2009                           | Raiffeisen – Leasing, s.r.o. | 1 July 2011       | Change of contractual terms  |
| Risk Management Cooperation Contract   | Raiffeisen – Leasing, s.r.o. | 11 July 2011      | Provision of credit risk analyses/payment of fees and costs according to the contract                |
| Agreement on Accounts  | Raiffeisen – Leasing, s.r.o. | 21 July 2011      | Agreement to open special accounts for clients of Raiffeisen – Leasing, s.r.o.                       |
| Agreement on Accounts  | Raiffeisen – Leasing, s.r.o. | 8 August 2011     | Agreement to open special accounts for clients of Raiffeisen – Leasing, s.r.o.                       |

| Legal act  | Counterparty                 | Date concluded    | Performance/<br>Counter-performance   |
|--|------------------------------|-------------------|---|
| Agreement on Accounts  | Raiffeisen - Leasing, s.r.o. | 11 July 2011      | Agreement to open special accounts for clients of Raiffeisen - Leasing, s.r.o.                          |
| Amendment No. 9 to the Bank Guarantee Agreement of 30 September 2009                           | Raiffeisen - Leasing, s.r.o. | 9 September 2011  | Change of contractual terms   |
| Amendment No. 10 to the Bank Guarantee Agreement of 30 September 2009                          | Raiffeisen - Leasing, s.r.o. | 12 December 2011  | Change of contractual terms   |
| Treasury Master Agreement  | Raiffeisen - Leasing, s.r.o. | 20 February 2012  | Agreement on rights and obligations related to transactions in the financial market                     |
| Personal Data Processing and Confidentiality Agreement   | Raiffeisen - Leasing, s.r.o. | 1 March 2012      | Agreement on the processing of personal data and confidentiality as part of mutual business cooperation |
| Amendment No. 10 to the Loan Contract of 28 November 2005                                      | Raiffeisen - Leasing, s.r.o. | 20 March 2012     | Change of contractual terms   |
| Amendment No. 1 to the Risk Management Cooperation Contract of 11 July 2011                    | Raiffeisen - Leasing, s.r.o. | 13 April 2012     | Change of contractual terms   |
| Amendment No. 4 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008 | Raiffeisen - Leasing, s.r.o. | 29 June 2012      | Change of contractual terms   |
| Agreement on Cooperation in Client Data Exchange   | Raiffeisen - Leasing, s.r.o. | 6 August 2012     | Stipulation of rights and obligations in exchanging data for the purpose of business cooperation        |
| FTP Access Agreement   | Raiffeisen - Leasing, s.r.o. | 6 August 2012     | Agreement on the use of a server for mutual exchange of data  |
| Loan Contract No. 110157/2012/01   | Raiffeisen - Leasing, s.r.o. | 27 September 2012 | Provision of a credit limit/payment of contractual interest   |
| Amendment No. 1 to Loan Contract No. 110157/2012/01 of 27 September 2012                       | Raiffeisen - Leasing, s.r.o. | 16 November 2012  | Change of contractual terms   |

### Raiffeisen - Leasing Real Estate, s.r.o.

| Legal act  | Counterparty  | Date concluded  | Performance/<br>Counter-performance   |
|--|---|-----------------|---|
| Credit Risk Cooperation Contract   | Raiffeisen - Leasing Real Estate, s.r.o.                          | 12 January 2004 | Provision of credit risk analyses/payment of fees and costs according to the contract |
| Contract for the Use of Electronic Banking   | Raiffeisen - Leasing Real Estate, s.r.o.                          | 19 January 2004 | Installation of the electronic banking system/contractual fee                         |
| Escrow Account Agreement   | Raiffeisen - Leasing Real Estate, s.r.o.<br>FONTÁNA HOTEL, s.r.o. | 19 October 2004 | Agreement to open an escrow account for depositing funds/payment of contractual fees  |
| Amendment No. 1 to the Contract for the Use of Electronic Banking of 19 January 2004 | Raiffeisen - Leasing Real Estate, s.r.o.                          | 26 October 2005 | Change of the contractual fee   |
| Contract for the Opening and Maintenance of a Current Account                        | Raiffeisen - Leasing Real Estate, s.r.o.                          | 19 April 2004   | Opening and maintenance of a current account/payment of contractual fees              |

| Legal act  | Counterparty   | Date concluded    | Performance/ Counter-performance   |
|--|--|-------------------|--|
| Amendment No. 1 to the Escrow Account Agreement of 19 October 2004                           | Raiffeisen - Leasing Real Estate, s.r.o.<br>FONTÁNA HOTEL, s.r.o.                          | 1 February 2006   | Change of contractual terms  |
| Agreement on Sublease of Non-Residential Premises  | Raiffeisen - Leasing Real Estate, s.r.o.   | 28 August 2008    | Sublease of non-residential premises/<br>payment of rent   |
| Amendment No. 1 to the Agreement on Sublease of Non-Residential Premises                     | Raiffeisen - Leasing Real Estate, s.r.o.   | 1 December 2009   | Change of contractual terms  |
| Loan Contract  | Raiffeisen - Leasing Real Estate, s.r.o.   | 26 February 2010  | Provision of a loan facility/<br>payment of contractual interest                                 |
| Amendment No. 1 to the Loan Contract of 26 February 2010                                     | Raiffeisen - Leasing Real Estate, s.r.o.   | 23 August 2010    | Change of contractual terms  |
| Loan Contract  | Raiffeisen - Leasing Real Estate, s.r.o.   | 21 June 2010      | Provision of a loan facility/<br>payment of contractual interest                                 |
| Amendment No. 1 to the Loan Contract of 21 June 2010   | Raiffeisen - Leasing Real Estate, s.r.o.   | 24 June 2010      | Change of contractual terms  |
| Loan Contract  | Raiffeisen - Leasing Real Estate, s.r.o.   | 23 August 2010    | Provision of a loan facility/<br>payment of contractual interest                                 |
| Amendment No. 1 to the Loan Contract of 23 August 2010                                       | Raiffeisen - Leasing Real Estate, s.r.o.   | 25 August 2010    | Change of contractual terms  |
| Amendment No. 1 to the Credit Risk Cooperation Contract                                      | Raiffeisen - Leasing Real Estate, s.r.o.   | 21 December 2010  | Change of contractual terms  |
| Treasury Master Agreement  | Raiffeisen - Leasing Real Estate, s.r.o.   | 26 January 2011   | Agreement on rights and obligations related to transactions in the financial market              |
| Amendment to the Loan Contract of 26 February 2010   | Raiffeisen - Leasing Real Estate, s.r.o.   | 31 March 2011     | Change of contractual terms  |
| Agreement to open a special account to pay up contributions in a founded company             | Raiffeisen - Leasing Real Estate, s.r.o.   | 17 June 2011      | Opening a special account/<br>payment of contractual fees  |
| Agreement to open a special account to pay up contributions in a founded company             | Raiffeisen - Leasing Real Estate, s.r.o.   | 22 September 2011 | Opening a special account/<br>payment of contractual fees  |
| Amendment No. 1 to the Escrow Account Agreement of 19 October 2004                           | Raiffeisen - Leasing Real Estate, s.r.o.<br>FONTÁNA HOTEL, s.r.o.                          | 7 October 2011    | Change of contractual terms  |
| Loan Contract  | Raiffeisen - Leasing Real Estate, s.r.o.   | 4 October 2011    | Provision of a loan facility/<br>payment of contractual interest                                 |
| Loan Contract No. 112485/2012/01   | Raiffeisen - Leasing Real Estate, s.r.o.   | 26 September 2012 | Provision of a credit limit/<br>payment of contractual interest                                  |
| Amendment No. 1 to Loan Contract No. 112485/2012/01 of 26 September 2012                     | Raiffeisen - Leasing Real Estate, s.r.o.   | 16 November 2012  | Change of contractual terms  |
| Amendment No. 2 to Loan Contract No. 112485/2012/01 of 26 September 2012                     | Raiffeisen - Leasing Real Estate, s.r.o.   | 20 December 2012  | Change of contractual terms  |
| Escrow Account Agreement   | Raiffeisen - Leasing Real Estate, s.r.o./Cann, s.r.o./<br>Metropolitní spořitelni družstvo | 18 October 2012   | Agreement to open an escrow account for depositing funds/<br>payment of contractual remuneration |
| Agreement to Open a Special Account for Payment of Contribution upon Foundation of a Company | Raiffeisen - Leasing Real Estate, s.r.o.   | 27 November 2012  | Agreement to open a special account/<br>payment of a contractual fee                             |

| Legal act  | Counterparty                                       | Date concluded   | Performance/ Counter-performance   |
|--|--|------------------|--|
| Agreement to Open a Special Account for Payment of Contribution upon Foundation of a Company | Raiffeisen - Leasing Real Estate, s.r.o.           | 27 November 2012 | Agreement to open a special account/payment of a contractual fee                             |
| Guarantor's Statement  | Raiffeisen - Leasing Real Estate, s.r.o.           | 19 December 2012 | Security to a liability  |
| Guarantor's Statement  | Raiffeisen - Leasing Real Estate, s.r.o.           | 21 December 2012 | Security to a liability  |
| Escrow Account Agreement   | Raiffeisen - Leasing Real Estate, s.r.o./PSJ, a.s. | 28 December 2012 | Agreement to open an escrow account for depositing funds/payment of contractual remuneration |
| Agreement to Terminate the Credit Risk Cooperation Contract of 12 January 2004               | Raiffeisen - Leasing Real Estate, s.r.o.           | 31 December 2012 | Termination of contractual relationship  |

In 2012, Raiffeisenbank a.s. controlled a total of 73 companies (see list in Chapter 2) indirectly through Raiffeisen - Leasing Real Estate, s.r.o., with which companies it held concluded contracts for the opening and maintenance of a current account, based on which it received standard contractual fees from and paid standard contractual interest to the above companies. Also, Raiffeisenbank a.s. held concluded contracts for the use of electronic banking, or authorisation to use electronic banking, with these companies, based on which it received standard contractual fees from the above companies. Raiffeisenbank a.s. stopped controlling these companies as of April 2012, however it still keeps substantial influence on them.

On 19 December 2012, Raiffeisenbank a.s. entered into a total of 9 Treasury Master Agreements with the above companies (Photon SPV 3 s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Photon SPV 10 s.r.o., Photon SPV 11 s.r.o., Exit 90 SPV s.r.o., Onyx Energy s.r.o., Onyx Energy projekt II s.r.o.), the subject-matter of which agreements is the provision of trades concluded in the money and capital markets/payment of contractual fees.

On 12 November 2012, Raiffeisenbank a.s. entered into an Escrow Account Agreement with Luna Property, s.r.o., the subject-matter of which agreement is opening of an escrow account for depositing funds/payment of contractual remuneration.

On 2 March 2012, Raiffeisenbank a.s. entered into a Payment Card Acquiring Agreement with Hermes Property, s.r.o., the subject-matter of which agreement is the provision of services related to acquiring of payment cards/payment of contractual fees.

#### KHD, a.s.

| Legal act  | Counterparty | Date concluded   | Performance/ Counter-performance   |
|--|--------------|------------------|--|
| Agreement to Open and Maintain a Current Account | KHD, a.s.    | 13 February 2009 | Opening and maintenance of a current account/payment of contractual fees |

#### Real Invest Vodičkova, spol. s r.o.

| Legal act   | Counterparty                        | Date concluded   | Performance/ Counter-performance                  |
|---|-------------------------------------|------------------|---|
| Contract for Lease of Non-Residential Premises  | Real Invest Vodičkova, spol. s r.o. | 26 November 2002 | Lease of non-residential premises/contractual fee |
| Amendment No. 1 to the Contract for Lease of Non-Residential Premises of 26 November 2002 | Real Invest Vodičkova, spol. s r.o. | 30 November 2007 | Change of contractual terms                       |
| Amendment No. 2 to the Contract for Lease of Non-Residential Premises of 26 November 2002 | Real Invest Vodičkova, spol. s r.o. | 13 June 2012     | Change of contractual terms                       |

## Raiffeisen finanční poradenství, s.r.o.

| Legal act  | Counterparty                           | Date concluded  | Performance/ Counter-performance                            |
|--|--|-----------------|---|
| Sales Representation Agreement   | Raiffeisen finanční poradenství s.r.o. | 1 October 2005  | Product offering, advertising and promotion/contractual fee |
| Sales Representation Agreement   | Raiffeisen finanční poradenství s.r.o. | 10 October 2008 | Product offering, advertising and promotion/contractual fee |
| Sales Representation Agreement   | Raiffeisen finanční poradenství s.r.o. | 13 May 2009     | Product offering, advertising and promotion/contractual fee |
| Amendment No. 1 to the Sales Representation Agreement                    | Raiffeisen finanční poradenství s.r.o. | 20 May 2011     | Change of contractual terms                                 |
| Amendment - Product Specifications to the Sales Representation Agreement | Raiffeisen finanční poradenství s.r.o. | 20 May 2011     | Change of contractual terms                                 |

## Raiffeisen Investment, s.r.o.

| Legal act   | Counterparty                  | Date concluded  | Performance/ Counter-performance   |
|---|-------------------------------|-----------------|--|
| Agreement on the Use of Electronic Banking  | Raiffeisen Investment, s.r.o. | 2 December 2008 | Installation of the electronic banking system/contractual fee            |
| Contract for Sublease of Non-Residential Premises                                       | Raiffeisen Investment, s.r.o. | 29 May 2009     | Sublease of non-residential premises/payment of contractual rent         |
| Agreement to Open and Maintain a Current Account  | Raiffeisen Investment, s.r.o. | 1 October 2009  | Opening and maintenance of a current account/payment of contractual fees |
| Amendment No. 1 to the Contract for Sublease of Non-Residential Premises of 29 May 2009 | Raiffeisen Investment, s.r.o. | 1 May 2010      | Change of contractual terms  |

## Raiffeisen Property Management, s.r.o.

| Legal act  | Counterparty   | Date concluded   | Performance/ Counter-performance                        |
|--|--|------------------|---|
| Agreement to Open and Maintain a Current Account | Raiffeisen Property Management, s.r.o. (dříve pod názvem Raiffeisen Property Invest, s.r.o.) | 12 May 1997      | Current account maintenance/payment of contractual fees |
| Agreement to Open and Maintain a Current Account | Raiffeisen Property Management, s.r.o. (dříve pod názvem Raiffeisen Property Invest, s.r.o.) | 16 December 2008 | Current account maintenance/payment of contractual fees |

## Hotel Maria Prag Besitz s.r.o.

| Legal act                                     | Counterparty                   | Date concluded  | Performance/ Counter-performance                        |
|---|--------------------------------|-----------------|---|
| Agreement on Maintenance of a Current Account | Hotel Maria Prag Besitz s.r.o. | 19 October 2006 | Current account maintenance/payment of contractual fees |

## Raiffeisen Bank Zrt.

| Legal act   | Counterparty         | Date concluded | Performance/ Counter-performance   |
|---|----------------------|----------------|--|
| Agreement to Open a Nostro Account                  | Raiffeisen Bank Zrt. | 2 August 2001  | Maintenance of a nostro account/ payment of contractual fees   |
| Agreement to Open and Maintain a Securities Account | Raiffeisen Bank Zrt. | 11 July 2005   | Definition of conditions of maintenance of RBCZ's securities account in Hungary/ payment of contractual fees |
| ISDA Master Agreement                               | Raiffeisen Bank Zrt. | 29 April 2011  | General agreement stipulating mutual terms and conditions of money marking trading                           |
| Amendment - Schedule to the ISDA Master Agreement   | Raiffeisen Bank Zrt. | 29 April 2011  | Definition of detailed terms and conditions of money market trading  |

## Raiffeisen banka a.d.

| Legal act  | Counterparty          | Date concluded   | Performance / Counter-performance                             |
|--|-----------------------|------------------|---|
| Loan Contract  | Raiffeisen banka a.d. | 21 December 2004 | Provision of a loan facility/ payment of contractual interest |
| Amendment No. 1 to the Loan Contract of 21 December 2004 | Raiffeisen banka a.d. | 30 March 2005    | Change of contractual relationships until 30 April 2005       |
| Loan Contract  | Raiffeisen banka a.d. | 14 June 2005     | Provision of a loan facility/ payment of contractual interest |

## Raiffeisenbank Austria d.d.

| Legal act   | Counterparty                | Date concluded | Performance / Counter-performance  |
|---|-----------------------------|----------------|--|
| Agreement to Open a Nostro Account                | Raiffeisenbank Austria d.d. | 21 May 2001    | Maintenance of a nostro account/ payment of contractual fees                       |
| ISDA Master Agreement                             | Raiffeisenbank Austria d.d. | 8 June 2011    | General agreement stipulating mutual terms and conditions of money marking trading |
| Amendment - Schedule to the ISDA Master Agreement | Raiffeisenbank Austria d.d. | 8 June 2011    | Definition of detailed terms and conditions of money market trading                |
| Agreement to open a correspondent account         | Raiffeisenbank Austria d.d. | 18 May 2011    | Maintenance of a correspondent account/ payment of contractual fees                |

## Tatra Banka, a.s.

| Legal act   | Counterparty      | Date concluded   | Performance / Counter-performance   |
|---|-------------------|------------------|---|
| Agreement on Shared Use of Banker 's Almanac On-line  | Tatra Banka, a.s. | 15 June 2004     | Agreement on joint ordering and use of an electronic database/ agreement on proportional payment of the price |
| Risk Participation Agreement  | Tatra Banka, a.s. | 18 May 2005      | Credit risk participation/payment of contractual fees   |
| Risk Participation Agreement  | Tatra Banka, a.s. | 18 August 2005   | Credit risk participation/payment of contractual fees   |
| Risk Participation Agreement  | Tatra Banka, a.s. | 16 November 2005 | Credit risk participation/payment of contractual fees   |
| Contract for Pledge on Government Bonds   | Tatra Banka, a.s. | 19 May 2005      | Establishment of pledge on bonds  |
| Amendment No. 1 to the Contract for Pledge on Bonds of 19 May 2005                          | Tatra Banka, a.s. | 16 November 2005 | Adjustment of rights and obligations  |
| Syndicated Investment Facility Agreement  | Tatra Banka, a.s. | 12 December 2005 | Provision of a loan facility/payment of contractual interest  |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 30 October 2006  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 30 October 2006  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 30 October 2006  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 7 December 2006  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 18 December 2006 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 21 December 2006 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 21 December 2006 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 30 October 2007  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 22 November 2007 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 27 February 2008 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 8 December 2008  | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 19 December 2008 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 19 December 2008 | Credit risk participation/payment of contractual fees   |
| Risk Participation Confirmation   | Tatra Banka, a.s. | 26 August 2008   | Credit risk participation/payment of contractual fees   |
| Amendment No. 5 to the Agreement on Shared Use of Banker 's Almanac On-line of 15 June 2004 | Tatra Banka, a.s. | 8 June 2009      | Prolongation of the agreement   |
| Amendment No. 6 to the Agreement on Shared Use of Banker 's Almanac On-line of 15 June 2004 | Tatra Banka, a.s. | 16 December 2009 | Agreement on joint order  |

| Legal act   | Counterparty      | Date concluded | Performance / Counter-performance  |
|---|-------------------|----------------|--|
| Confidentiality Agreement                         | Tatra Banka, a.s. | 4 May 2010     | Agreement on confidentiality as part of potential mutual cooperation               |
| Cooperation Agreement                             | Tatra Banka, a.s. | 1 August 2010  | Agreement on conditions for transfer of information and access to premises         |
| JIRA Application Communication Agreement          | Tatra Banka, a.s. | 6 October 2010 | Agreement to allow for mutual communication through a shared application.          |
| ISDA Master Agreement                             | Tatra Banka, a.s. | 5 October 2011 | General agreement stipulating mutual terms and conditions of money marking trading |
| Amendment - Schedule to the ISDA Master Agreement | Tatra Banka, a.s. | 5 October 2011 | Definition of detailed terms and conditions of money market trading                |

#### Tatra Asset Management, správk. spol., a.s.

| Legal act  | Counterparty                                | Date concluded | Performance / Counter-performance                                   |
|--|---|----------------|---|
| Agreement on Communication via Sharepoint Portal | Tatra Asset Management, správk. spol., a.s. | 15 July 2012   | Agreement on enabling mutual communication via a shared application |

#### Regional Card Processing Centre, s.r.o.

| Legal act                                    | Counterparty                            | Date concluded   | Performance / Counter-performance  |
|--|---|------------------|--|
| Statement of Work                            | Regional Card Processing Centre, s.r.o. | 10 February 2010 | Agreement on mutual cooperation as part of the bank's project/payment of contractual fee |
| General Agreement on Payment Card Processing | Regional Card Processing Centre, s.r.o. | 1 January 2011   | Provision of payment card processing/payment of contractual fee                          |
| Statement of Work                            | Regional Card Processing Centre, s.r.o. | 1 January 2011   | Agreement on mutual cooperation as part of the bank's project/payment of contractual fee |
| Amendment No. 1 to the Statement of Work     | Regional Card Processing Centre, s.r.o. | 6 June 2012      | Change of contractual terms  |

#### Raiffeisen Bank Polska S.A.

| Legal act   | Counterparty                                       | Date concluded   | Performance / Counter-performance  |
|---|--|------------------|--|
| Contract for the Establishment of Pledge on Receivables from Deposits | Raiffeisen Bank Polska S.A./ OFO Polska Sp. Z o.o. | 25 August 2005   | Establishment of pledge on receivables from deposits                               |
| Risk Participation Confirmation                                       | Raiffeisen Bank Polska S.A.                        | 22 December 2006 | Credit risk participation/payment of contractual fees                              |
| ISDA Master Agreement   | Raiffeisen Bank Polska S.A.                        | 27 May 2011      | General agreement stipulating mutual terms and conditions of money marking trading |
| Amendment - Schedule to the ISDA Master Agreement                     | Raiffeisen Bank Polska S.A.                        | 27 May 2011      | Definition of detailed terms and conditions of money market trading                |

## Raiffeisen Bank S.A.

| Legal act                          | Counterparty         | Date concluded | Performance/<br>Counter-performance                             |
|------------------------------------|----------------------|----------------|---|
| Agreement to Open a Nostro Account | Raiffeisen Bank S.A. | 19 August 2005 | Maintenance of a nostro account/<br>payment of contractual fees |

## Raiffeisen Centrobank AG

| Legal act  | Counterparty             | Date concluded  | Performance/<br>Counter-performance  |
|--|--------------------------|-----------------|--|
| Agreement on Stock Exchange Analyses                           | Raiffeisen Centrobank AG | 1 May 2005      | Provision of stock market analyses of the Prague Stock Exchange/<br>payment of contractual fee |
| Agreement to Open and Maintain a Current/Correspondent Account | Raiffeisen Centrobank AG | 23 October 2007 | Opening and maintenance of a current/correspondent account/<br>payment of contractual fees     |
| Distribution Agreement   | Raiffeisen Centrobank AG | 27 June 2012    | Agreement on joint distribution of structured products/<br>payment of contractual commission   |
| Amendment No. 1 to the Distribution Agreement of 27 June 2012  | Raiffeisen Centrobank AG | 9 October 2012  | Change of contractual terms  |
| Amendment No. 1 to the Distribution Agreement of 27 June 2012  | Raiffeisen Centrobank AG | 9 October 2012  | Change of contractual terms  |
| Cost Sharing Agreement   | Raiffeisen Centrobank AG | 9 October 2012  | Agreement on sharing costs of joint distribution   |

## Raiffeisen Bank d.d. (former Raiffeisen Krekova Banka d.d.)

| Legal act  | Counterparty                  | Date concluded    | Performance/<br>Counter-performance                              |
|--|-------------------------------|-------------------|--|
| Loan Contract  | Raiffeisen Krekova Banka d.d. | 3 June 2005       | Provision of a loan facility/<br>payment of contractual interest |
| Additional contractual arrangement to the Loan Contract of 3 June 2005       | Raiffeisen Krekova Banka d.d. | 3 June 2005       | Determination of the loan amount                                 |
| Amendment No. 1 to the Loan Contract of 3 June 2005                          | Raiffeisen Krekova Banka d.d. | 26 August 2005    | Adjustment of the method of payment of interest                  |
| Loan Contract  | Raiffeisen Krekova Banka d.d. | 14 September 2005 | Provision of a loan facility/<br>payment of contractual interest |
| Additional contractual arrangement to the Loan Contract of 14 September 2005 | Raiffeisen Krekova Banka d.d. | 6 September 2005  | Determination of the volume of drawn funds                       |
| Amendment No. 1 to the Loan Contract of 14 September 2005                    | Raiffeisen Krekova Banka d.d. | 1 December 2005   | Prolongation of the loan drawdown term                           |

## Raiffeisen – Leasing International GmbH

| Legal act  | Counterparty   | Date concluded   | Performance / Counter-performance                                   |
|--|--|------------------|---|
| Creditor Agreement                                   | Raiffeisen – Leasing International GmbH  | 10 March 2005    | Agreement on joint steps towards debtors                            |
| Syndicate Agreement                                  | Raiffeisen – Leasing International GmbH  | 3 May 2004       | Agreement on cooperation in corporate governance                    |
| Amendment to the Creditor Agreement of 10 March 2005 | Raiffeisen-Leasing International GmbH/<br>RLRE Kappa Property, s.r.o./<br>RLRE Lambda Property s.r.o.  | 24 June 2005     | Amendment of the contractual relationships                          |
| Agreement on Joint Refinancing                       | Raiffeisen-Leasing International GmbH/<br>RLRE Kappa Property, s.r.o./<br>RLRE Lambda Property s.r.o.  | 21 October 2005  | Agreement on participation in loan refinancing                      |
| Escrow Account Agreement                             | Raiffeisen-Leasing International GmbH/<br>RLRE Kappa Property, s.r.o./<br>RLRE Lambda Property s.r.o.  | 24 October 2005  | Opening of an account with specific conditions of disposal of funds |
| Creditor Agreement                                   | Raiffeisen-Leasing International GmbH/<br>RLRE Kappa Property, s.r.o./<br>RLRE Lambda Property, s.r.o. | 29 December 2004 | Agreement on joint future steps                                     |
| Escrow Account Agreement                             | Raiffeisen-Leasing International GmbH/<br>RLRE Kappa Property, s.r.o./<br>RLRE Lambda Property s.r.o.  | 29 December 2004 | Opening of an account with specific conditions of disposal of funds |

## Raiffeisen – Leasing Bank AG

| Legal act   | Counterparty               | Date concluded  | Performance/ Counter-performance                     |
|---|----------------------------|-----------------|--|
| Contract for the Establishment of Pledge on Receivables from Deposits | Raiffeisen-Leasing Bank AG | 27 January 2005 | Establishment of pledge on receivables from deposits |

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

| Legal act   | Counterparty  | Date concluded   | Performance/ Counter-performance  |
|---|---|------------------|---|
| Consulting Agreement                              | Centralised Raiffeisen International Services and Payments S.R.L. | 23 February 2007 | Provision of services in SWIFT processing of payments/payment of the contractual price                      |
| General Cooperation Agreement                     | Centralised Raiffeisen International Services and Payments S.R.L. | 18 June 2007     | SWIFT access settings/payment of contractual fees   |
| Agreement on Data Processing and Protection       | Centralised Raiffeisen International Services and Payments S.R.L. | 18 June 2007     | Agreement on the handling and protection of data  |
| Annex No. 3 to the General Cooperation Agreement  | Centralised Raiffeisen International Services and Payments S.R.L. | 8 February 2008  | Cooperation in the FiSa group programme determining fees for scanning of transactions to sanctioned parties |
| Annex No. 4a to the General Cooperation Agreement | Centralised Raiffeisen International Services and Payments S.R.L. | 12 August 2009   | Specification of services for the use of a common platform for international payments                       |

|   |   |                  |   |
|---|---|------------------|---|
| Confidentiality Agreement   | Centralised Raiffeisen International Services and Payments S.R.L. | 20 January 2010  | Agreement on confidentiality as part of potential mutual cooperation                  |
| Annex No. 4 to the General Cooperation Agreement                    | Centralised Raiffeisen International Services and Payments S.R.L. | 12 November 2010 | Specification of services for the use of a common platform for international payments |
| Annex No. 5 to the General Cooperation Agreement                    | Centralised Raiffeisen International Services and Payments S.R.L. | 27 August 2010   | Specification of services for the use of a common platform for international payments |
| Annex No. 1 to Amendment No. 4 to the General Cooperation Agreement | Centralised Raiffeisen International Services and Payments S.R.L. | 6 December 2012  | Detailed description of services for using a common international payments platform   |

### RZB Finance LLC

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

### Raiffeisen Malta Bank PLC

| Legal act                  | Counterparty              | Date concluded    | Performance/ Counter-performance                                 |
|----------------------------|---------------------------|-------------------|--|
| Subordinated Loan Contract | Raiffeisen Malta Bank PLC | 15 September 2008 | Provision of a subordinated loan/payment of contractual interest |
| Subordinated Loan Contract | Raiffeisen Malta Bank PLC | 28 March 2011     | Provision of a subordinated loan/payment of contractual interest |

### ZUNO BANK AG (former Raiffeisen International Direct Bank AG)

| Legal act  | Counterparty                            | Date concluded  | Performance/ Counter-performance   |
|--|---|-----------------|--|
| Confidentiality Agreement                                | Raiffeisen International Direct Bank AG | 23 October 2009 | Agreement on confidentiality as part of potential mutual cooperation       |
| Service Agreement  | Raiffeisen International Direct Bank AG | 3 March 2010    | Cooperation in establishing the structural unit/payment of contractual fee |
| Amendment No. 1 to the Service Agreement of 3 March 2010 | ZUNO BANK AG                            | 1 August 2010   | Change of contractual terms  |
| Service Agreement  | ZUNO BANK AG                            | 1 October 2010  | Cooperation in human resources/payment of contractual fee                  |

**ZUNO BANK AG, organizační složka**

| Legal act   | Counterparty                     | Date concluded    | Performance/ Counter-performance   |
|---|----------------------------------|-------------------|--|
| Agreement on Maintenance of a Current/Correspondent Account | ZUNO BANK AG, organizační složka | 22 September 2010 | Maintenance of a current/correspondent account/payment of contractual fees |
| Cooperation Agreement                                       | ZUNO BANK AG, organizační složka | 31 October 2012   | Agreement on mutual cooperation in ATM use                                 |

**ZAO Raiffeisenbank**

| Legal act   | Counterparty       | Date concluded   | Performance/ Counter-performance   |
|---|--------------------|------------------|--|
| Correspondent Account Agreement                   | ZAO Raiffeisenbank | 3 September 2008 | Maintenance of a correspondent account/payment of contractual fees                 |
| ISDA Master Agreement                             | ZAO Raiffeisenbank | 8 September 2011 | General agreement stipulating mutual terms and conditions of money marking trading |
| Amendment - Schedule to the ISDA Master Agreement | ZAO Raiffeisenbank | 8 September 2011 | Definition of detailed terms and conditions of money market trading                |

**Raiffeisen Informatik Consulting GmbH**

| Legal act   | Counterparty                          | Date concluded   | Performance/ Counter-performance                  |
|---|---------------------------------------|------------------|---|
| Purchase Agreement for Oracle Cap-Limit Licence and Maintenance Services                        | Raiffeisen Informatik Consulting GmbH | 8 September 2010 | Provision of licenses/payment of contractual fees |
| Amendment No. 1 to the Purchase Agreement for Oracle Cap-Limit Licence and Maintenance Services | Raiffeisen Informatik Consulting GmbH | 1 June 2011      | Change of contractual obligations                 |

**Raiffeisen penzijní společnost a.s.**

| Legal act   | Counterparty                        | Date concluded   | Performance/ Counter-performance   |
|---|-------------------------------------|------------------|--|
| Agreement to Open a Special Account for Payment of Contribution | Raiffeisen penzijní společnost a.s. | 4 May 2012       | Opening an account for payment of contribution upon foundation of a business company/payment of contractual fees |
| Agreement to Open and Maintain a Current Account                | Raiffeisen penzijní společnost a.s. | 10 December 2012 | Opening and maintenance of a current account/payment of contractual fees   |
| 5 Agreements to Issue a Debit Card                              | Raiffeisen penzijní společnost a.s. | 10 December 2012 | Issuance of a debit card/payment of contractual fees   |
| 3 Term Deposit Agreements                                       | Raiffeisen penzijní společnost a.s. | 13 December 2012 | Agreement to open a term deposit/payment of contractual interest/payment of contractual fees                     |

In addition to contracts concluded in 2012 referred to above, the Bank and other related parties entered into other transactions in the reporting period, particularly loans and borrowings in the money market and fixed-term transactions from which the Bank received or paid interest and fees.

## 4. LIST OF OTHER LEGAL ACTS

### 4.1. List of Other Legal Acts with Controlling Parties

#### Raiffeisen CEE Region Holding GmbH

| Legal act  | Counterparty                       | Date concluded | Performance / Counter-performance                                       |
|--|------------------------------------|----------------|---|
| Resolution of Regular General meeting of Raiffeisenbank a.s. - Payment of Dividends for 2011 | Raiffeisen CEE Region Holding GmbH | 30 April 2012  | Payment of dividends based on resolution of the regular general meeting |

### 4.2. List of Other Legal Acts with Other Related Parties

#### Raiffeisen stavební spořitelna, a.s.

| Legal act   | Counterparty        | Date concluded | Performance / Counter-performance                                  |
|---|---------------------|----------------|--|
| Resolution of Regular General meeting of Raiffeisen stavební spořitelna, a.s. - Payment of Dividends for 2011 | Raiffeisenbank a.s. | 27 April 2012  | Acceptance of dividends based on resolution of the general meeting |

## 5. LIST OF OTHER FACTUAL MEASURES

### 5.1. List of Measures Adopted at the Initiative of Controlling Parties

None.

#### General Limits

The Bank has approved general limits for transactions with related parties that apply to current and term deposits, loans, repurchase transactions, treasury shares, letters of credit, provided and received guarantees at request or to the benefit of the controlling party or other parties controlled by the same controlling entity.

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

None.

## 6. FINAL STATEMENT OF THE BOARD OF DIRECTORS OF RAIFFEISENBANK A.S.

We hereby represent that to our best knowledge, the Report on transactions between the related parties of Raiffeisenbank a.s. prepared in accordance with Section 66a (9) of the Commercial Code for the reporting period from 1 January 2012 to 31 December 2012 includes all of the below, concluded or effected in the reporting period and known to us on the date of signing of this report:

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

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

Furthermore, we represent that we are not aware that a detriment to assets was caused as a result of contracts, other legal acts and other factual measures concluded, made or adopted by the Bank in the reporting period from 1 January 2012 to 31 December 2012.

Given in Prague, on 26 February 2013



Mario Drosch  
Chairman of the Board of Directors  
and CEO



Rudolf Rabiňák  
Member of the Board of Director  
and Executive Director

# General Information about the Issuer

**Company name:**

Raiffeisenbank a.s.

**Registered office:**

Hvězdova 1716/2b, 140 78 Praha 4

**Company registration number:**

49240901

**Incorporated:**

25 June 1993

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

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

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

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

**As of 31 December 2012, Raiffeisenbank a.s. owns the following real estate:**

In the land registry area of Hradec Králové, parcel number: construction parcel No. 103, additional land area No. 76, Title Deed No. 20767, Identification Code: 646873, Address: V Kopečku 75, 500 02 Hradec Králové.

Raiffeisenbank a.s. (the issuer) is not party to any court, administrative, or arbitration proceedings instituted during the past two accounting periods which had or could have a significant effect on the issuer's financial position.

The issuer does not depend on patents or licences, industrial, commercial, or financial agreements, or new production processes which could be of fundamental significance for the issuer's business activities or profitability.



# Information in accordance with Section 118(4) of Act no. 256/2004 Coll., the Capital Market Act

## Section 118(4) letter b:

Internal Control is defined as a process carried out/influenced by the bank's Board of Directors, the executive body, and other employees, devised in such a way as to provide adequate assurance in reaching objectives in three areas:

- Effectiveness, efficiency, and economy (the 3 "Es")
- Reliability of internal management and controls, including the protection of assets
- Harmonisation with the rules and regulations

### Key concepts of Internal Control:

- Internal control is a process (a means of reaching objectives, not an objective in and of itself),
- Internal control is carried out by people (it does not involve only forms and manuals, but people at each level of organisation),
- Internal control can only achieve a proportional level of certainty (not absolute certainty, with respect to the management of the organisation).

Control activities are an integral part of the everyday activities of the bank. The objective is to ensure that the risk undertaken was kept within the tolerance level set out by the management risk process.

### Control activities include, in particular:

- Inspecting the management structure,
- Adequate control of mechanisms for the individual processes at the bank,
- Physical control.

### The control system consists of, in particular:

- Control implemented by each employee when carrying out their work activities,
- Control implemented by the head employee when carrying out management activities,
- Compliance activities,
- Internal Audit activities.

The procedures for control activities are contained in the internal regulations of the bank and consist of approval procedures, authorisation, verification, approval, reconciliation, control of performance, securing assets, separation of obligations, or establishing rights and obligations. Compliance with the established procedures and their adequacy is regularly verified.

## Section 118(4) letter c:

The statutory body of the bank is the Board of Directors. The bank's Board of Directors has seven members. The members of the Board of Directors are elected and recalled by the Supervisory Board, with a term of office of five years. One of the members of the Board of Directors is elected as the Chairperson of the Board of Directors. Each member of the Board of Directors is also the executive director for a certain area of management. The Board of Directors constitutes a quorum if at least more than half of its members are present at a meeting. The Board of Directors makes decisions through voting, and the votes of a majority of all board members are required to adopt a resolution. In the event of a tied vote, the vote of the Chairperson of the Board is decisive. In addition to meetings, the Board of Directors may also make decisions through per-rollam voting.

The Supervisory Board is the supervisory body of the company. The Supervisory Board has nine members, six of which are elected and recalled by the General Meeting of the company, and three of which are elected and recalled by the employees of the company. Members serve a term of five years. One of the members of the Supervisory Board is also elected Chairperson of the Supervisory Board. The Supervisory Board constitutes a quorum if the majority of its members are present. A simple majority of votes of all Supervisory Board members is required to adopt resolutions. In addition to meetings, the Supervisory Board may also make decisions through per rollam voting.

Additional executive and supervisory bodies of the issuer include the Executive Committee and the Audit Committee.

The Executive Committee has four members, who are elected and recalled by the General Meeting of the company. Members of the Executive Committee may also be members of the Supervisory Board. The term of office for members of the Executive Committee is four years. One of the members of the Executive Committee is also elected Chairperson of the Executive Committee. The Executive Committee is a body of the shareholders, which ensures that the company's business activities are in accordance with the interests of the shareholders. The Executive Committee constitutes a quorum if all of its members are present at a meeting. The agreement of all members of the Executive Committee is necessary to adopt resolutions. In addition to meetings, the Executive Committee may also make decisions through per rollam voting.

The Audit Committee has three members who are appointed or recalled by the General Meeting of the company. They are appointed from members of the Supervisory Board or third parties. The term of office for members of the Audit Committee is five years.

One of the members of the Audit Committee is elected Chairperson of the Audit Committee. The Audit Committee constitutes a quorum if at least two of its members are present at a meeting. Agreement by a majority of all members of the Audit Committee is required to adopt resolutions. In addition to meetings, the Audit Committee may also make decisions through per rollam voting.

**A total of eleven committees established by the Board of Directors exist in the company. These are as follows:**

Assets and Liabilities Committee  
 Credit Committee  
 Non-performing Loans Committee  
 Pricing and Interest Committee  
 Investment Committee for Asset Management  
 Retail Credit Risk Management Committee  
 Operational Risk Management Committee  
 Project Committee  
 Real Estate Investment Committee  
 Marketing Committee  
 Top Management Committee

Each committee has a set number of members who are selected from either the Board of Directors or the bank managers. Each committee has rules of procedure approved by the Board of Directors that define its competence and manner of making decisions. Each member of the Board of Directors is entitled to attend any meeting of any committee. Each member of the Board of Directors has veto power over any decision made by any committee. In such case, the specific matter is to be discussed at the following meeting of the Board of Directors.

## Section 118(4) letter d:

The registered capital of the issuer is allocated to the relevant number of common bearer shares with a nominal value of CZK 10,000 each. The company's shares are dematerialised and are not quoted. The same rights and obligations are associated with all the company's shares. These rights and obligations are set out in the relevant provisions of the company's Articles of Association and the Commercial Code (mainly in Section 178 et seq.). The rights associated with the company's shares include the right to participate in the company's general meeting and to vote on matters within the competency of the general meeting, and the right to a share in the profit - dividends. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). None of the shares of the company have restrictions on voting rights. Each shareholder has the same rights to a share in the profit of the company - dividends - in the scope approved by the general meeting on the basis of the financial results of the company in a ratio equivalent to its share in the registered capital. Each shareholder has the same rights to participate in increasing the company's registered capital in proportion to its share in the registered capital and voting rights and also the obligation to pay up the subscribed shares by the deadline during an increase in the registered capital. There are no special rights or obligations associated with the company's shares, with the exception of those relating to the relevant provisions of the Commercial Code and the Articles of Association of the company.

## Section 118(4) letter e:

**The competence of the General Meeting of the company is defined in the Commercial Code and the Articles of Association of the company.**

The General Meeting constitutes a quorum if shareholders are present who have stock with a nominal value of more than half of the registered capital. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). The company has three shareholders whose share in the registered capital and the voting rights is 75% and 25%. Decisions of the General Meeting require a two-thirds majority of the duly submitted votes of present shareholders, unless specified otherwise by law or these Articles of Association. Voting at the General Meeting is performed by a show of hands (acclamation).

### The following fall under the competence of the General Meeting:

- a) Decisions about a change in the Articles of Association, unless this is a change resulting from an increase in the registered capital by the Board of Directors in accordance with Section 210 of the Commercial Code or a change which occurred based on other legal circumstances,
- b) Decisions to increase or reduce the registered capital or to authorise the Board of Directors in association with the provisions for approving an increase in the registered capital in accordance with Section 210 of the Commercial Code,
- c) Decisions to reduce the registered capital and to issue bonds in accordance with Section 160 of the Commercial Code,
- d) Election and recall of members of the Supervisory Board and other bodies specified in the Articles of Association, with the exception of members of the Supervisory Board elected and recalled by the employees,
- e) Approval of regular or exceptional accounting statements and consolidated financial statements, including, in legally mandated cases, temporary financial statements, decisions on profit allocation, covering losses, and determining bonuses,
- f) Decisions on registration of the company's participating securities in accordance with special legal regulations, and for cancelling their registration,
- g) Decisions on liquidating the company,
- h) Decisions on mergers, transfer of equity to a single shareholder, or demergers, or change of legal form,
- i) Decisions on the conclusion of contracts for the transfer of the firm or its significant portion and/or its lease, or decisions on the conclusion of such contracts by controlled entities,
- j) Approval of actions taken in the name of the company until its establishment in accordance with Section 64 of the Commercial Code,
- k) Approval of controlling contracts (Section 190b of the Commercial Code), contracts for the transfer of profit (Section 190a of the Commercial Code) and contracts for silent partnerships and their modification,
- l) Approval of the conclusion of contracts, based upon which the company is to acquire or appropriate assets, if the value of the assets acquired or appropriated during a single accounting period exceeds one third of the equity capital based upon the most recent duly compiled accounting statements of the company, or the consolidated financial statement, respectively,

- m) Appointment and recall of members of the Audit Committee,  
 n) Decisions on other matters which the Commercial Code, other generally binding legal regulations, or the Articles of Association place under the competence of the General Meeting.

## Section 118(4) letter f:

Monetary and natural income received by top management from the issuer and from entities controlled by the issuer during the accounting period:

| CZK thousand             |  |   | monetary income | natural income |
|--------------------------|--|---|-----------------|----------------|
| <b>Board</b>             | from issuer                            | total wages for CEO and executive directors | 44,169          | 80%            |
|                          |  | others                                      | 11,282          | 20%            |
|                          |  |   | <b>55,451</b>   | <b>687</b>     |
|                          | from entities controlled by the issuer |   | 0               | 0              |
| <b>Supervisory Board</b> | from issuer                            | total wages for CEO and executive directors | 7,268           | 100%           |
|                          |  | others                                      | 0               | 0%             |
|                          |  |   | <b>7,268</b>    | <b>131</b>     |
|                          | from entities controlled by the issuer |   | 0               | 0              |
| <b>Other Management</b>  | from issuer                            | total wages for CEO and executive directors | 18,707          | 100%           |
|                          |  | others                                      | 0               | 0%             |
|                          |  |   | <b>18,707</b>   | <b>547</b>     |
|                          | from entities controlled by the issuer |   | 0               |                |

## Section 118(4) letter h:

Principles of remuneration for the top managers of the issuer

### Remuneration for the members of the Board of Directors

In accordance with Act no. 21/1992 Coll., on Banks, board members are in the position of head employees of the bank (Chief Executive Officer and Executive Directors) and have fixed wages for performing this function (see below). The board members are remunerated by the issuer for performing the activities of the statutory body in accordance with the agreement on performance of the function of board member. The principles contained in the agreement on performance of the function of board member are:

- Fixed wage for performance as a board member (paid by the issuer and approved by the majority shareholder),
- Flexible wage for performance as a board member upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the majority shareholder),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital, and
- Non-financial criteria: meeting the goals relating to the strategic projects of the issuer, attaining quality with respect to providing products and services and relating to the activities of units under the direct management of the board member.

## Section 118(4) letter g:

The top managers of the issuer or closely related individuals shall not own stock or similar securities representing a share in the issuer, nor hold any options or similar investment instruments related to the stock or similar security representing a share in the issuer, nor be the contracting parties of such contracts or have such contracts concluded in their favour.

Payment of the flexible component of salaries is duly regulated by the provisions of Annex 1a to Decree no. 123/2007 Coll., as amended by the regulations on the prudent business undertakings of banks, savings banks, and credit institutions and securities traders, the application of which is contained in the Basic Regulations for Remuneration approved by the Supervisory Board on 2 September 2011.

The majority shareholder monitors and assesses fulfilment of the financial and non-financial criteria for the flexible wage and also proposes the amount of the flexible wage and approves payment.

The board members have company cars at their disposal for a total purchase price of CZK 6,699,069.

### Remuneration of the Chief Executive Officer

- Fixed wage for performance as the CEO (paid by the issuer, approved by the supervisory board of the issuer).

### Remuneration of Executive Directors

- Fixed wage for performance as an Executive Director (paid by the issuer, approved by the majority shareholder).

The above-mentioned principles of remuneration for board members who are also top managers are valid as of April 2007.

## Remuneration of supervisory board members

The supervisory board members are:

- a) appointed by the general meeting of the issuer (six members), and
- b) elected from among the employees of the company (three members).

The supervisory board members do not receive any monetary or natural income from the issuer for performance as supervisory board members.

## Remuneration of supervisory board members elected from among the employees

- Fixed wage for their work performance as employees of the issuer (paid by the issuer, approved by the issuer),
- Flexible wage for their work performance as employees upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the issuer),
- Financial criteria: reaching the set amount of profit after tax, the financial results influenced by the employees and relating to the employee's work performance,
- Non-financial criteria: meeting the goals relating to employee's work performance,
- The supervisory board members have company cars at their disposal for a total purchase price of CZK 1,311,772.

The supervisory board members elected from among the employees do not receive any monetary or natural income from the issuer for performance as supervisory board members. The supervisory board members receive remuneration from the entity controlled by the issuer due to their employment relationship to this entity.

## Remuneration of other top managers of the issuer

- Monetary or natural income only for work performance of the employee of the issuer, and not for activities of other top managers,
- Fixed wage for work performance as an employee of the issuer (paid by the issuer, approved by the issuer),
- Flexible wage for work performance as an employee upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the issuer),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital,
- Non-financial criteria: meeting the goals relating to employee's work performance,
- Other top managers have company cars at their disposal for a total purchase price of CZK 4,877,260.

The principles of remuneration for the top managers of the issuer and the members of the supervisory board are established in the Basic Principles of Remuneration, approved by the Supervisory Board of the issuer on 2 September 2011. An amount equal to 1% of the purchase price of the cars used for private purposes times the number of months used is included in natural income.

## Identification of top managers of the issuer and description of their job function, duties associated and executive authority:

**Lubor Žalman**, Chairman of the Board of Directors and CEO, Executive Director of Internal Audit, Finance, Compliance and Security, Administration, and HR (up to 31 December 2012)

**Mario Drosc**, Vice-Chairman of the Board of Directors and Deputy CEO (Mario Drosc acts as CEO and Chairman of the Board of Directors as of 1 January 2013)

**Rudolf Rabiňák**, board member and Executive Director of Corporate Banking

**Jan Kubín**, board member and Executive Director of Operations

**Alexandr Borecký**, board member and Executive Director of Risk Management (up to 30 September 2012)

**František Ježek**, board member and Executive Director of Risk Management (from 1 October 2012)

**Martin Kolouch**, board member and Executive Director of IT (up to 4 April 2012)

**Roland von Frankenberg**, board member and Executive Director of IT (from 4 April 2012 to 31 December 2012)

**Milan Hain**, board member and Executive Director of IT (from 1 January 2013)

**Petr Vitásek**, Executive Director of Administration

**Karel Soukeník**, Executive Director of Finance

**Jiří Čapek**, Executive Director of Retail

**Jan Pudil**, Executive Director of the Treasury and Investment Banking

**Herbert Stepic**, Chairman of the Supervisory Board  
**Karl Sevelda**, Vice-Chairman of the Supervisory Board  
**Kurt Bruckner**, supervisory board member  
**Peter Novák**, supervisory board member  
**Razvan Munteanu**, supervisory board member  
**Kurt Hütter**, supervisory board member  
**Michal Přádka**, supervisory board member  
**Tomáš Jabůrek**, supervisory board member  
**Petr Rögner**, supervisory board member

## Section 118(4) letter j:

The bank was one of the first to fully comply with the Code of the Czech Banking Association – Standard no.19/2005, which institutes uniform guidelines governing the behaviour of banks towards their clients, especially with regard to the clients' right to access information. The Code in its entirety is available at [www.rb.cz/O\\_bance..](http://www.rb.cz/O_bance..)

The bank must also comply with the RZB Code of Conduct – an ethics code valid for all employees belonging to the Raiffeisen group. The RZB Code of Conduct sets out the basic values of the bank and presents the framework for the firm's culture, which is in accordance with law and focuses on ethical principles. The Code of Conduct is available in Czech at [www.rb.cz/O\\_bance..](http://www.rb.cz/O_bance..)

As a full member of the Czech Capital Market Association (AKAT), the bank is bound by the Code of Ethics of the Capital Market Association. The AKAT Code of Ethics is a collection of rules, principles, guidelines and standards governing the provision of investment and related services in the field of investment management by AKAT members. The Code is based on the business activities of AKAT and creates rules formulating and developing the ethical behaviour and commercial culture on the market, while also attempting to ensure equal conditions for individual market players within the scope of competition. The Code in its entirety is available at [www.akatcr.cz/dokumenty](http://www.akatcr.cz/dokumenty).

## Section 118(4) letter k:

Information on remuneration charged by the auditors during the accounting period, shown by individual type of service and separately for the issuer and the consolidated whole:

|                            | 2012                | 2011                |
|----------------------------|---------------------|---------------------|
| <b>Consolidated</b>        | <b>CZK thousand</b> | <b>CZK thousand</b> |
| Audit                      | 7,260               | 10,059              |
| Tax consulting             | 14,107              | 4,103               |
| Other consulting           | 1,655               | 900                 |
| <b>Individually for RB</b> | <b>CZK thousand</b> | <b>CZK thousand</b> |
| Audit                      | 7,142               | 9,951               |
| Tax consulting             | 14,107              | 3,296               |
| Other consulting           | 1,655               | -                   |

# Information about securities

## Raiffeisenbank a.s. bond programme

### Maximum volume of unpaid bonds:

CZK 20,000,000,000

### Duration of programme: 15 years

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

The following is a list of bonds issued as a part of the programme that have not yet reached maturity:

### RBCZ Bond ZERO/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003701302                   |
| Issue date:             | 21 May 2007                    |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 300,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 30,000                         |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield). Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

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

Bond currency: CZK Maturity of the bonds: the bonds will be paid in the amount of their principal on 21 May 2014.

## Raiffeisenbank a.s. mortgage bond 5.10/17

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0002001670      |
| Issue date:             | 12 December 2007  |
| Class:                  | mortgage bond     |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 5,500,000,000 |
| Par value per security: | CZK 10,000        |
| Quantity:               | 550,000           |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.10% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s. Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

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

## Raiffeisenbank a.s. mortgage bond 5.50/17

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0002001928      |
| Issue date:             | 20 December 2007  |
| Class:                  | mortgage bond     |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 2,000,000,000 |
| Par value per security: | CZK 10,000        |
| Quantity:               | 200,000           |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.50% p.a., payable once a year retrospectively to 20 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s. Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

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

## Raiffeisenbank a.s. mortgage bond 4.30/13

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0002002058      |
| Issue date:             | 26 November 2008  |
| Class:                  | mortgage bond     |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 3,000,000,000 |
| Par value per security: | CZK 10,000        |
| Quantity:               | 300,000           |

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

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

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

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

## RAIFFEISENBANK A.S. BOND PROGRAMME

**Maximum volume of unpaid bonds:** CZK 50,000,000,000  
**Duration of the programme:** 15 years

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

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

### RBCZ ZERO II/14 bond

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702409                   |
| Issue date:             | 15 July 2010                   |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 400,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 40,000                         |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 15 July 2014.

## GARANTINVEST XIII premium bond VAR/13

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702433                   |
| Issue date:             | 11 August 2010                 |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 110,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 11,000                         |

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the PX Index share titles. Interest is paid by 11 August 2013 retrospectively. Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 11 August 2013.

## Raiffeisenbank a.s. mortgage bond VAR/13

|                         |                  |
|-------------------------|------------------|
| ISIN:                   | CZ0002002249     |
| Issue date:             | 16 November 2010 |
| Class:                  | mortgage bond    |
| Form:                   | bearer           |
| Type:                   | dematerialised   |
| Total issue volume:     | CZK 960,000,000  |
| Par value per security: | CZK 100,000      |
| Quantity:               | 9,600            |

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to 6M PRIBOR plus 0.50% p.a. Interest is paid biannually on 16 May and 16 November of each year retrospectively.

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 16 November 2013.

## GARANTINVEST XIV premium bond VAR/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702482                   |
| Issue date:             | 12 November 2010               |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 100,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 10,000                         |

Interest on bonds and maturity dates for interest or other yield: flexible interest rate calculated with the minimum guaranteed yield plus the premium yield, which will be calculated according to the EUR/CZK exchange rate. Interest will be paid biannually on 12 May and 12 November of each year retrospectively.

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 November 2014.

## RBCZ ZERO bond III/13

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702508                   |
| Issue date:             | 1 December 2010                |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 400,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 40,000                         |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 1 December 2013.

## GARANTINVEST XV mortgage bond 2.80/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002272                   |
| Issue date:             | 19 January 2011                |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 250,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 25,000                         |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.80% p.a., payable once a year retro-spectively to 19 January

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 19 January 2014.

## GARANTINVEST XVI mortgage bond 2.80/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002280                   |
| Issue date:             | 9 February 2011                |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 1,000,000,000              |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 100,000                        |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.80% p.a., payable once a year retro-spectively to 9 February

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 9 February 2014.

## RBCZ ZERO bond IV/13

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702813                   |
| Issue date:             | 2 March 2011                   |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 400,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 40,000                         |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 2 March 2013.

## RBCZ ZERO bond V/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702847                   |
| Issue date:             | 13 April 2011                  |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 500,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 50,000                         |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield)

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 13 April 2014.

## GARANTINVEST XVII mortgage bond 3.30/16

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002314                   |
| Issue date:             | 4 May 2011                     |
| Clas: mortgage          | bond                           |
| Forma:                  | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 500,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 50,000                         |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 3.30% p.a., payable once a year retro-spectively to 4 May

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 4 May 2016.

## RBCZ ZERO bond VI/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702870                   |
| Issue date:             | 18 May 2011                    |
| Class:                  | bond                           |
| Forma: bearer           |                                |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 41,000,000                 |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 4,100                          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 2 May 2014.

## RBCZ KOMB bond/2015

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702920                   |
| Issue date:             | 15 June 2011                   |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 25,000,000                 |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 2,500                          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the yield on the basis of a discount, which is calculated as the difference between the issue rate and principal of each Bond, and the supplementary yield which is calculated as a yield in the amount of 7% of the par value of each security, paid once on 4 June 2012. For the sake of clarity, the supplementary yield is not per annum yield.

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 29 May 2015.

## RBCZ bond 4.45/16

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702938                   |
| Issue date:             | 1 July 2011                    |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 200,000,000                |
| Par value per security: | CZK 50,000,000                 |
| Quantity:               | 4                              |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.45% p.a., payable once a year retro-spectively on 1 July

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time;

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 1 July 2016.

**RBCZ ZERO bond VII/14**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003702946                   |
| Issue date:             | 20 July 2011                   |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 76,000,000                 |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 7,600                          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield). Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.  
Issue administrator: Raiffeisenbank a.s.  
Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4  
Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated market or in the multilateral trading system.  
Bond currency: CZK  
Maturity of bonds: the bonds are payable in their par value on 27 June 2014.

**GARANTINVEST XVIII mortgage bond 2.80/14**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002371                   |
| Issue date:             | 27 July 2011                   |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 1,715,000,000              |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 171,500                        |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.80% p.a., payable once a year on 27 July  
Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.  
Issue administrator: Raiffeisenbank a.s.  
Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4  
Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated market or in the multilateral trading system.  
Bond currency: CZK  
Maturity of the bonds: the mortgage bonds will be payable in their par value on 27 July 2014.

**GARANTINVEST XIX mortgage bond 3.20/16**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002363                   |
| Issue date:             | 27 July 2011                   |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 500,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 50,000;                        |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 3.20% p.a., payable once a year retro-spectively to 27 July  
Method of transferring the bonds: The bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.  
Issue administrator: Raiffeisenbank a.s.  
Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4  
Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated market or in the multilateral trading system.  
Bond currency: CZK  
Maturity of the bonds: the mortgage bonds will be payable in their par value on 27 July 2016.

**Raiffeisenbank a.s. subordinated bond 4.75/16**

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0003702953;     |
| Issue date:             | 21 September 2011 |
| Class:                  | subordinated bond |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 125,000,000   |
| Par value per security: | CZK 10,000        |
| Quantity:               | 12,500            |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.75% p.a., payable once a year retro-spectively to 21 September  
Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.  
Issue administrator: Raiffeisenbank a.s.  
Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4  
Names of the public markets on which the securities are accepted for trading: the subordinated bonds are not tradable on the regulated market or in the multilateral trading system.  
Bond currency: CZK  
Maturity of the bonds: the subordinated bonds will be payable in their par value on 21 September 2016.

## Raiffeisenbank a.s. subordinated bond VAR/18

|                         |                    |
|-------------------------|--------------------|
| ISIN:                   | CZ0003702961       |
| Issue date:             | 21 September 2011  |
| Class:                  | subordinated bond; |
| Form:                   | bearer;            |
| Type:                   | dematerialised;    |
| Total issue volume:     | CZK 125,000,000    |
| Par value per security: | CZK 10,000         |
| Quantity:               | 12,500             |

Interest on bonds and maturity dates for interest or other yield: interest is paid biannually, always on 21 September and 21 March. The interest rate for the first yield period, i.e. from 21 September to 21 March 2012, is 4% p.a. For the remainder of the yield periods, the interest rate is calculated based on the 6M PRIBOR plus 2.5% p.a.

Method of transferring the bonds: transferability is not restricted; the subordinated bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading: the subordinated bonds are not tradable on the regulated market or in the multilateral trading system;

Bond currency: CZK

Maturity of bonds: the subordinated bonds are payable in their par value on 21 September 2018.

## Raiffeisenbank a.s. mortgage bond 3.00/16

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0002002405      |
| Issue date:             | 26 September 2011 |
| Class:                  | mortgage bond     |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 1,000,000,000 |
| Par value per security: | CZK 10,000        |
| Quantity:               | 100,000           |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 3.00% p.a., payable once a year retrospectively on 26 September

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 26 September 2016.

## GARANTINVEST XX mortgage bond 2.70/17

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002002439                   |
| Issue date:             | 11 January 2012                |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 285,000,000                |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 28,500;                        |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.70% p.a., payable once a year retrospectively to 11 January

Method of transferring the bonds: The bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 11 January 2017.

## RBCZ bond - FWR Step-Up/15

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003703167                   |
| Issue date:             | 8 February 2012                |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 250,000,000                |
| Par value per security: | CZK 1                          |
| Quantity:               | 250,000,000                    |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 1.50% p.a. for a period of one year after the issue date (i.e. for the first yield period from 8 February 2012 to 7 February 2013), fixed interest rate of 2.20% p.a. for the second year after the issue date (i.e. for the second yield period from 8 February 2013 to 7 February 2014), fixed interest rate of 3.50% p.a. for the third year after the issue date (i.e. for the third yield period from 8 February 2014 to 7 February 2015); payable once a year retrospectively to 8 February

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4;

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

Bond currency: CZK

Maturity of the bonds: the bonds will be paid in the amount of their principal on 8 February 2015.

**RBCZ bond - FWR VAR/17**

ISIN: CZ0003703175;  
 Issue date: 8 February 2012  
 Class: bond  
 Form: bearer  
 Type: certificated (collective bond)  
 Total issue volume: CZK 250,000,000  
 Par value per security: CZK 1  
 Quantity: 250,000,000

Interest on bonds and maturity dates for interest or other yield: flexible 12M PRIBID interest rate plus 1% p.a., payable once a year retrospectively to 8 February

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 8 February 2017.

**RBCZ ZERO bond VIII/15**

ISIN: CZ0003703191  
 Issue date: 14 March 2012  
 Class: bond  
 Form: bearer  
 Type: certificated (collective bond)  
 Total issue volume: CZK 100,000,000  
 Par value per security: CZK 10,000  
 Quantity: 10,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 25 February 2015.

**RBCZ bond – FWR II Step-Up/15**

ISIN: CZ0003703266  
 Issue date: 25 April 2012  
 Class: bond  
 Form: bearer  
 Type: certificated (collective bond)  
 Total issue volume: CZK 150,000,000  
 Par value per security: CZK 1  
 Quantity: 150,000,000;

Interest on bonds and maturity dates for interest or other yield:

fixed interest rate of 1.50% p.a. for a period of one year after the issue date (i.e. for the first yield period from 25 April 2012 to 24 April 2013), fixed interest rate of 2.20% p.a. for the second year after the issue date (i.e. for the second yield period from 25 April 2013 to 24 April 2014), fixed interest rate of 3.50% p.a. for the third year after the issue date (i.e. for the third interest period from 25 April 2014 to 24 April 2015); payable once a year retrospectively to 25 April.

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds are payable in their par value on 25 April 2015.

**RBCZ GARANTINVEST XXI bond 2.40/15**

ISIN: CZ0003703274  
 Issue date: 2 May 2012  
 Class: bond  
 Form: bearer  
 Type: certificated (collective bond)  
 Total issue volume: CZK 100,000,000  
 Par value per security: CZK 1  
 Quantity: 100,000,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.40% p.a., payable once a year retrospectively to 2 May;

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 2 May 2015.

## RBCZ bond ZERO IX/15

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003703365                   |
| Issue date:             | 3 July 2012                    |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 60,000,000                 |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 6,000                          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield). Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 3 July 2015.

## RBCZ KOMB bond II/14

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0003703373                   |
| Issue date:             | 30 May 2012                    |
| Class:                  | bond                           |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 50,000,000                 |
| Par value per security: | CZK 10,000                     |
| Quantity:               | 5,000                          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the yield on the basis of a discount, which is calculated as the difference between the issue rate and principal of each Bond, and the supplementary yield which is calculated as a yield in the amount of 6.24% p.a. of the par value of each security for the first yield period from 30 May 2012 to 29 April 2013, and a yield in the amount of 5.70% p.a. of the par value of each security for the second yield period from 30 April 2013 to 29 April 2014 paid once a year retrospectively to 29 April.

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds are payable in their par value on 29 April 2014.

## RBCZ bond - FWR III VAR/19

|                         |                   |
|-------------------------|-------------------|
| ISIN:                   | CZ0003703670      |
| Issue date:             | 28 December 2012  |
| Class:                  | bond              |
| Form:                   | bearer            |
| Type:                   | dematerialised    |
| Total issue volume:     | CZK 5,000,000,000 |
| Par value per security: | CZK 1             |
| Quantity:               | 5,000,000,000     |

Úročení dluhopisů a termíny splatnosti úroků nebo jiného výnosu: the yield on the Bonds is composed of the flexible 6M PRIBOR interest rate and the supplementary yield which is calculated as a yield in the amount of 0.75% p.a., paid biannually always by 28 December and 28 June retrospectively each year.

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 28 December 2019.

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.

## INTERNATIONAL BOND PROGRAMME FOR RAIFFEISENBANK MORTGAGE BONDS

**Maximum volume of unpaid bonds:** EUR 5,000,000,000

The bond programme consists of a maximum unpaid bond volume of EUR 5,000,000,000. The prospectus for the bond programme containing the general issue terms is registered at the Commission de Surveillance du Secteur Financier in Luxembourg and was announced by the Czech National Bank.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

### RBCZ VAR 5/12/2017

|                         |                  |
|-------------------------|------------------|
| ISIN:                   | XS0861195369;    |
| Issue date:             | 5 December 2012; |
| Class:                  | mortgage bond    |
| Form:                   | bearer           |
| Type:                   | dematerialised   |
| Total issue volume:     | EUR 500,000,000  |
| Par value per security: | EUR 1,000        |
| Quantity:               | 500,000          |

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the flexible 6M EURIBOR interest rate and the supplementary yield in the amount of 1.15% p.a., paid biannually always by 5 December and 5 June retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the public markets on which the securities are accepted for trading: Luxembourg Stock Exchange;

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 5 December 2017.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of Great Britain. The rights and obligations of the block of mortgage bonds is governed by the laws of the Czech Republic.

## RAIFFEISENBANK A.S. BOND PROGRAMME

**Maximum volume of unpaid mortgage bonds:**

CZK 3,000,000,000

**Duration of the programme:** 5 years

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

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

### eBanka, a. s. mortgage bond 5.30/14

|                         |                  |
|-------------------------|------------------|
| ISIN:                   | CZ0002001316;    |
| Issue date:             | 14 November 2007 |
| Class:                  | mortgage bond    |
| Form:                   | bearer           |
| Type:                   | dematerialised   |
| Total issue volume:     | CZK 500,000,000  |
| Par value per security: | CZK 10,000       |
| Quantity:               | 50,000           |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.30% p.a., payable once a year retrospectively to 14 November

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

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

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.

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

**eBanka, a. s. mortgage bond 6.00/17**

|                         |                  |
|-------------------------|------------------|
| ISIN:                   | CZ0002001696     |
| Issue date:             | 12 December 2007 |
| Class:                  | mortgage bond    |
| Form:                   | bearer           |
| Type:                   | dematerialised   |
| Total issue volume:     | CZK 500,000,000  |
| Par value per security: | CZK 10,000       |
| Quantity:               | 50,000           |

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 6.00% p.a., payable once a year retro-spectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

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

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.

**eBanka, a.s. mortgage bond VAR/22**

|                         |                                |
|-------------------------|--------------------------------|
| ISIN:                   | CZ0002001704                   |
| Issue date:             | 12 December 2007               |
| Class:                  | mortgage bond                  |
| Form:                   | bearer                         |
| Type:                   | certificated (collective bond) |
| Total issue volume:     | CZK 1,000,000,000              |
| Par value per security: | CZK 100,000                    |
| Quantity:               | 10,000                         |

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

Method of transferring the bonds: the bonds are freely transferable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After the ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

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

Bond currency: CZK

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

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.



# 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.

Prague, 31 March 2013



Mario Drosc  
Chairman of the Board of Directors  
and Chief Executive Officer Raiffeisenbank a.s.



Karel Soukenik  
Head of the Financial Controlling  
& Accounting Division

# Raiffeisen Bank International at a glance

## A leading bank in Central and Eastern Europe, including Austria

Raiffeisenbank a.s. is a subsidiary of Raiffeisen Bank International AG (RBI), which regards Central and Eastern Europe (including Austria), as its home market. For more than 25 years, RBI has been operating in the Central and Eastern Europe (CEE) region, where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialised financial service providers in 17 markets. As a universal bank, RBI ranks among the leading banks in the region. The powerful role played by the bank is supported by the Raiffeisen brand, which is one of the most widely recognised brands in the region. Over time, RBI has positioned itself as a fully integrated corporate and retail banking group in CEE. The bank not only has good access to retail and corporate customers, but also boasts a comprehensive product offering. At the end of 2012 around 57,000 staff served approximately 14.1 million customers in around 3,100 business outlets in CEE.

In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international as well as major multinational clients operating in CEE. Moreover, RBI is represented in the world's financial centres and operates branches and representative offices in Asia. All in all, RBI employs about 60,000 staff and has total assets of around €136 billion.

## RBI operates subsidiary banks in the following CEE markets:

|                          |  |
|--------------------------|--|
| • Albania                | Raiffeisen Bank Sh.a.                    |
| • Belarus                | Priorbank JSC                            |
| • Bosnia and Herzegovina | Raiffeisen Bank d.d. Bosna i Hercegovina |
| • Bulgaria               | Raiffeisenbank (Bulgaria) EAD            |
| • Croatia                | Raiffeisenbank Austria d.d.              |
| • Czech Republic         | Raiffeisenbank a.s.                      |
| • Hungary                | Raiffeisen Bank Zrt.                     |
| • Kosovo                 | Raiffeisen Bank Kosovo J.S.C.            |
| • Poland                 | Raiffeisen Bank Polska S.A.              |
| • Romania                | Raiffeisen Bank S.A.                     |
| • Russia                 | ZAO Raiffeisenbank                       |
| • Serbia                 | Raiffeisen banka a.d.                    |
| • Slovakia               | Tatra banka, a.s.                        |
| • Slovenia               | Raiffeisen Banka d.d.                    |
| • Ukraine                | Raiffeisen Bank Aval JSC                 |

As the parent company of these banks, RBI's shareholding in them is at or near 100 per cent in most cases.

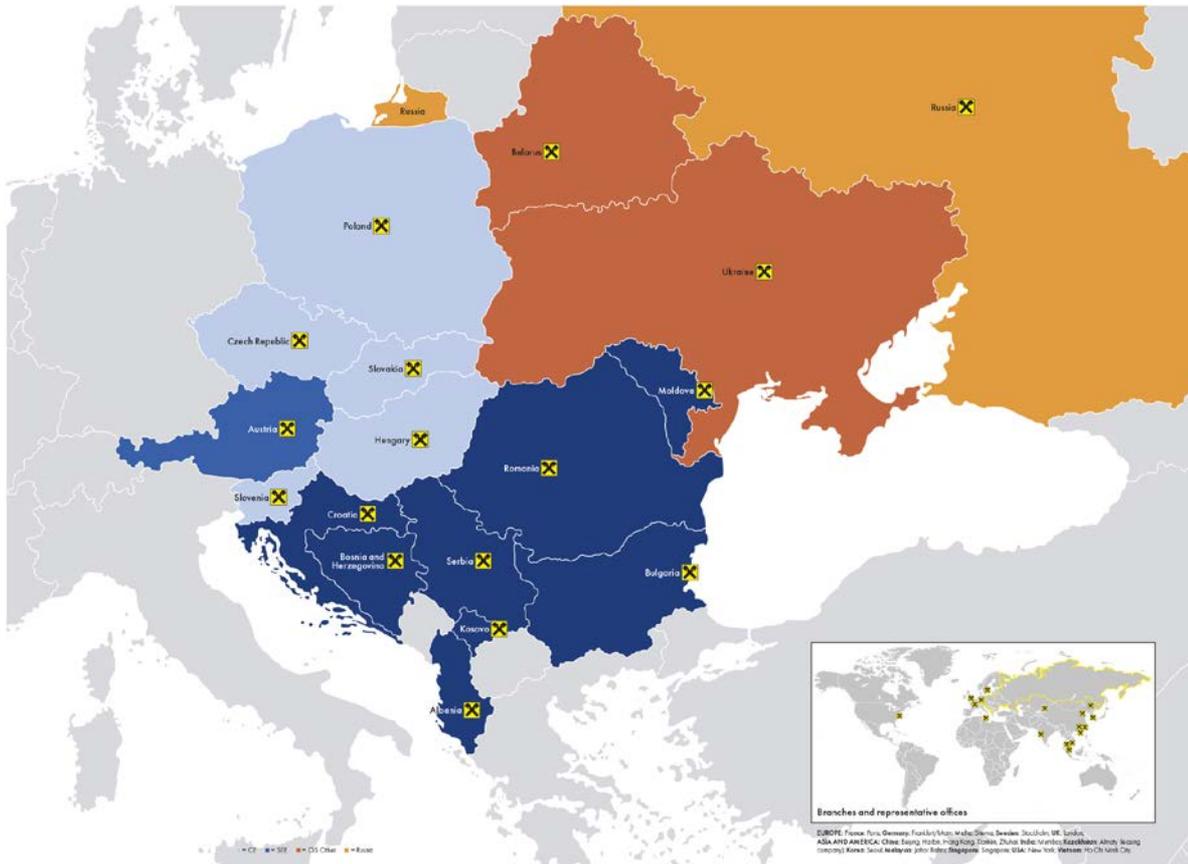
## RBI's development

RBI was established in October 2010 through the merger of Raiffeisen International with the principal business areas of Raiffeisen Zentralbank Österreich AG (RZB). RBI's position as one of the leading banks in CEE (including Austria) was further reinforced by the merger. RBI has been listed on the Vienna stock exchange since 25 April 2005 (until 12 October 2010 as Raiffeisen International). It is represented in several leading national and international indices, including the ATX and EURO STOXX Banks. RZB remained the majority shareholder following the merger, holding approximately 78.5 per cent of the shares. The remaining 21.5 per cent of RBI's shares are in free float.

RZB was formed in 1927 as "Genossenschaftliche Zentralbank" (GZB). Raiffeisen gained its first foothold in Central and Eastern Europe back in 1987, when it established its first subsidiary bank in Hungary. Other own subsidiaries have since been established; from 2000 onwards, Raiffeisen's expansion in the CEE countries has mainly been achieved by acquiring existing banks, which are combined into a holding company that from 2003 until October 2010 operated under the name Raiffeisen International. Raiffeisen International listed on the stock exchange in April 2005 in order to finance its future growth as efficiently as possible. RBI was subsequently established in 2010 through the merger of Raiffeisen International with the principal business areas of RZB.

For more information please refer to [www.rbinternational.com](http://www.rbinternational.com) and [www.rzb.at](http://www.rzb.at).

# Addresses



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rbi-pr@rbinternational.com

## Banking network

### Albania

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 Bulevardi „Bajram Curri“  
 Tirana  
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 Fax: +355-4-227 5599  
 SWIFT/BIC: SGSBALTX  
 www.raiffeisen.al

### Belarus

**Priorbank JSC**  
 31-A, V. Khoruzhey Str.  
 220002 Minsk  
 Phone: +375-17-289 9090  
 Fax: +375-17-289 9191  
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 www.priorbank.by

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 www.raiffeisenbank.ba

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 www.rba.hr

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 www.rb.cz

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### Kosovo

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 Fax: +381-38-203 01130  
 SWIFT/BIC: RBKORS22  
 www.raiffeisen-kosovo.com

### Poland

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 00-549 Warsaw  
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 SWIFT/BIC: RZBRROBU  
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## Russia

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## Slovakia

### Tatra banka, a.s.

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SWIFT/BIC: TATRSKBX  
www.tatrabanka.sk

## Slovenia

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## Ukraine

### Raiffeisen Bank Aval JSC

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www.aval.ua

## Leasing companies

## Austria

### Raiffeisen-Leasing International GmbH

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1030 Vienna  
Phone: +43-1-71707 2966  
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www.rli.co.at

## Albania

### Raiffeisen Leasing Sh.a.

"European Trade Center"  
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## Belarus

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## Czech Republic

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## Slovakia

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## Slovenia

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## Real estate leasing companies

### Czech Republic

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## Branches and representative offices - Europe

### France

#### RBI Representative Office Paris

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## Branches and representative offices – Asia and America

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## Korea

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### RBI Singapore Branch

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## USA

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### RBI Representative Office New York

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## Vietnam

### RBI Representative Office Ho Chi Minh City

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## Selected Raiffeisen Specialist Companies

### F.J. Elsner Trading GmbH

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Fax: +43-1-797 36 230  
www.elsner.at

### Kathrein Privatbank Aktiengesellschaft

Wipplingerstraße 25  
1010 Vienna  
Phone: +43-1-53 451 239  
Fax: +43-1-53 451 233  
www.kathrein.at

### Raiffeisen Centro Bank AG

Tegetthoffstraße 1  
1015 Vienna  
Phone: +43-1-515 20 0  
Fax: +43-1-513 43 96  
www.rcb.at

### ZUNO BANK AG

Am Stadtpark 3  
1030 Vienna  
Phone: +43-1-71707 2691  
Fax: +43-1-71707 762691  
www.zuno.eu



# Raiffeisen in the CZ

## ZUNO BANK AG



The online bank ZUNO belongs to the Raiffeisen Bank International group. In December 2010, the bank opened in Slovakia, and has been operating in the Czech Republic since July 2011.

ZUNO is founded on the low-cost standardised banking model. Clients can manage all of their financial transactions comfortably and quickly from their computer (via online banking) or through the use of smart phones (mobile banking application for iOS and Android). The bank has very few physical branch offices.

Contact address for the Czech Republic:  
ZUNO BANK AG  
Na Rybníčku 5  
120 00 Prague 2  
Call Centre telephone: 2 456 99 999

The ZUNO online bank in the Czech Republic and Slovakia currently has over 155,000 clients, while every seven minutes, a new client joins the bank. The volume of deposits reached CZK 25 billion. ZUNO offers clients an account (ÚČET) in four currencies, a savings account (SPORĚNÍ), a deposit account (VKLAD), credit (PŮJČKA), refinancing (REFINANCOVÁNÍ), reserve funds (REZERVA) and a contactless credit card (KREDITNÍ KARTA). The bank's philosophy is based on simplicity, low costs, and transparent communication.

More information on the Czech representative of ZUNO BANK AG is available at [www.zuno.cz](http://www.zuno.cz)

## Raiffeisen stavební spořitelna a.s.



Raiffeisen stavební spořitelna (RSTS) was founded in 1993 as the first building society in the Czech Republic. For more than 18 years, it has arranged for clients favourable building savings, housing loans, and comprehensive financial advice based on its well-balanced and wide range of financial services. In 1998, the company became a part of the strong Raiffeisen financial group, which operates in 37 countries around the world.

A milestone in the history of the company occurred in 2008. Following the merger with HYPO stavební spořitelna, RSTS became its universal legal successor. During the same year, the ownership structure of RSTS was changed for both shareholders, and currently, Raiffeisen Bausparkassen Holding GmbH owns a 90% share, and Raiffeisenbank a.s. holds the remaining 10%.

Raiffeisen stavební spořitelna is a traditional but modern bank with branches throughout the Czech Republic. In more than 220 consultancy locations and also through the branches of its business partners, RSTS offers its clients comprehensive solutions for quality housing, as well as securing families, assets and retirement.

Raiffeisen stavební spořitelna a.s.  
Koněvova 2747/99  
130 45 Prague 3  
Tel.: 271 031 111  
Fax: 222 581 156  
Email: [rsts@rsts.cz](mailto:rsts@rsts.cz)  
[www.rsts.cz](http://www.rsts.cz)  
Toll-free infoline: 800 11 22 11

Many changes occurred in 2012 in the area of client communication and products. New web pages were launched in the spring, which offer more interactive access, practical calculations, and easier and more organised access to information and contacts to financial advisors. The lending process has been significantly simplified, thanks to which it is now quicker and easier to opt for the right kind of loan. A new feature is the EKOprogram. With this programme, RSTS supports investment in ecological, energy-saving housing.

Similar to past years, RSTS continued its support of charity and non-profit organisations and contributed a total of more than CZK 681,000 to 21 charity projects. As a result, the regional clinic in Hradec Králové, Tyfloservis, providing terrain and outpatient social rehabilitation for the blind and seeing impaired, was renovated and expanded. In addition, club V. kolona of the organisation Green Doors will be renovated, an organisation that helps people with schizophrenia to overcome the crisis caused by the illness and to integrate back into society as soon as possible. Most of these projects were proposed by the employees themselves, who can in this respect be active every year in the employee charity programme. In the five years of RSTS's existence, more than CZK 1.5 million has been donated to charitable causes.



## UNIQA pojišťovna

UNIQA pojišťovna, a.s. commenced its operations on the Czech insurance market in 1993, originally under the name Česko-rakouská pojišťovna. The company changed its name to UNIQA pojišťovna in 2001 as a part of the international strategy of the parent concern to integrate the company's identity under the brand name UNIQA. UNIQA's international concern has its headquarters in Vienna and is an important Austrian insurance company with more than one fifth of the market. With its more than 40 subsidiary companies, UNIQA operates in 20 countries throughout Europe.

The sole shareholder of the Czech UNIQA pojišťovna is UNIQA International Versicherungs-Holding AG. The insurance company's registered capital amounts to CZK 500 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. Currently, UNIQA offers all types of insurance products covering all of its clients' insurance needs.

During the eighteen years of its existence, UNIQA has always been one of the ten largest insurance companies on the Czech market. Currently, it provides its services at more than 190 business locations throughout the Czech Republic. Its portfolio includes more than 690,000 insurance policies. Annual prescribed premiums in 2012 amounted to CZK 5.563 billion.

UNIQA pojišťovna, a.s.  
Evropská 136  
160 12 Prague 6  
phone: 225 393 111  
fax: 225 393 777  
e-mail: unika@unika.cz

UNIQA pojišťovna has closely cooperated with the Raiffeisen group for many years. This cooperation has also successfully expanded in other European countries where both brands are active on the financial market. Insurance is an integral part of financial services, and hence UNIQA pojišťovna has prepared optimal products for this purpose, such as leasing, credit and mortgage transactions.

In 2012, UNIQA continued to successfully engage in the area of exclusive life insurance for the clients of the bank under the brand Raiffeisen life insurance DIVIDENDA. During last year, this product had attracted more than 4,000 new clients, and total annual premiums reached CZK 45 million. In addition, clients responded favourably to the optional UNIQA casualty insurance offered with the most popular Raiffeisenbank account eKonto. Currently, 27,000 account holders have arranged this insurance. Transactions associated with Raiffeisen payment cards were also significant. Optimisation of the portfolio of credit cards had begun during the fourth quarter of 2012, requiring, in turn, a new and modern insurance product for covering clients' purchases and travelling. The insurance can also cover credit card payments in the event of unexpected situations.

Preparations for merging UNIQA with the activities of Raiffeisen penzijní společnost also took place in 2012. Pension plans will also include insurance for covering the inability to make regular deposits to pensions. In addition, UNIQA will offer pension plans for Raiffeisen. Additional cooperation is planned for the newly established Raiffeisen investment company which will supplement the range of financial activities of the group.

## Raiffeisen penzijní společnost a.s.



Raiffeisen penzijní společnost (a pension insurance company) is an integral part of the Raiffeisen group in the Czech Republic, which has demonstrated during the past 20 years that it is capable of creating a long-term relationship with its clients and providing them with the top-quality financial products that they need. Raiffeisen penzijní společnost was founded by two shareholders: Raiffeisenbank, a.s. in the Czech Republic with a 51% share in the registered capital and the Slovak company Tatra Asset Management (TAM), a.s., a subsidiary of Tatrabanka a.s., with a 49% share.

Raiffeisen penzijní společnost  
Hvězdova 1716/2b  
140 78 Prague 4  
Email: info@rbpenze.cz  
Info-line: 844 100 900

Both founding companies are regulated financial institutions that have been operating on the Czech and Slovak markets for many years. TAM also has many years of experience operating Doplňková důchodková společnost Tatra banky, a.s., which provides services to more than 180,000 clients in Slovakia as a part of the pension system.

Raiffeisen penzijní společnost, as a subsidiary of Raiffeisenbank, operates under an independent brand and closely cooperates with Raiffeisenbank and other companies in the Raiffeisen group in the Czech Republic for the distribution of pension products. At the beginning of 2013, RPS started participating in both pillars of the supplementary pension insurance system and offers clients four pension funds as a part of the second pillar and three contribution funds in the third pillar.

RPS will closely cooperate with newly founded Raiffeisen investiční společnost a.s. (RIS), which obtained a license from the Czech National Bank in March 2013. Mr. Josef Beneš appointed as CEO and Chairman of the Board of both companies.

## Raiffeisen – Leasing, s.r.o.



Raiffeisen-Leasing, s.r.o. was founded in 1994, and as a part of the Raiffeisen financial group, specialises in providing leasing services to companies and individuals. Raiffeisen-Leasing's partner institutions are Raiffeisenbank a. s. and Raiffeisen-Leasing International GmbH Wien. The company is a member of the Czech Leasing and Financial Association.

In 2012, the management and teams of Raiffeisen – Leasing, s.r.o. (RL) joined forces with Raiffeisen – Leasing Real Estate, s.r.o. (RLRE), which for more than 10 years has been a leading leasing company for financing real estate on the Czech market. The goal of this venture is to strengthen the synergic effect and to improve the cooperation between the two firms, belonging to one financial group, which have an important position on the Czech leasing market. The legal form and ownership structure will remain the same for both companies.

Thanks to the cooperation between the teams of both companies, RL offers its clients comprehensive solutions for their investment needs for financing a wide range of moveable property as well as real estate and development projects. The company focuses primarily on the financing of investment needs for entrepreneurs and corporations.

Despite the slump in demand for non-banking financial products on the Czech leasing market in 2012, RL managed during the same year to finance commodities and real estate in a total purchase-price volume of CZK 2.462 billion.

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

The cooperation with the European Investment Bank helped the company achieve its good results. Thanks to their assistance, RL could offer its SME clients specific types of financing at an advantageous price. In addition, RL added investment loans for financing machinery and equipment to its product portfolio in 2012. The company successfully continued in 2012 with the standardisation of products and improving cooperation with vendors.

In the area of real estate, RL was also successful in implementing projects together with its financing partner RLRE (e.g. the Nad Rokytkou residential quarter) and development activities (e.g. the commercial project H-Park Brno).

In 2013, RL will promote the development of vendor programmes and the retention programme for existing clients. It will also focus on attracting stable and financially sound clients and finding suitable market opportunities for financing investment needs, which will help to increase the volume of trade while maintaining a balance between profitability and minimising risk. RL will continue to improve the quality of the services provided to existing and new clients, to develop its product portfolio, and to optimise processes with the goal of increasing customer satisfaction.

# Raiffeisenbank branches

| Branch                             | Address  | Phone       |
|------------------------------------|--|-------------|
| Beroun                             | Husovo náměstí 45, 266 01 Beroun                         | 311 600 026 |
| Brno - Campus                      | Netroufalky 770, 625 00, Brno                            | 518 700 711 |
| * Brno - Česká                     | Česká 12, 604 46 Brno                                    | 517 545 111 |
| Brno - Masarykova                  | Masarykova 30, 602 00 Brno                               | 532 196 823 |
| Brno - Gaute                       | Lidická 26, 602 00 Brno                                  | 532 195 620 |
| * Brno - Jánská                    | Jánská 1/3, 601 00 Brno                                  | 542 221 370 |
| Brno - Královo Pole                | Malátova 2, 612 00 Brno - Královo Pole                   | 517 546 153 |
| Brno - Nám. Svobody                | Nám. Svobody 2, 602 00 Brno                              | 531 022 900 |
| Brno - Olympia                     | Olympia, U dálnice 777, 664 42 Modřice                   | 547 243 868 |
| Brno - Union                       | Videňská 281/77, 639 00 Brno                             | 542 424 811 |
| Brno - Globus                      | Hradecká 408/40, 621 00 Brno - Ivanovice                 | 549 122 411 |
| Česká Lípa                         | Nám. T.G.M 193, 470 01 Česká Lípa                        | 487 525 704 |
| České Budějovice - Lannova třída   | Lannova třída 51/23, 370 01, České Budějovice            | 383 709 011 |
| České Budějovice - Nám. P. Otakara | Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice | 386 707 411 |
| České Budějovice - Milady Horákové | Milady Horákové 1498, 370 05 České Budějovice            | 385 790 111 |
| * České Budějovice - Hroznová      | Hroznová 7, 370 01 České Budějovice                      | 386 357 815 |
| Český Krumlov                      | Náměstí Svornosti 15, 381 01 Český Krumlov               | 380 712 705 |
| Děčín                              | Myslbekova 3/84, 405 01 Děčín                            | 412 510 057 |
| Domažlice                          | Msgr. B. Staška 68, 344 01 Domažlice                     | 379 775 911 |
| Frýdek-Místek                      | J. V. Sládka 84, 738 02 Frýdek Místek                    | 558 441 310 |
| Frýdek - Místek                    | Ostravská 2129, 738 02 Frýdek Místek                     | 558 647 820 |
| Havířov                            | Hlavní třída 438/73, 736 01 Havířov                      | 596 808 311 |
| * Hodonín                          | Národní třída 18A, 695 01 Hodonín                        | 518 399 811 |
| * Hradec Králové . V Kopečku       | V Kopečku 75, 500 01 Hradec Králové                      | 495 069 666 |
| Hradec Králové - TESCO             | Rašínova třída 1669, 500 02, Hradec Králové              | 498 511 011 |
| Hradec Králové - S.K.Neumanna      | S.K.Neumanna 487, 500 01 Hradec Králové                  | 493 334 111 |
| Cheb                               | Májová 16, 350 02 Cheb                                   | 354 433 629 |
| * Chomutov                         | Žižkovo náměstí 120, 430 01 Chomutov                     | 474 930 909 |
| Jablonec nad Nisou                 | Komenského 8, 466 01 Jablonec nad Nisou                  | 483 737 141 |
| * Jihlava                          | Masarykovo náměstí 35, 586 28 Jihlava                    | 567 578 911 |
| * Karlovy Vary                     | Krále Jiřího 39, 360 01 Karlovy Vary                     | 353 167 777 |
| Karviná                            | Masarykovo nám. 28/15, 733 01, Karviná                   | 597 497 711 |
| Kladno                             | Osvobozených politických vězňů 656, 271 01 Kladno 1      | 312 709 412 |
| * Kolín                            | Kutnohorská 43, 280 02 Kolín                             | 321 338 982 |
| * Liberec                          | Na Rybníčku 1, 460 01 Liberec                            | 485 340 033 |
| Liberec                            | Jánská 9, 460 01 Liberec                                 | 482 711 730 |
| Liberec                            | Pražská 6, 460 01 Liberec                                | 483 519 080 |
| * Mladá Boleslav                   | T. G. Masaryka 1009, 293 01 Mladá Boleslav               | 326 700 981 |
| Mladá Boleslav - Bondy             | V. Klementa 1459, 293 01 Mladá Boleslav                  | 326 509 611 |
| Most                               | Budovatelů 1996, 434 01 Most                             | 476 140 211 |
| Olomouc                            | nám. Národních hrdinů 1, 771 11 Olomouc                  | 585 206 900 |
| * Olomouc                          | Národní dům, 8. Května 464/21, 722 00 Olomouc            | 582 800 400 |
| Olomouc Horní lán                  | Horní lán 1328/6, 779 00 Olomouc                         | 582 800 901 |
| Opava                              | Horní náměstí 32, 746 01 Opava                           | 553 759 311 |
| Ostrava - Na Hradbách              | Na Hradbách 8, 702 00 Ostrava                            | 595 131 411 |
| Ostrava - Imperial                 | Tyršova 6, 702 00 Ostrava                                | 596 117 020 |
| Ostrava Poruba                     | Opavská 1114, 708 00 Ostrava - Poruba                    | 596 912 835 |
| * Ostrava - Dlouhá                 | Dlouhá 3, 702 00 Ostrava                                 | 596 111 863 |
| Ostrava - Nová Karolína            | Jantarová 3344/4, Forum Nová Karolína, 702 00 Ostrava 2  | 596 664 171 |
| Ostrava - Tesco                    | Sjízdná 2, 721 00 Ostrava                                | 596 966 432 |

| Branch                        | Address   | Phone       |
|-------------------------------|---|-------------|
| Ostrava - Kotva               | Výškovická 114, 702 00 Ostrava                      | 596 797 011 |
| Ostrava - Avion               | Rudná 114/3114, Avion Shopping Park, 700 30 Ostrava | 558 944 011 |
| Pardubice                     | K Polabinám 1893-4, 530 02 Pardubice                | 466 512 486 |
| * Pardubice                   | 17. listopadu 238, 530 02 Pardubice                 | 466 610 016 |
| * Písek                       | Velké náměstí 116, 397 01 Písek                     | 382 759 111 |
| Plzeň                         | Americká 1, 306 29 Plzeň                            | 377 236 582 |
| Plzeň                         | Americká 66, 306 29 Plzeň                           | 377 279 411 |
| * Plzeň                       | Bedřicha Smetany 11, 301 00 Plzeň                   | 377 222 830 |
| Plzeň - Olympia               | Přísecká 1, 301 00 Plzeň                            | 377 462 493 |
| Prague 1 - Astra              | Václavské náměstí 773/4, 110 00, Prague 1           | 234 093 311 |
| * Prague 1 - Národní          | Národní 9, 110 00 Prague 1                          | 221 411 911 |
| * Prague 1 - Vodičkova        | Vodičkova 38, 111 21 Prague 1                       | 221 141 261 |
| Prague 1 - Jalta              | Václavské náměstí 43, 110 00 Prague 1               | 222 115 590 |
| Prague 1 - Na Poříčí          | Na Poříčí 37, 110 00 Prague 1                       | 222 311 612 |
| Prague 1 - Palladium          | Náměstí Republiky 1, 110 00 Prague 1                | 225 376 500 |
| Prague 1 - Spálená            | Spálená 16, 110 00 Prague 1                         | 224 948 883 |
| Prague 1 - Mostecká           | Mostecká 273/21, 118 00, Prague 1                   | 257 197 956 |
| Prague 1 - Na Příkopě         | Na Příkopě 24, 110 00 Prague 1                      | 225 374 011 |
| Prague 1 - Rytířská           | Rytířská 22/400, 110 00, Prague 1                   | 296 339 011 |
| Prague 1 - Valentinská        | Valentinská 9/57, 110 00, Prague 1                  | 234 702 211 |
| Prague 2 - Jugoslávská        | Jugoslávská 21, 120 00 Prague 2                     | 222 517 800 |
| * Prague 2 - Bělehradská      | Bělehradská 100, 120 00 Prague 2                    | 221 511 281 |
| * Prague 2 - Karlovo náměstí  | Karlovo náměstí 10, 120 00 Prague 2                 | 224 900 711 |
| Prague 2 - Hlavní nádraží     | Hlavní nádraží, Wilsonova 300/8, 120 00 Prague 2    | 224 094 911 |
| Prague 2 - Italská            | Vinohradská 29, 120 00 Prague 2                     | 234 702 411 |
| Prague 3 - Flora              | Chrudimská 7, 130 00 Prague 3                       | 225 376 611 |
| Prague 3 - Nitranská          | Nitranská 988/19, 130 00, Prague 3                  | 296 338 011 |
| Prague 3 - Želivského         | Želivského 16, 130 00 Prague 3                      | 225 374 611 |
| Prague 3 - Seifertova         | Seifertova 29, 130 00 Prague 3                      | 225 282 611 |
| * Prague 4 - Budějovická DBK  | Olbrachtova 1946/64, 140 00, Prague 4               | 234 709 911 |
| * Prague 4 - Budějovická      | Olbrachtova 9, 140 21 Prague 4                      | 225 541 011 |
| Prague 4 - Novodvorská        | Novodvorská 136, 140 00 Prague 4                    | 241 406 914 |
| Prague 4 - Háje               | Arkalycká 4, 140 00 Prague 4                        | 272 653 815 |
| Prague 4 - Pankrác Gemini     | Na Pankráci 1724, 140 00 Prague 4                   | 234 261 211 |
| Prague 4 - Pražského povstání | Na Pankráci 79, 14000, Prague 4                     | 234 702 101 |
| Prague 4 - Nám. Bratří Synků  | Náměstí Bratří Synků 300/15, 140 00 Prague 4        | 234 700 912 |
| * Prague 4 - City Tower       | City Tower, Hvězdova 2b, 140 00 Prague 4            | 234 405 130 |
| Prague 5 - Anděl              | Lidická 42, 150 00 Prague 5                         | 251 010 811 |
| Prague 5 - Barrandov          | Tilleho nám. 792/2, 152 00, Prague 5 - Hlubočepy    | 234 724 111 |
| Prague 5 - Petržilkova        | Petržilkova 2706/30, 158 00, Prague 5               | 296 334 011 |
| Prague 5 - Zličín             | Metropole Zličín, Řevnická 1/121, 150 00 Prague 5   | 226 082 264 |
| Prague 5 - Zlatý Anděl        | Nádražní 23, 150 00 Prague 5                        | 251 510 444 |
| * Prague 6 - Dejvická         | Dejvická 11, 160 00 Prague 6                        | 233 089 711 |
| Prague 6 - Evropská           | Evropská 136, 160 00 Prague 6                       | 234 715 111 |
| Prague 6 - Bělohorská         | Bělohorská 71, 169 00 Prague 6                      | 233 356 840 |
| Prague 7 - Komunardů          | Komunardů 21, 170 00 Prague 7                       | 724 941 478 |
| Prague 7 - Milady Horákové    | Milady Horákové 10, 170 00 Prague 7                 | 233 028 011 |
| Prague 8 - Zenklova           | Zenklova 22, 180 00 Prague 8                        | 225 983 511 |
| Prague 8 - Thámova            | Thámova 118/17, 186 00, Prague 8                    | 234 720 911 |
| Prague 8 - Ládví              | Kyselova 1658, 180 00 Prague 8                      | 283 880 343 |
| Prague 9 - Centrum Černý Most | Chlumecká 765/6, 198 00, Prague 9                   | 281 008 111 |
| Prague 9 - Jandova            | Jandova 135/2, 190 00 Prague 9                      | 225 545 511 |
| Prague 9 - Prosecká           | Prosecká 64, 190 00 Prague 9                        | 225 983 611 |
| Prague 9 - Letňany            | Veselská 663, 199 00 Prague 9                       | 234 261 011 |

| Branch                  | Address  | Phone       |
|-------------------------|--|-------------|
| Prague 10 - Vinohradská | Vinohradská 230, 100 00 Prague 10              | 274 001 779 |
| Prague 10 - Moskevská   | Moskevská 43, 100 00 Prague 10                 | 271 078 813 |
| Prague 10 - Štěřboholy  | Nákupní 389/3, 102 00, Prague 10               | 234 093 011 |
| Prague 10 - Švehlova    | Švehlova 32, 102 00 Prague 10                  | 272 656 215 |
| Prague 10 - Eden        | Vršovická 68b, 100 00 Prague 10                | 225 282 911 |
| Prostějov               | Hlaváčkovo náměstí 3, 796 01 Prostějov         | 582 400 800 |
| Přerov                  | Komenského 758/11, 750 02, Přerov              | 587 800 911 |
| Říčany                  | Masarykovo nám. 155, 251 01 Říčany             | 323 209 011 |
| * Šumperk               | 17.listopadu 9, 787 01 Šumperk                 | 583 219 734 |
| * Tábor                 | Bílková 960, 390 02 Tábor                      | 381 201 611 |
| Teplice                 | 28. října 7, 415 01 Teplice                    | 417 816 061 |
| Teplice                 | Masarykova 14, 415 01 Teplice                  | 417 534 710 |
| * Trutnov               | Horská 97, Trutnov, Lipová 524, 541 01 Trutnov | 499 810 290 |
| Třinec                  | Nám. Svobody 528, 739 01 Třinec                | 558 944 901 |
| Uherské Hradiště        | Obchodní ul. 1508, 686 01, Uherské hradiště    | 576 000 401 |
| * Ústí nad Labem        | Velká Hradební 3385/9, 40001 Ústí nad Labem    | 475 237 111 |
| * Ústí nad Labem        | Forum, Bílinská 3490/6, 400 01 Ústí nad Labem  | 478 050 111 |
| * Zlín                  | Kvítková 552, 760 01 Zlín                      | 577 008 040 |
| Zlín                    | Nám. Míru 9, 760 01 Zlín                       | 577 011 124 |
| Znojmo                  | Obroková 15, 669 02 Znojmo                     | 515 209 711 |
| * Žďár nad Sázavou      | Náměstí Republiky 42, 591 01 Žďár nad Sázavou  | 566 652 711 |

The \* signed branches offer also Business Centers for SME 's.

# Mortgage centers:

| Branch                | Address  | Phone       |
|-----------------------|--|-------------|
| Brno                  | Česká 12, 604 46 Brno                                    | 517 545 111 |
| České Budějovice      | Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice | 386 707 457 |
| Hradec Králové        | V Kopečku 75, 500 01 Hradec Králové                      | 495 069 677 |
| Jihlava               | Masarykovo náměstí 35, 586 01 Jihlava                    | 567 578 911 |
| Karlovy Vary          | Krále Jiřího 39, 360 01 Karlovy Vary                     | 353 167 778 |
| Liberec               | Na Rybníčku 1, 460 01 Liberec                            | 488 100 011 |
| Olomouc               | 8. května 21, Olomouc                                    | 582 800 400 |
| Ostrava               | Na Hradbách 8, 702 00 Pardubice                          | 596 128 863 |
| Pardubice             | K Polabinám 1893-4, 530 02 Pardubice                     | 467 002 510 |
| Plzeň                 | Americká 1, 306 29 Plzeň                                 | 379 305 542 |
| Prague - Národní      | Národní 9, 110 00 Prague 1                               | 221 411 922 |
| Prague - Karlovo nám. | Karlovo nám. 10, 120 00 Prague 2                         | 224 900 726 |
| Prague - Na Příkopě   | Na Příkopě 860/24, 110 00 Prague 1                       | 225 374 059 |
| Prague - Jandova      | Jandova 135/2, 190 00 Prague 9                           | 225 545 511 |
| Prague - Jalta        | Václavské náměstí 43, 110 00 Prague 1                    | 222 925 855 |
| Prague - Budějovická  | Olbrachtova 9, 140 21 Prague 4                           | 234 401 012 |
| Prague - Gemini       | Na Pankráci 1724, Prague 4, 140 00 Prague 4              | 234 261 211 |
| Ústí nad Labem        | Pařížská 20, 400 01 Ústí nad Labem                       | 475 237 186 |
| Zlín                  | Kvítková 552, 760 01 Zlín                                | 577 008 042 |

Toll free infoline 800 900 900, [www.rb.cz](http://www.rb.cz), [info@rb.cz](mailto:info@rb.cz)