

VÝROČNÍ ZPRÁVA ANNUAL REPORT 2011



**Raiffeisen
BANK**

Client inspired banking

Annual Report

2011



Client inspired banking

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Survey of Key Data

in accordance with the IFRS

in TCZK	2011	2010	Change
Income Statement			
Net interest income after provisioning	4,906,560	4,800,835	2.2%
Net commission income	2,199,273	1,866,137	17.9%
Trading profit	1,208,935	540,709	123.6%
General administrative expenses	(5,583,516)	(4,983,530)	12.0%
Profit before tax	2,851,830	2,319,712	22.9%
Profit after tax	2,219,585	1,822,450	21.8%
Earnings per share	2.96	2.78	6.5%
Balance Sheet			
Loans and advances to banks	12,240,278	6,787,339	80.3%
Loans and advances to customers	158,507,269	152,663,083	3.8%
Deposits from banks	8,686,719	20,694,201	(58.0)%
Deposits from customers	143,900,472	125,936,145	14.3%
Equity	16,182,391	13,958,452	15.9%
Balance-sheet total	202,947,359	185,858,281	9.2%
Regulatory information			
Risk-weighted assets, incl. market risk	142,024,425	135,324,574	5.0%
Total own funds	17,100,354	14,196,342	20.5%
Total own funds requirement	11,361,954	10,825,966	5.0%
Excess cover ratio	50.5%	31.1%	19.4 PB
Core capital ratio (Tier 1), banking book	8.9%	8.5%	0.4 PB
Core capital ratio (Tier 1), incl. market risk	7.9%	7.7%	0.2 PB
Own funds ratio	12.0%	10.5%	1.5 PB
Performance			
Return on equity (ROE) before tax*	17.6%	16.6%	1 PB
Return on equity (ROE) after tax*	13.7%	13.1%	0.6 PB
Cost/income ratio	54.7%	52.7%	2 PB
Return on assets (ROA) before tax	1.4%	1.2%	0.2 PB
Net provisioning ratio	1.0%	1.2%	(0.2) PB
Risk/earnings ratio	18.6%	23.7%	(5.1) PB
Resources			
Number of staff	2,954	2,836	4.2%
Business outlets	122	105	16.2%

Note: Unconsolidated data by IFRS.

Introducing Raiffeisenbank

Raiffeisenbank a.s. is an important banking institution that provides a wide range of banking services to private and corporate clientele in the Czech Republic. Raiffeisenbank is a member of the Austrian Raiffeisen Financial Group that also offers products and services in the Czech Republic in the area of building savings (Raiffeisen stavební spořitelna), insurance (UNIQA pojišťovna) and leasing (Raiffeisen-Leasing, Raiffeisen-Leasing Real Estate). In 2008, Raiffeisenbank successfully merged with eBanka, a.s., which has been operating on the Czech market since 1998. From this time, eBanka has focused on quality Internet banking services.

After the strong branch expansion in 2010, 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 200 billion, the core capital of the bank reaches CZK 7,511 billion CZK. The bank employs almost 3000 people.

The bank's range of outstanding services is awarded by many prizes both in the Czech Republic and abroad. In 2011 Fincentrum Bank of the Year competition eKonto defended its position as best account for the fourth time in a row and Raiffeisenbank succeed again in the "Most Dynamic Bank of the Year" category. In Golden Crown competition the bank took 1st place in the categories of direct banking and corporate accounts. Also, PwC named Raiffeisenbank as the best bank in the Czech Republic.

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. In CEE, RBI operates an extensive network of subsidiary banks, leasing companies and a range of other specialised financial service providers in 17 markets. In total, more than 59,000 RBI employees service about 15 million customers through around 3,000 business outlets, the great majority of which are located in CEE. RBI is a fully-consolidated subsidiary of RZB, which indirectly owns around 78.5 per cent of the common stock; the remainder is in free float, with RBI's shares listed on the Vienna Stock Exchange.

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

Important Events in 2011

January

Raiffeisenbank becomes the first Czech authorised advisor for the entry of companies on the Polish New Connect stock exchange. Raiffeisenbank is now capable of assisting medium-size firms in preparing for and in actually subscribing shares on this dynamic market. In addition to classic bank loans, small and medium-size enterprises may also gain new opportunities for financing their future development or for starting a totally new trade model.

March

Raiffeisenbank introduces a new private banking concept under the Friedrich Wilhelm Raiffeisen name. This segment will be the fastest growing on the market in upcoming years. FWR private banking offers private clients unique quality service based on foreign experience and a combination of professional investment consultancy, regional product specialisation with the option of purchasing any global investment product, and an exclusive FWR club providing services to private banking clients throughout the



region. The combination of these four elements is unique on the Czech market. During the year, FWR begins to offer exclusive services, such as disposition and management of family trusts.

According to the survey carried out by PwC and Senteo, Raiffeisenbank is the best bank in the Czech Republic. PwC published its study based on five key areas: brand, communication, environment, services, and culture. The consulting firm PwC in cooperation with Senteo carried out a study on the quality of services at Czech banks. Raiffeisenbank prevailed in all five categories. However, the most significant lead over the other banks was in the area of corporate culture.

April

Raiffeisenbank starts to cooperate with the mobile phone operator Vodafone by integrating mobile and financial services. In the first phase, Raiffeisenbank and Vodafone offer a partner credit card with the option of making free telephone calls and an ecological element. In addition, Vodafone sales points appear at selected Raiffeisenbank branch offices. In the autumn, the cooperation was expanded by offering banking services at Vodafone business sites.



The general meeting of Raiffeisenbank a.s. approves an increase in the bank's registered capital of CZK 947 million (EUR 39.3 million). From the previous CZK 6.564 billion, the authorised capital after registration rises to CZK 7.511 billion. The bank's capital is strengthened by almost another billion crowns by transferring a part of the profit from 2010 to undistributed profit.

June

Raiffeisenbank becomes the most successful bank in the Zlatá koruna award. The bank won first place in the category of Internet banking and business accounts. In all other purely banking categories, the bank also placed among the top three.

July

Raiffeisenbank becomes the first bank in the Czech Republic to use data boxes for drawing down corporate loans. Thanks to the data boxes, drawing down loans for corporate clients is faster, easier and less expensive. Data boxes may be used in particular for operational loans where more frequent drawdowns occur.

September

The main new products this autumn include a range of benefits for clients who change over to Raiffeisenbank. Clients often do not want to change banks because they lose their bank account number. We offer clients the option of keeping their current account number. The only thing that will change is the bank code. If such an account number is not available, clients may randomly select any account number according to their needs. The bank also offers in the autumn the option of changing payment card PINs.

November

Raiffeisenbank is the only bank in the Czech Republic that pays clients for maintaining their bank accounts. Bank repaid over 50 million CZK already. The bonus clients receive is also charitable in nature. Almost CZK 2 million has already been donated to charity via eKonto. This month, the eKonto account is awarded for the fourth time the best account in the Czech Republic in the prestigious Bank of the Year award.

CEO's Statement

During the first half of 2011, the previous negative development in the Czech banking sector had subsided and recovery was in sight. Demand for loans had picked up in the private as well as corporate sector. This went hand in hand with a decline in non-performing loans, and the non-performing loans in the corporate sector substantially decreased. We also registered very strong growth in deposits, primarily in the form of savings accounts. In addition, Raiffeisenbank invested responsibly and did not have a single crown in the bonds of any southern European country. As a result, the bank did not encounter the losses brought on by the European debt crisis. This all contributed to the bank's record profit for the year, which exceeded CZK 2 billion for the first time in the bank's history.

For Raiffeisenbank, 2011 was in particular a year dedicated to the expansion of its branch offices. We opened several dozen new business sites, and we now serve clients in more than 120 branch offices. I am very pleased with the fact that we are now closer to our clients than ever before.

In spite of this positive news, strong competition between banks geared to reducing interest yields had a negative impact on the bank's revenues. Together with other negative effects, this could have a significant impact on the bank's results in 2012 and future years. In order to mitigate this adverse development, we have adjusted our costs to compensate for lower revenue growth. In the autumn of 2011, we reduced the number of employees by xx per cent. We also looked for savings in non-personnel expenditures. These measures allowed us to better confront the challenges awaiting us in 2012 and future years.

A wide range of awards again confirmed the bank's strong position last year.

Awards in 2011

In the "Fincentrum Bank of the Year", eKonto was awarded for the fourth year in a row the title Best Bank Account of the Year. The bank was also traditionally awarded in the category of Most Dynamic Bank of the Year. In the Zlatá koruna award, we won the in the category of Internet banking and business accounts, and in all of the banking categories, our products finished in the top three.

Moreover, Raiffeisenbank was awarded the prize for the best bank in the Czech Republic by PricewaterhouseCoopers. PwC Consulting evaluated Czech banks in five categories: brand, communication, environment, services and culture. Our goal is to be the best bank on the market in the premium banking segments. It is these clients who value most the quality of the services offered and the long-term relationship between the bank and clients. This is why I am pleased that we won in all five categories. In addition, we succeeded in the survey conducted by Market Vision, where we were awarded as the best mortgage and investment life insurance broker.

Retail Banking

The strongest branch office expansion in the bank's history

Our goal is to be the best bank for the premium clientele in the Czech Republic. We believe that, in order to achieve this, it is essential to have an extensive branch network geared primarily to quality advisory services, financial planning and resolving the additional more demanding needs of our clients. Therefore, last year we carried out the largest expansion of branch offices in the history of the bank. We opened more than 20 new branch offices, and we now serve clients at approximately 125 business sites. Our focus was especially on Prague and large towns with a population of over 50,000. A part of the newly opened branch offices is the concept of Raiffeisen Premium Banking, which has a special design and is intended for clients with monthly incomes exceeding CZK 25,000. We will continue focusing on this segment.

Cooperation with Vodafone

In spring 2011, we started cooperating with mobile telephone operator Vodafone with the goal of integrating mobile and financial services. In the first phase, we offered a partner credit card. In addition, Vodafone sales points has open at selected Raiffeisenbank branch offices. Besides the standard services, clients will be able to make free telephone calls with the credit card. The card also has a charitable feature – both companies will plant a tree for each activated card.

Both companies will also begin integrating their business sites, so all the services that clients are used to at Vodafone business sites will be offered at selected Raiffeisenbank branch offices, whether it be mobile services, purchasing phones, phone service, etc. Cooperation in the other direction was also expanded last autumn. Vodafone started offering banking services under the label Vodafone Bank by Raiffeisenbank at selected business sites.

Increase in the number of clients in the micro-segment

2011 was a successful year for the corporate and small business segment. The bank increased the number of clients by more than 3 per cent over the previous year. The volume of funds managed in current accounts increased by more than 5 per cent. Despite the slowdown in the economy during the second half of the year, there was a slight increase in the volume of lending in year-on-year terms. The sale of pre-authorised starter overdrafts for new clients, which was launched during the last quarter, has also shown encouraging development. Raiffeisenbank now offers its clients the option of immediately drawing down the authorised overdraft when arranging a Business eKonto. This eliminates unnecessary bureaucracy and the need to submit tax returns. We also offer authorised overdrafts free of charge to new entrepreneurs.

Corporate Banking

In the area of client financing, there was a year-on-year rise of 5 per cent in the volume of loans. The bank's market share in the non-financial business segment was close to 9 per cent. The decline in economic activity, which had most affected operational financing in 2009 and 2010, had come to a halt in 2011, and for manufacturing companies in particular, had turned into growing demand for this type of financing. Demand for investment loans had remained relatively low due to clients postponing investment activity and implementing economic measures. As for financing clients' trade activities, the bank has succeeded in maintaining its position from the previous years. Structured finance also registered favourable results.

During the first half of the year, one of the catalysts of credit growth was the cooperation with the European Investment Bank (EIB), which allowed us to provide our clients with certain types of investment loans at advantageous prices.

Our credit procedures were optimised during 2010 and 2011 with the goal of satisfying clients' demands faster and more effectively, and the initial effect of this process has been favourable. According to the customer satisfaction survey carried out in November 2011, the lending process was seen to be substantially more transparent by clients.

In the area of deposits, the bank confirmed its very good reputation and client confidence. The market share for non-financial businesses rose year-on-year by almost one percentage point to a total of 8.35 per cent. Introducing new deposit products had also contributed to this favourable result.

Raiffeisenbank in the eyes of its clients in 2011

In November 2011, the traditional customer satisfaction survey was conducted. Overall satisfaction of clients increased in comparison with the previous year throughout all segments of corporate banking. Traditionally, our corporate advisory services were highly rated, and in addition, clients appreciated the increased activity of the advisors and their ability to pinpoint and draw up new solutions. Introducing data boxes as one of the possible types of communication between the bank and its clients was also highly rated by clients. In relation to the future activities of our clients, we value their intention to increase their funds at Raiffeisenbank more than at the competition and also the substantially higher level of recommendation that they have given us.

Friedrich Wilhelm Raiffeisen Private Banking

Large potential for private banking in the Czech Republic

In 2011, we introduced a new concept in private banking under the independent label of Friedrich Wilhelm Raiffeisen (FWR). We believe that wealthy clients in future years will be the fastest growing group on the market. In addition, we consider the current scope and quality of services to be insufficient for these clients. The private banking market in the Czech Republic has a huge potential. According to Raiffeisenbank's estimates, local private banking now reaches only about 20 per cent of all assets that could be in the management of private bankers. The balance is either in Czech banks outside the private sector or abroad. Therefore, the Czech private market could grow in future years by a rate of more than 10 per cent annually. Raiffeisenbank would at least like to see double the growth.

FWR: new branch offices and a team of experts with international experience

The bank has created a strong team with experience in Swiss private banking and has opened specialised branches in Prague and Ostrava for private banking clients. FWR services are based on discretion and high quality. As a result, FWR offers professional investment advice, regional product specialisation with the possibility of purchasing any global investment product, and an exclusive RBI Group club under the Friedrich Wilhelm Raiffeisen brand providing services to private banking clients throughout the region. This all was reflected in strong growth. The volume of assets managed by FWR rose year-on-year by more than 20 per cent, and the yields for the segment increased by more than 10 per cent.



Outlook for 2012

The overall outlook for the local banking market in 2012 is not very optimistic. The slowdown in the growth of revenues will not be a short-term occurrence. Due to the expected weakening growth or partly even decline in the eurozone economies and the Czech Republic, this will also be reflected in the entire banking sector this year. As a result of the strong competition between banks, a sharp drop in the margin for deposits and for mortgages and corporate loans is also to be expected. Slower growth of revenues can therefore be expected for the whole banking sector.

Raiffeisenbank, as a member of a reputable European banking group, must also follow the strict rules of European regulators. For meeting the requirements for the capital adequacy of banks, at the beginning of 2012, we were forced to decrease our risk-weighted assets, which led to a temporary restriction in some areas of lending. That restriction took just first two months of the year. However, we will continue to lend, and our trusted clients, private individuals and companies alike, will continue to have access to loans, and therefore, this stance has not significantly affected existing clients of the bank.

We will remain focused on clients with higher incomes, entrepreneurs, and large firms. We offer these key groups the best services on the market and anticipate an additional increase in our market shares for products geared to these clients. Nevertheless, we do not only want to acquire new clients, but also to improve the quality of the service provided, which will in turn, increase their satisfaction.

Acknowledgement and thanks to our clients, employees and shareholders

We make every effort to create a bank for clients, and I am grateful that, over the long run, our clients have been the most satisfied on the Czech market. Customer satisfaction is paramount for us, and I thank our clients for the confidence they have investing in us during this difficult period.

We would not have achieved this rapid growth and all the success on the Czech market without the support of our shareholders. Raiffeisenbank is a member of one of the strongest banking groups in Central and Eastern Europe. The strength and stability of the Raiffeisen Bank International Group also contributes to our growth here in the Czech Republic.

However, most of my thanks go to our employees. I am aware that the second half of 2011 was demanding from the employment and emotional side, and I am happy that we have managed to maintain our position even in a period of significant changes. I thank all my colleagues for perfectly managing another demanding year, and I look forward to successfully confronting the challenges we face in 2012!



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

Note: Czech and English versions differ, for further information check more detailed Czech version of this chapter.

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 donations connected with the eKonto account

Raiffeisenbank offers the eKonto account to its clients. We provide 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 cooperates with three large charity organisations (Konto Bariéry, the Czech Red Cross, 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 reached two million crowns. We would like to thank all of our clients who allowed the bank to donate to the charity projects in this manner.

Charity with eKonto cooperates with three organisations:

Czech Red Cross

The Czech Red Cross is an independent, non-governmental organisation operating throughout the Czech Republic. Among other things, the Czech Red Cross operates social service centres, geriatrics centres, canteens for retired citizens and underprivileged citizens, clothing centres, nursing homes and hospices for senior citizens and handicapped citizens, asylums for mothers with children, residences for the homeless, etc.

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

www.cervenyriz.eu

Konto Bariéry

The Charta 77 project – Konto BARIÉRY – is the first and thus far only charitable collection in which tens of thousands of donors have been participating for 19 years with their regular monthly donations in order to achieve and finance the Konto BARIÉRY programme.

During its 19 years of existence, Konto BARIÉRY has allocated more than CZK 259 million, supported thousands of projects geared to improving the lives of handicapped citizens and fully integrating them into society. The government pitches in where this assistance is not sufficient. Its assistance focuses less on standard assistance, such as rehabilitation and compensation aids, barrier-free residences, schools and other public buildings and more and more on projects relating to employment and integration into society.

www.kontobariery.cz

Help the Children

Long-term charity project organised by Czech Television and the Civil Society Development Foundation, associated with a nationwide public charity collection. The collection has raised and allocated more than CZK 160 million during the twelve years of its existence from the autumn of 1998 to mid-May 2011.

During these twelve years, financial resources for approximately a thousand projects by public non-profit organisations have been provided to help children. The spring media campaign ends on Easter Monday every year with a live telethon broadcast on Czech TV.

The main objectives of the project are:

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

www.pomoztedetem.cz

Sponsoring

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

Already in 2009, Raiffeisenbank became the banking partner for the Help the Children project. In addition, the bank is one of the largest sponsors of the association. The most prominent public charity collection in the Czech Republic is Help the Children. For many years, the charity collection has been helping disadvantaged children and children in need throughout the Czech Republic.

The bank is continually involved in a wide range of projects contributing several millions of Czech crowns every year. In charity the bank cooperates with Nadace rozvoje občanské společnosti, Nadace Adra, Nadace Charty 77, Domov Sue Ryder, the bank also financed for example Dětský domov Klánovice or Mobilní hospic Ondrášek. The bank also supports number of schools, supports practical economic education programmes at basic and secondary schools Junior Achievement, University of Economics, VŠFS or special assistance school Ružínovská.

Czech innovation

In 2011, Raiffeisenbank became one of co-founders of the initiative Czech innovation. Both public and private sector, as well as universities cooperate on that initiative, which cares about innovations and innovative culture and its sustainability in the Czech Republic. The initiative should support SME's and university students both with finance and knowhow. The first Czech innovation awards has been granted in five categories: innovative idea, rookie, star, company and best cooperation of the year. In the Autumn of 2011, the first Czech innovation awards has been granted in five categories: Innovative Idea (individuals and students), Innovative Rookie (start-ups), Innovative Star (SME's), Innovative Company (company over 250 employees) and Best cooperation of the Year (cooperation of universities, research agencies and companies). The winners have been awarded in February 2012 during the first annual festival "Czech Innovation".

Statutory and Supervisory Bodies

Board of Directors

Chairman of the Board of Directors

Lubor Žalman

born 22 January 1966

residing at: Pod Šibeničkami 778, 251 64 Mnichovice

Chairman of the Board of Directors and Chief Executive Officer of Raiffeisenbank a.s. since 4 May 2004. His responsibility in Board of Directors includes Finance, HR, Communications, Internal Audit, Security and Compliance, Strategy and Administrative Support. From 2003 to 2004, he worked at Home Credit International as project manager, and from 1999 to 2002, at McKinsey & Company as Senior Associate, later as Engagement Manager. Between 1991 and 1998, he served in executive positions at Komerční banka.

Chairman of the Top Managers Committee.

Chairman of the Assets and Liabilities Committee

Chairman of the Real Estate Investments Committee

Deputy Chairman of the Board of Directors

Mário Drosc

born 13 December 1968

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

Member of the Board of Directors and Deputy CEO of Raiffeisenbank a.s. is responsible for business part of the bank. He joined the bank as Board Member responsible for retail banking in September 2006. He came to Raiffeisenbank from Slovakian VÚB where he was a board member responsible for Retail Banking. Prior to this, he also worked in Komerční banka and as a consultant at McKinsey.

Members of the Board of Directors

Rudolf Rabiňák

born 21 February 1958

residing at: K Tuchoňčicům 146, 164 00 Prague 6

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

Jan Kubín

born 19 January 1973

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

Member of the Board of Directors of Raiffeisenbank since July 2007 and responsible for the Operations and Support Services. He has worked at Raiffeisenbank since 2004, at which time he took over the position of Financial Director. Prior to working at Raiffeisenbank, he worked six years as a consultant and project manager at McKinsey and Company.

Martin Kolouch

born 11 May 1972

residing at: Do Klukovic 1165/4b, 152 00 Prague 5

Member of the Board of Directors of Raiffeisenbank since January 2007 is responsible for IT and Transformation. He has been working at former eBanka since 2002. From August 2006 to 31 December 2006, he was the Chairman of the Board of Directors of eBanka. Prior to this, he worked at Komerční banka and Deloitte & Touche.

Chairman of the Project Committee

Martin Kolouch has been dismissed by the Supervisory Board on 4 April 2012.

Alexandr Borecký

born 22 April 1967

residing at: Na Žvahově 400/26, 152 00 Prague 5

Member of the Board of Directors of Raiffeisenbank and responsible for Risk Management. He has worked at eBanka since 2002 and is a member of the Board of Directors of Raiffeisenbank since 1 January 2007.

From 1993 to 2002, he worked at Komerční banka as the Deputy Director of the Corporate Transaction Approval Division and as the Director of the Special Activities Department.

Chairman of the Retail Risk Management Committee

Chairman of the Non-performing Loans Committee

Chairman of the Operational Risk Management Committee

Chairman of the Credit Committee

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.

Members of the Supervisory Board**Dkfm. Rainer Franz**

Born 17 March 1943

Residing at: Westbahnstrasse 21, 1130 Vienna, Austria

Member of the Supervisory Board since 2000.

Mag. Reinhard Karl

Born 2 November 1964

Residing at: Steckhovengasse 7/2, 1130 Vienna, Austria

Member of the Supervisory Board since 2009.

Dr. Kurt Hütter

Born 10 January 1949

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

Member of the Supervisory Board since 1998.

Dr. Kurt Bruckner

Born 4 February 1955

Residing at: Pressgasse 31/31, 1040 Vídeň, Rakouská republika

Member of the Supervisory Board since 2010.

Mag. Klement Haller

Born 5 May 1965

Residing at: Castellezgasse 29/19, 1020 Vídeň, Rakouská republika

Member of the Supervisory Board since 2010.

Edita Čermáková

Born 6 October 1955

Residing at: Praha 10, Murmanská 1471/12, 110 00

Member of the Supervisory Board since 2011.

Petr Rögner

Born 15 March 1951

Residing at: Praha 3, Lucemburská 10, 130 00

Member of the Supervisory Board since 2011.

Ing. Michal Přádka, MBA

Born 26 January 1977

Residing at: Krmelín, Starodvorská 525, 739 24

Member of the Supervisory Board since 2011.

Valid as of 31 December 2012

Report of the Supervisory Board



Ladies and Gentlemen,

2011 was once again a fairly eventful year. The developments in Europe, and particularly in the peripheral states of the eurozone, left their mark on the group headed by Raiffeisen Bank International AG (RBI), Raiffeisenbank's parent company. . We too were unable to escape the effects of the market environment following the sovereign debt crisis – which is what it really is, rather than a banking crisis.

RBI and banks in general are facing a lot of new rules. From our point of view, however, they are introduced at an unfortunate time and in too much haste. The regulations published by the European Banking Authority (EBA) at the end of October which call for a core tier 1 capital ratio of 9 per cent by the end of June 2012 put pressure on many banks in Europe. We – to be more exact, the RZB Group – are well-equipped to handle this, however. We have put together a comprehensive bundle of measures, consisting of numerous individual measures. We are also in the fortunate position of making profits which are strengthening our equity. As a result, we can meet the new requirements from our own resources.

Moreover, the Austrian regulators decided to introduce the Basel III rules earlier than previously planned and implemented a ratio system for banks operating in Central and Eastern Europe to bring funding from other sources than the shareholder and loans into balance. By meeting the EBA ratio, RBI is also reaching the Basel III ratio of 7 per cent, which the Austrian regulators have set as mandatory from the start of 2013. We do not regard the guideline that only € 110 should be lent in CEE for every € 100 of deposits (including certain other forms of funding) as a major restriction. As growth in lending is tied to economic growth, it is likely to be moderate in the next few years. Looking at growth rates, we have to distinguish between markets. While in the eurozone we are facing a real systemic and political crisis, in Central and Eastern Europe the economic uptrend is largely continuing. This region is and will continue to be the growth driver for Europe. Even if economic growth in the CEE region slows from 3.5 per cent in 2011 to 2.0 per cent in 2012, this is still higher than in the eurozone. This is not a bad outlook for us.

In this difficult environment, the RBI Group generated a profit before tax of € 1.37 billion, which is a solid result we can rightly be proud of. One thing that made this possible is that the markets in Central and Eastern Europe continued to show comparatively high economic growth, which also resulted in a significant improvement in our risk situation. Our result confirms our sustainable business model, which will continue to keep us very competitive!

Concerning Raiffeisenbank, the year 2011 turned out to be a very good one indeed: the bank posted its best-ever result in terms of profit before tax, and at the same time strengthened its capital and liquidity bases. The increase in profit was primarily due the decreases in provisioning for loan losses, which reflected both the increased efforts in risk management and the excellent state of the pertaining processes. However, Raiffeisenbank was successful in achieving growth in loans and deposit volumes as well. It also further improved its market presence by opening additional branches. In terms of exploring new possibilities for future growth, the start of the new Private Banking concept under the brand Friedrich Wilhelm Raiffeisen was very successful.

2012 will be a difficult year. Czech banks will face a combination of low interest margins, uncertain development of the local economy and stricter capital requirements imposed by European regulators. However, despite this challenging environment, Raiffeisenbank aims to maintain the growth of lending activities both for households and corporate clients. In terms of banking products, it plans to build on last year's strong growth in private banking and will also focus on smartphone banking and at playing an active role in the pension reform.

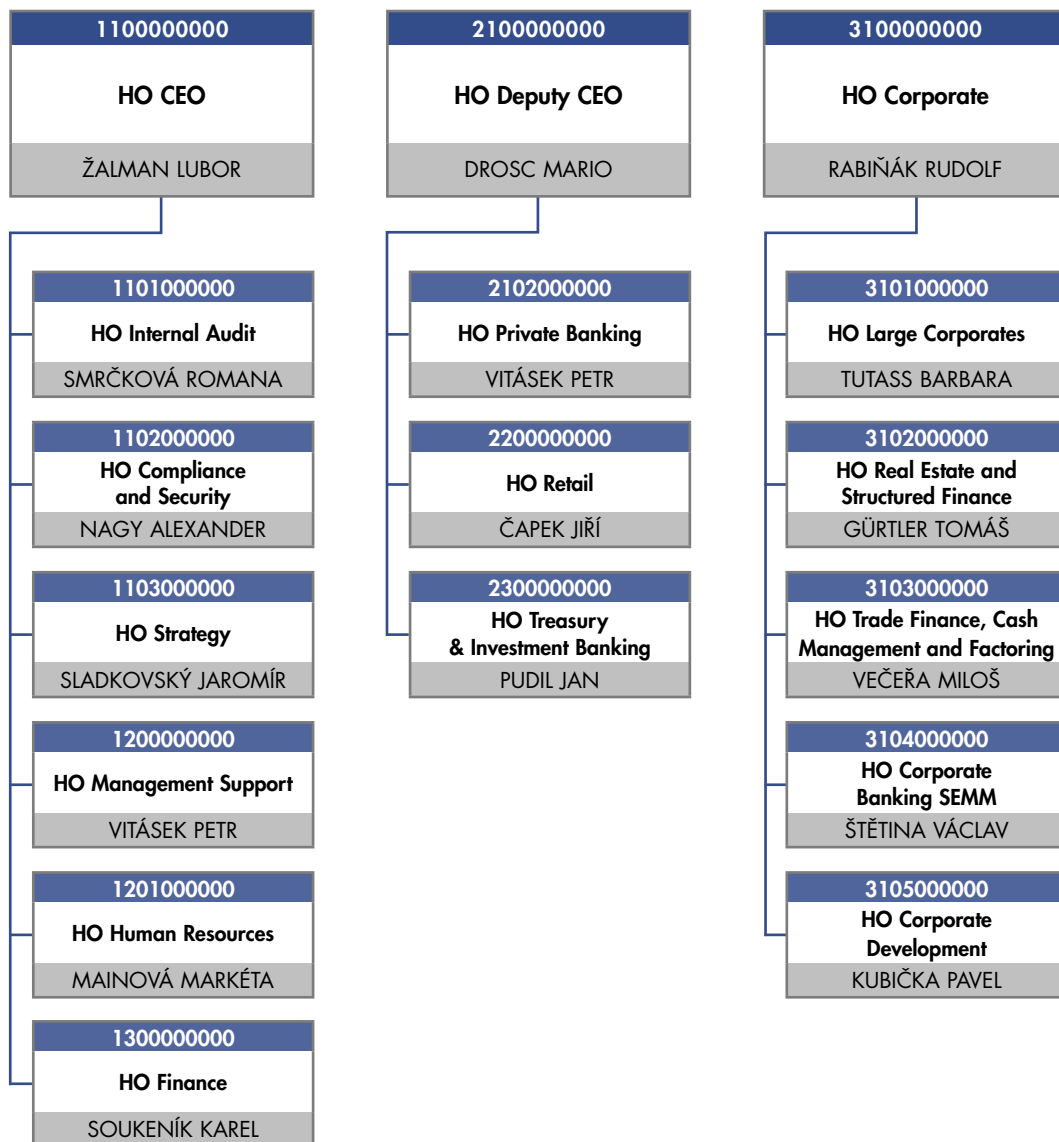
I thank the bank's management team and all employees for their outstanding efforts, high professionalism and committed team work. I also thank our customers. We highly appreciate the trust that our clients have laid in Raiffeisenbank, firmly believing that our successful business cooperation will further develop in the coming years to our mutual satisfaction.

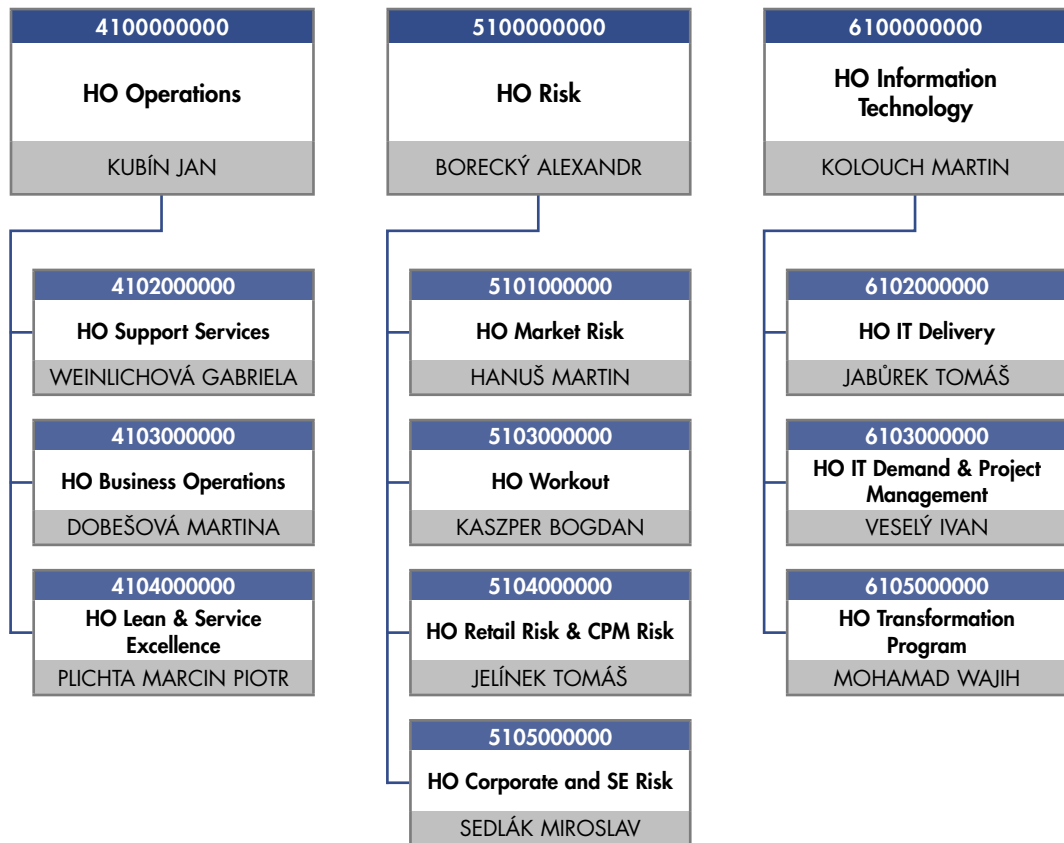
On behalf of the Supervisory Board
Herbert Stepic, Chairman

Report of the Supervisory Board of Raiffeisenbank a.s.

- 1) The Supervisory Board carried out its tasks in accordance with Sections 197–200 of the Commercial Code, as amended, the Articles of Association of Raiffeisenbank a.s., and its rules of procedure. The Board of Directors presented reports on the bank's operations and its financial situation to the Supervisory Board at regular intervals.
- 2) The financial statements were prepared in accordance with International Accounting Standards.
- 3) The financial statements were audited by "Deloitte Audit s r. o.". In the opinion of the auditor, the financial statements accurately reflect in all material respects the financial position, assets and liabilities, and equity of Raiffeisenbank a.s. as of 31 December 2011 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 2011, including the proposed allocation of earnings, accepted the results of the audit of the financial statements for 2011, and recommended that the General Meeting approve them.

Organisational Chart





Valid as of 31 December 2011

Economic Development in the Czech Republic

2011 – A year of European debt and institutional crisis

While 2010 brought renewed economic recovery to the Czech economy, economic development in 2011 was under the constant pressure of turbulence on the financial markets and the uncertainties associated with the lengthy, and gradually deepening crisis of certain indebted European countries (Greece, Portugal, Ireland, Spain, Italy, and Hungary) and the inability of EU authorities and the Economic and Monetary Union to timely resolve the resulting situation. Growing uncertainty was accompanied by investors' risk aversion and increased volatility of exchange rates and eventually led to a decline in economic growth and an economic slump. A decline in the confidence of consumers, entrepreneurs, and financial institutions in future economic growth contributed to this development.

A decline in economic dynamics

The Czech economy quickly lost dynamics during the year. The economy still grew by a quarterly rate of 0.5 per cent during Q1 2011. However, dynamics declined in Q2 2011 to a mere 0.3 per cent, and in Q3, registered a quarterly decline of 0.1 per cent. Although the economy had grown by 1.7 per cent for the whole year, this was a significant slowdown in comparison to 2010. In addition, as in 2010, the Czech economy fell significantly behind neighbouring Germany in 2011 as well: the German economy grew in both years by about one percentage point faster than the Czech economy. The Czech economy's loss of dynamics in 2011 was caused in particular by a decline in household and government consumption and a decline in the creation of gross fixed investment. Nevertheless, one strong growth factor was net export (a surplus trade balance and balance of services) which registered robust gains in 2011, with dynamic export and import growth. Fiscal policy was the main cause of the weakened domestic components of aggregate demand.

	2008	2009	2010	2011
GDP per capita, PPS	20227	19307	19438	19400*
GDP, % change	2.9	-4.5	2.7	1.7
Industrial output, % yoy	0.4	-13.4	10.1	6.9
ILO general rate of unemployment, % avg	4.4	6.7	7.3	6.7
CPI, % change, avg	6.3	1.0	1.5	1.9
Trade balance, % of GDP	1.7	4.0	3.2	5.0
Current account balance, % of GDP	-2.1	-2.4	-3.9	-2.9
Net foreign direct investment, % of GDP	0.9	1.0	2.5	2.0
Budget balance, % of GDP	-2.2	-5.8	-4.8	-4.4*
Public debt, % of GDP	28.7	34.4	37.6	41.1*
Official FX reserves, EUR bn eop	26.6	28.9	31.8	31.1
Import cover, months	3.2	4.0	3.5	3.4

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

Fiscal consolidation and its economic impact

The state budget for 2011 was highly restrictive. Economic measures had affected in particular employee wages in the public sector (an 8 per cent year-on-year decline in the volume of public sector wages) and construction investment funded by public resources. As a result, the construction sector was thrown into a deep recession, which also fully affected construction supply. However, fiscal consolidation in a time of heightened turbulence on the financial markets was justifiable. And this along with certain government reform measures in the area of health and social policies had prompted Standard & Poor's to raise the Czech Republic's long-term sovereign credit rating by two notches to AA- during a period when the debt ratings for many countries were lowered.

Inflation under control, interest rates at a historical minimum

The listless economy was spared all demand inflation pressures. Wages rose throughout the year at a very slow rate, and together with the decline in employment, produced rather insufficient demand on the consumer goods and services market. The inflation rate for 2011 reached only 1.9 per cent, and this low level of inflation along with the threat of an economic decline allowed the CNB to leave its monetary policy interest rate at a record low of 0.75 per cent for the whole year. Although the year-on-year consumer price index rose to above 2 per cent, this development only reflected the increase in the VAT rate on 1 January 2011 from 10 per cent to 14 per cent for not quite one third of the consumer basket. This was a short-term effect that died out after several months.

The economy's external balance and the CZK exchange rate

Strong foreign demand for Czech products and services caused a record surplus in the trade balance of 5 per cent of GDP. This excellent foreign trade result helped to lower the deficit for the balance of payment's financial account to 2.9 per cent of GDP (this was covered by the surpluses on the balance of payment's capital and financial account). Such relatively strong annual improvement in the economy's external balance puts appreciation pressure on the CZK exchange rate. The negative attitudes towards the foreign exchange markets of Central Europe and other developing countries and pressures on a weakening euro exchange rate vis-à-vis the dollar strongly worked against this pressure in 2011 (particularly during the last quarter). However, from the standpoint of the overall annual average, the CZK strengthened year-on-year in 2011 by 70 hellers, i.e. 2.8 per cent, to CZK 24.59/EUR.



doc. Ing. Pavel Mertlík, CSc.
Chief Economist

Raiffeisenbank's Market Position

Initially, 2011 showed signs of a positive change in economic development and the recovery of the financial market associated with it. However, cautious optimism had been replaced by another economic downturn in the middle of the year caused by the growing economic problems of the European Union, whether it be a slowdown in the growth rate of the largest European economy, Germany, or the worsening political and economic situation in Greece. All of this had naturally affected the development of the Czech economy, and even the banking sector through its clients. At the end of the year, the new EU regulatory measures, which had tightened the conditions for the capital adequacy of banks, also had an impact on banking. A slowdown in the credit activity of banks and worse access to bank loans could be expected. The banks would be forced to more strictly assess the good standing of clients with the goal of circumventing losses from unpaid loans.

However, the Czech banking sector is strong, stable, and capable of withstanding the expected slump in economic development. In addition, Raiffeisenbank during the past year has focused on adapting to the existing conditions and strengthening its position so that it could continue to support its clients even during a demanding period.

With growth of 9.2 per cent for the total volume of assets, Raiffeisenbank had strengthened its position as the fifth strongest entity on the Czech banking market with a share of 4.4 per cent. In 2011, the bank focused on strengthening its resource base, and with an increase in Client deposits of more than 14 per cent, it had increased its market share to 4.9 per cent. On the credit side, a cautious approach had already been seen in the provision of new loans. However, a 4 per cent rate increase was enough to maintain its share on the market at 6.9 per cent.

In the segment of legal entities, the bank has attained excellent results over the long run, and this was no different during last year. Total deposits rose by more than 12.6 per cent, which increased the bank's market share to 5.8 per cent. Non-financial businesses, which make up almost 75 per cent of the deposits of legal entities, increased their financial resources entrusted to the bank by more than 18 per cent, and the bank now manages 8.3 per cent of all deposits of non-financial companies. On the loan side, the bank reached a growth rate of 3.3 per cent. However, this was not sufficient to maintain the market share, which slightly dropped to 6.4 per cent. A rise in the volume of loans granted to non-financial businesses attained a rate comparable to the market, and the bank's market share remained at 9.0 per cent.

Given its significance for the bank, the private individual segment had reached a level equal to the legal entity segment. The share of deposits managed by the bank had increased last year to 4.3 per cent thanks to a growth rate of more than 17 per cent. As for loans, the uncertainty of clients last year relating to their future ability to meeting their obligations had fully played out. Nevertheless, an increase of 4.4 per cent in the total volume of loans meant that the bank's market share would be kept at 7.4 per cent. Mortgages make up almost 75 per cent of the loans to private individuals, and this loan volume had risen by 4.6 per cent. Nevertheless, this meant a slight drop in the bank's market share to the still satisfactory 8.5 per cent. On the other hand, the bank exceeded the growth rate of the market in the area of consumer loans and increased its market share to 9.2 per cent.

Raiffeisenbank has focused its attention on private entrepreneurs in particular. Small entrepreneurs in 2011 increased their deposits by 4.8 per cent, which means that the bank had maintained its market share at 4.7 per cent. The bank had also supported its clients in the area of loans. The volume of granted loans rose by 4.2 per cent, which increased the bank's market share to 6.6 per cent.

Raiffeisenbank's market position:

	Market share 2011	Market share 2010	Growth 2011/2010
Total assets	4.41%	4.30%	9.2%
Total deposits	4.92%	4.50%	14.3%
– non-term	6.43%	5.79%	18.2%
– term	2.75%	2.73%	2.9%
– Legal entities	5.79%	5.41%	12.6%
– non-financial corporations	8.35%	7.51%	18.2%
– Private Individuals	4.26%	3.78%	16.8%
– Professionals	4.68%	4.80%	4.8%
Total loans	6.86%	7.00%	3.8%
– mortgages	6.89%	7.15%	4.0%
– consumer loans	9.02%	8.46%	4.9%
– Legal entities	6.42%	6.67%	3.3%
– non-financial corporations	8.96%	8.91%	6.8%
– Private Individuals	7.40%	7.45%	4.4%
– mortgages	8.45%	8.81%	4.6%
– consumer loans	9.19%	8.63%	4.9%
– Professionals	6.65%	6.03%	4.2%

Source: Unconsolidated data according to CNB reports and methodology

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



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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

Registered at the Municipal Court in
Prague, Section C, File 24349
Id. Nr.: 49620592
Tax Id. Nr.: CZ49620592

Report on the Unconsolidated Financial Statements

Based upon our audit, we issued the following audit report dated 24 February 2012 on the unconsolidated financial statements which are included in this annual report on pages 28 to 88:

"We have audited the accompanying unconsolidated financial statements of Raiffeisenbank a.s., which comprise the statement of financial position as of 31 December 2011, 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 2011, 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 30 March 2012 on the consolidated financial statements which are included in this annual report on pages 90 to 160:

"We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s. which comprise the statement of financial position as at 31 December 2011, 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.

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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 at 31 December 2011, 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 2011 which is included in this annual report on pages 188 to 206. 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 2011 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 2011 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 26 April 2012

Audit firm:

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



Statutory auditor:

Diana Rádí 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 2011.

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 on 24 February 2012.

Statutory body of the reporting entity:



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



Jan Kubín
Member of the Board of Directors
and Executive Director

Statement of Comprehensive Income

For the Year Ended 31 December 2011

CZK thousand	Note	2011	2010
Interest income and similar income	5	9,211,623	9,108,607
Interest expense and similar expense	5	(2,408,352)	(2,064,982)
Net interest income		6,803,271	7,043,625
Change in provisions for credit risks	6	(1,896,711)	(2,242,790)
Net interest income after provisions for credit risks		4,906,560	4,800,835
Fee and commission income	7	2,823,099	2,518,312
Fee and commission expense	7	(623,826)	(652,175)
Net fee and commission income		2,199,273	1,866,137
Net profit on financial operations	8	1,208,935	540,709
Dividend income	9	31,925	30,782
Other operating income, net	10	88,653	64,779
General administrative expenses	11	(5,583,516)	(4,983,530)
Profit before tax		2,851,830	2,319,712
Income tax expense	13	(632,245)	(497,262)
Net profit for the year attributable to the Bank's shareholders		2,219,585	1,822,450
Other comprehensive income			
Gains/(losses) from remeasurement of securities available for sale		4,193	(1,229)
Tax on profit associated with components of other comprehensive income		(761)	233
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,223,017	1,821,454

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

Statement of Financial Position

As of 31 December 2011

CZK thousand	Note	2011	2010
Assets			
Cash and balances with central banks	14	3,924,202	3,444,656
Loans and advances to financial institutions	15	12,240,278	6,787,339
Loans and advances to customers	16	158,507,269	152,663,083
Provisions for loans and advances	17	(6,802,412)	(5,714,375)
Positive fair value of financial derivative transactions	33	2,935,079	1,083,516
Securities held to maturity	18	17,544,075	14,483,575
Securities at fair value through profit or loss	18	7,977,726	8,762,652
Securities available for sale	18	540,044	535,983
Equity investments	19	132,737	132,737
Intangible fixed assets	20	2,447,744	1,540,523
Property and equipment	21	1,170,994	989,449
Income tax receivable	13	174,241	-
Deferred tax asset	22	150,046	219,342
Other assets	23	2,005,336	929,801
Total assets		202,947,359	185,858,281
Liabilities and equity			
Amounts owed to financial institutions	24	8,686,719	20,694,201
Amounts owed to customers	25	143,900,472	125,936,145
Negative fair value of financial derivative transactions	33	2,349,438	1,656,380
Debt securities issued	26	21,457,913	16,263,756
Income tax liability	13	-	250,063
Provisions	27	218,190	299,308
Subordinated liabilities	28	6,989,731	3,968,706
Other liabilities	29	3,162,505	2,831,270
Total liabilities		186,764,968	171,899,829
Equity			
Share capital	30	7,511,000	6,564,000
Statutory reserve fund		438,206	347,083
Gains and losses from revaluation		225,392	221,960
Retained earnings		5,788,208	5,002,959
Profit for the period		2,219,585	1,822,450
Total equity		16,182,391	13,958,452
Total liabilities and equity		202,947,359	185,858,281

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

Statement of Changes in Equity

For the Year Ended 31 December 2011

CZK thousand	Share capital	Statutory reserve fund	Gains and losses from revaluation	Retained earnings	Profit for the period	Total equity
At 1 January 2010	6,564,000	247,794	222,956	4,138,471	1,985,777	13,158,998
Dividends	-	-	-	-	(1,022,000)	(1,022,000)
Allocation to reserve funds	-	99,289	-	-	(99,289)	-
Allocation to retained earnings	-	-	-	864,488	(864,488)	-
Net profit for the period	-	-	-	-	1,822,450	1,822,450
Other comprehensive income, net	-	-	(996)	-	-	(996)
Comprehensive income for the period	-	-	(996)	-	1,822,450	1,821,454
At 31 December 2010	6,564,000	347,083	221,960	5,002,959	1,822,450	13,958,452
Share capital increase	947,000	-	-	-	-	947,000
Dividends	-	-	-	-	(946,078)	(946,078)
Allocation to reserve funds	-	91,123	-	-	(91,123)	-
Allocation to retained earnings	-	-	-	785,249	(785,249)	-
Net profit for the period	-	-	-	-	2,219,585	2,219,585
Other comprehensive income, net	-	-	3,432	-	-	3,432
Comprehensive income for the period	-	-	3,432	-	2,219,585	2,223,017
At 31 December 2011	7,511,000	438,206	225,392	5,788,208	2,219,585	16,182,391

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

Cash Flow Statement

For the Year Ended 31 December 2011

CZK thousand	2011	2010
Profit before tax	2,851,830	2,319,712
Adjustments for non-cash transactions		
Creation of provisions for credit risks	1,896,711	2,242,790
Depreciation and amortisation	533,200	474,583
Creation of other provisions	(55,238)	35,505
Change in fair values of financial derivatives	(1,158,505)	353,669
Unrealised loss/(gain) on revaluation of securities	2,964	(70,211)
Dividends received	(31,925)	(30,782)
Gain on the sale of tangible and intangible assets	(6,200)	(5,854)
Revaluation of foreign currency positions	655,525	(1,363,151)
Other non-cash changes	(1,398,540)	(445,068)
Operating profit before changes in operating assets and liabilities	3,289,822	3,511,193
Cash flows from operating activities		
(Increase)/decrease in operating assets		
Minimum reserve deposits with the CNB	(334,222)	1,540,169
Loans and advances to financial institutions	(5,451,620)	17,013,958
Loans and advances to customers	(5,770,628)	(9,892,894)
Securities at fair value through profit or loss and securities available for sale	777,901	(2,616,210)
Other assets	(1,075,535)	235,143
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	(11,998,385)	(4,339,404)
Amounts owed to customers	17,951,655	(4,082,935)
Other liabilities	331,235	485,812
Net cash flow from operating activities before income tax	(2,279,777)	1,854,832
Income taxes paid	(1,010,083)	(672,311)
Net cash flow from operating activities	(3,289,860)	1,182,521
Cash flows from investing activities		
Purchase of equity investments	-	(51,500)
Purchase of property and equipment and intangible assets	(1,633,959)	(1,467,371)
Income from the sale of fixed assets	11,715	6,190
Net decrease/(increase) in securities held to maturity	(3,026,445)	505,006
Dividends received	31,925	30,782
Net cash flow from investing activities	(4,616,764)	(976,893)
Cash flows from financing activities		
Share capital increase	947,000	-
Dividends paid	(946,078)	(1,022,000)
Bonds in issue	5,194,157	449,622
Subordinated liabilities	2,904,945	(1,962)
Net cash flow from financing activities	8,100,024	(574,340)
Net increase/(decrease) in cash and cash equivalents	193,400	(368,712)
Cash and cash equivalents at the beginning of the year (Note 31)	3,216,108	3,584,820
Cash and cash equivalents at the end of the year (Note 31)	3,409,508	3,216,108

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

Notes to the Financial Statements

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1. CORPORATE DETAILS

Raiffeisenbank a.s. (henceforth the "Bank"), with its registered office address at 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; and
- Activities directly relating to the activities listed in the bank licence.

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

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

During the year ended 31 December 2011, 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. The current global economic crisis increases the risk that the actual results and outcomes may differ from these estimates. Key areas with a potential for differences between the actual results and the estimates principally include loan provisioning and fair values of securities.

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***

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

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

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

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

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

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

- Loans and receivables;
- Financial assets and liabilities at fair value through profit or loss;
- Financial assets available for sale;
- 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 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 classified 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 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 cost at the acquisition date and subsequently remeasured at fair value. 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 18. 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 cost and subsequently remeasured at fair value, 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 acquired by the Bank are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Bank's own debt securities are stated at cost which includes transaction costs. The difference between the cost of repurchased own debt securities and the accrued amount of issued securities is included in the 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 and interest rate options (both purchased and sold), and other derivative financial instruments. The Bank uses various types of derivative instruments in both its trading and hedging activities.

Financial derivative instruments entered into for trading or hedging purposes are initially recognised at cost (including transaction costs) 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.

A predominant portion of the Bank's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under the rules of IAS 39 and are therefore treated as derivatives held for trading with the related fair value gains and losses, as in the case with trading derivatives, reported in the statement of comprehensive income 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 10,000 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 10,000 and lower than CZK 40,000 are depreciated over 36 or 48 months according to the type of low value tangible fixed assets.

Low value tangible and intangible fixed assets with a cost lower than CZK 10,000 are expensed in the period of acquisition.

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

The Bank's assets are regularly tested for impairment.

Repairs and maintenance are charged directly to the 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, or on a portfolio basis. 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*".

(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

With effect from 1 January 2009, the Bank began reporting 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 2011

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

In the year ended 31 December 2011, 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

- IAS 24 – Related Party Disclosures (amended in 2009) (effective 1 January 2011); and
- IFRIC 14 – revised standard, Minimum Funding Requirements (effective 1 January 2011).

(c) Standards and interpretations that were issued, but have not been applied yet

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

- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011);
- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about the offsetting of financial assets and financial liabilities (effective 1 January 2013);
- IFRS 9 – Financial Instruments (from 2010) (effective 1 January 2015)
- IFRS 10 – Consolidated Financial Statements (effective 1 January 2013)
- IFRS 11 – Joint Arrangements (effective 1 January 2013)
- IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective 1 January 2013)
- IAS 1 – Presentation of Financial Statements – revised standard (effective 1 July 2012)
- IAS 12 – Income Taxes – revised standard (effective 1 January 2012)
- IAS 19 – Employee Benefits – revised standard, post-employee benefits and termination of benefits projects (effective 1 January 2013)
- IAS 27 – Separate Financial Statements – re-issued standard (effective 1 January 2013)
- IAS 28 – Investments in Associates – re-issued standard (effective 1 January 2013)
- IAS 32 – Financial Instruments: Presentation – revised standard, the offsetting of financial assets and financial liabilities (effective 1 January 2014)

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

Management of the Bank considers that the impact of adopting the standards and interpretations that will become effective after 1 January 2012 will not have a material impact on the financial statements for the year ending 31 December 2012, including comparative information.

5. NET INTEREST INCOME

CZK thousand	2011	2010
Interest income arising from		
Loans and advances to financial institutions	143,106	145,139
Loans and advances to customers	8,548,131	8,338,983
of which: default interest on impaired assets	103,671	159,327
Fixed income securities	520,386	624,485
Total	9,211,623	9,108,607
Interest expense arising from		
Deposits from financial institutions	(306,745)	(351,466)
Deposits from customers	(1,357,760)	(1,144,874)
Securities issued	(541,422)	(476,890)
Subordinated liabilities	(202,425)	(91,752)
Total interest expense and similar expense	(2,408,352)	(2,064,982)
Net interest income	6,803,271	7,043,625

6. CHANGES IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2011	2010
Changes in loan loss provisions		
Charge for provisions	(4,510,914)	(4,522,934)
Release of provisions	2,585,806	2,320,542
Use of provisions	859,839	1,530,605
Loss from assigned and written off receivables	(863,346)	(1,552,733)
of which: direct write-off of receivables	(3,507)	(22,128)
Recoveries	6,023	732
Total changes in loan loss provisions	(1,922,592)	(2,223,788)
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(4,803)	(30,683)
Release of provisions	30,684	11,681
Total change in provisions for off-balance sheet risks	25,881	(19,002)
Change in provisions for credit risks	(1,896,711)	(2,242,790)

7. NET FEE AND COMMISSION INCOME

CZK thousand	2011	2010
Fee and commission income arising from		
Payment transactions	1,910,387	1,659,070
Provided loans and guarantees	673,988	629,649
Securities transactions	97,929	91,509
Financial operations	15,215	22,215
Other banking services	125,580	115,869
Total fee and commission income	2,823,099	2,518,312
Fee and commission expense arising from		
Payment transactions	(459,967)	(503,188)
Receiving of loans and guarantees	(65,881)	(49,889)
Securities transactions	(8,094)	(10,461)
Securitisation	(29,071)	(49,043)
Financial operations	(5,923)	(5,509)
Mediation of the sale of the Bank's products	(28,513)	(14,266)
Other banking services	(26,377)	(19,819)
Total fee and commission expense	(623,826)	(652,175)
Net fee and commission income	2,199,273	1,866,137

8. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2011	2010
Interest rate derivatives	108,323	(456,127)
Commodity derivatives	525	-
Equity derivatives	(4,038)	9,062
Profit/loss from foreign currency transactions	1,062,256	888,767
of which: Customer foreign currency result	908,401	857,571
FX proprietary P/L	153,855	31,196
Profit/loss from transactions with securities	41,869	99,007
of which: Portfolio of securities held for trading	21,825	2,515
Portfolio of securities at fair value through profit or loss	25,651	101,060
Own issue	(5,607)	(4,568)
Total	1,208,935	540,709

The "FX proprietary P/L" line item reflects the impact of proprietary trading.

9. DIVIDEND INCOME

“Income from other shares and participation interest” amounted to CZK 31,925 thousand (2010: CZK 30,782 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. (2011: CZK 30,000 thousand, 2010: CZK 30,000 thousand).

In the years ended 31 December 2011 and 2010, the Bank recorded no dividend income from associates.

10. OTHER OPERATING INCOME

CZK thousand	2011	2010
Change in operating provisions	12,472	(12,821)
Gain from disposal of in-/tangible fixed assets	3,735	430
Other operating income	72,446	77,170
Total	88,653	64,779

The positive balance of “Change in operating provisions” in 2011 is attributable to the greater release, or use of provisions against operating receivables.

The negative balance of “Change in operating provisions” in 2010 results from the increased provisioning against operating receivables (eg receivables from payment transactions, operating prepayments, receivables from issued invoices, etc.)

“Other operating income” predominantly includes income from the lease of the Bank’s assets of CZK 42,705 thousand (2010: CZK 48,507 thousand).

11. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2011	2010
Payroll costs (Note 12)	(2,998,271)	(2,619,554)
Operating expenses:	(1,965,854)	(1,828,600)
Rental, repairs and other office management expenses	(582,215)	(516,322)
Advertising costs	(293,721)	(273,025)
Costs of legal and advisory services	(280,814)	(292,724)
of which: Audit	(9,951)	(9,147)
Tax advisory	(3,296)	(3,252)
Other advisory	-	(840)
IT support costs	(224,365)	(207,374)
Telecommunication, postal and other services	(162,420)	(162,518)
Deposit and transaction insurance	(198,155)	(150,873)
Training costs	(43,746)	(49,430)
Travel costs	(28,867)	(24,424)
Fuel	(20,479)	(20,383)
Security costs	(57,787)	(52,582)
Office equipment	(36,505)	(38,438)
Other administrative expenses	(36,780)	(40,507)
Depreciation and amortisation of fixed assets (Notes 20 and 21)	(533,200)	(474,582)
Other operating expenses	(86,191)	(60,794)
Total	(5,583,516)	(4,983,530)

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

12. PAYROLL COSTS

CZK thousand	2011	2010
Wages and salaries	(2,212,748)	(1,977,718)
Social security and health insurance	(698,099)	(552,675)
Other staff costs	(87,424)	(89,161)
Total	(2,998,271)	(2,619,554)
Of which wages and salaries paid to:		
Members of the Board of Directors	(26,041)	(151,218)
Members of the Supervisory Board	(5,907)	(6,971)
Other members of management	(96,343)	(73,420)
Total	(128,291)	(231,609)

The average number of the Bank's employees as of 31 December 2011 and 2010 was as follows:

	2011	2010
Employees	2,919	2,836
Members of the Board of Directors	6	6
Members of the Supervisory Board	9	9
Other members of management	26	27

The increase in the number of employees is due to the increase in the number of branches and initiation of new projects. 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	2011	2010
Current income tax payable	(490,000)	(685,000)
Tax overpayment/(additional payments) from the previous period	(73,709)	4,697
Deferred income tax credit/(charge)	(68,536)	183,041
Total income tax	(632,245)	(497,262)

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	2011	2010
Pre-tax profit (general tax base)	2,851,163	2,319,640
Pre-tax profit (separate tax base)	667	72
Total pre-tax profit	2,851,830	2,319,712
Tax calculated at the tax rate for the general tax base – 19% (2010: 19%)	(541,721)	(440,731)
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(100)	(11)
Non-taxable income	542,386	278,504
Non-tax deductible expenses	(491,150)	(522,877)
Tax relief and credit	585	115
Tax liability for the period	(490,000)	(685,000)
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	(73,709)	4,697
Deferred tax	(68,536)	183,041
Total income tax	(632,245)	(497,262)
Effective tax rate	22.17%	21.44%

The significant amount of non-tax deductible expenses in 2011 and 2010 is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables.

The movement in "Deferred tax" 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 22.

(b) Income Tax Payable/Receivable

CZK thousand	2011	2010
<i>Tax calculated at the tax rate for the general tax base – 19 % (2010: 19%)</i>	(489,900)	(684,989)
<i>Tax calculated at the tax rate for the separate tax base (rate of 15%)</i>	(100)	(11)
Tax liability for the period	(490,000)	(685,000)
<i>Additional current income tax assessment for previous years</i>	-	-
<i>Advances paid for current income tax</i>	664,241	434,937
Total income tax liability	174,241	(250,063)

For additional details on the deferred tax, refer to Note 22.

14. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2011	2010
<i>Cash on hand and other cash equivalents</i>	2,792,708	2,558,096
<i>Balances with central banks</i>	129,266	218,554
<i>Statutory minimum reserves maintained with the CNB</i>	1,002,228	668,006
Total	3,924,202	3,444,656

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. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2011	2010
<i>Placements with financial institutions</i>	487,534	439,458
<i>Term deposits with banks</i>	2,298,897	2,835,825
<i>Loans and other advances to financial institutions</i>	9,453,847	3,512,056
Total	12,240,278	6,787,339

"Loans and other advances to financial institutions" includes reverse repurchase transactions. As part of the reverse repurchase transactions, the Bank provided loans in the aggregate amount of CZK 9,205,805 thousand (2010: CZK 3,140,858 thousand).

16. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

<i>CZK thousand</i>	2011	2010
<i>Overdrafts</i>	10,612,433	7,174,998
<i>Term loans</i>	79,276,103	79,973,006
<i>Mortgage loans</i>	67,600,803	64,322,567
<i>Other</i>	1,017,930	1,192,512
Total	158,507,269	152,663,083

In 2011, the Bank restructured loans and advances to customers in the aggregate amount of CZK 3,085,631 thousand (2010: CZK 1,941,644 thousand).

(b) Repurchase and reverse repurchase transactions

As of 31 December 2011 and 2010, the Bank reported no repurchase transactions with customers. The Bank advanced loans in the aggregate amount of CZK 2,004 thousand (2010: CZK 47,240 thousand) under reverse repurchase transactions.

(c) Analysis of Loans Provided to Customers by Sector

<i>CZK thousand</i>	2011	2010
<i>Government sector</i>	173,862	385,915
<i>Loans to corporate entities</i>	78,593,353	76,079,524
<i>Loans to private individuals</i>	75,182,848	71,862,270
<i>Small and medium size enterprises (SME)</i>	4,557,179	4,277,352
<i>Other</i>	27	58,022
Total	158,507,269	152,663,083

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

<i>CZK thousand</i>	2011	2010
<i>Czech Republic</i>	153,345,527	147,130,207
<i>Slovakia</i>	1,332,879	1,301,166
<i>Other EU member countries</i>	2,219,413	2,737,473
<i>Other (Canada, USA, Ukraine, United Arab Emirates etc.)</i>	1,609,450	1,494,237
Total	158,507,269	152,663,083

(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 <i>Overdue in days</i>	<i>Overdue loans and receivables</i>		<i>Collateral</i>	
	2011	2010	2011	2010
0 – 30	5,054,023	6,634,780	3,052,491	3,900,437
31 – 90	53,482	22,394	46,325	18,661
91 – 180	79,678	68,247	8,553	5,595
181 – 360	2,235	173,364	2,818	27,310
1 year – 5 years	13,205	15,895	10,601	15,028

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

CZK thousand	<i>Before due date</i>	<i>Less than 1 month</i>	<i>1 month to 3 months</i>	<i>3 months to 6 months</i>	<i>6 months to 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
2010							
Amounts due from customers							
- without default	133,881,620	-	-	-	-	-	133,881,620
- with default	3,685,827	7,600,130	1,310,191	1,289,077	1,796,046	3,100,192	18,781,463
Gross	137,567,447	7,600,130	1,310,191	1,289,077	1,796,046	3,100,192	152,663,083
Provisions	(1,249,015)	(226,872)	(235,013)	(518,664)	(1,023,629)	(2,461,182)	(5,714,375)
Net	136,318,432	7,373,258	1,075,178	770,413	772,417	639,010	146,948,708

The amounts due from customers “without default” in the table above are amounts due that are 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 2011. 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 2011, the loan portfolio included in this securitisation amounted to CZK 890 million (2010: CZK 4,837 million). The decrease in the volume of the securitisation portfolio in 2011 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 4,122,600 thousand as of 31 December 2011 (2010: CZK 4,313,756 thousand), of which the proportion of the Bank amounted to CZK 1,704,900 thousand (2010: CZK 1,800,478 thousand) and the proportion of other syndicate members amounted to CZK 2,417,700 thousand (2010: CZK 2,513,278 thousand).

As of 31 December 2011, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 3,522,626 thousand (2010: CZK 3,737,775 thousand), of which the proportion of the Bank was CZK 1,367,368 thousand (2010: CZK 1,490,205 thousand) and the proportion of other syndicate members was CZK 2,155,258 thousand (2010: CZK 2,247,570 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

2011	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	2,923	41,480	18,081	211,206	90,073	544,620	222,598	275,193	65,255	1,471,429
Mining and Quarrying	-	-	18,165	3,739	11,268	7,419	-	8,659	5,247	54,497
Manufacturing	73,868	359,104	1,042,394	2,717,796	1,037,458	3,838,041	1,234,535	4,219,045	2,156,613	16,678,854
Electricity, Gas and Water Supply	103,386	-	1,306	257,890	77,915	2,306,645	335,460	3,935,551	623,523	7,641,676
Construction	30,445	-	115,828	2,422,618	72,775	1,506,512	492,177	755,767	454,626	5,850,748
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	21,772	144,763	500,862	1,977,559	1,137,540	3,546,090	826,379	3,376,671	2,739,768	14,271,404
Hotels and Restaurants	55,646	-	7,480	2,532,353	6,281	570,156	18,774	59,262	199,785	3,449,737
Transport, Storage and Communication	5,184	-	23,902	287,288	35,702	375,353	552,717	442,541	585,820	2,308,507
Financial Intermediation	37,198	-	1,400,239	94,033	41,904	160,347	-	163,745	783,901	2,681,367
Real Estate	572,979	72,408	500,924	12,614,551	920,360	4,714,826	1,276,514	850,921	4,136,356	25,659,839
Public Administration and Defence; Compulsory Social Security	1,595	769,309	-	108,787	-	295,256	4,747	116,965	21,017	1,317,676
Education	294	-	-	79,028	11,299	22,950	41	30,219	38,011	181,842
Health and Social Work	305	36,556	3,724	135,175	10,683	130,093	2,598	11,119	30,283	360,536
Other Community, Social and Personal Service Activities	5,190	-	87,962	552,626	145,924	219,102	6,535	123,701	255,269	1,396,309
Private Households with Employed Persons	-	210	-	62,851,585	34,946	12,547	3,902,397	-	8,381,163	75,182,848
Total	910,785	1,423,830	3,720,867	86,846,234	3,634,128	18,249,957	8,875,472	14,369,359	20,476,637	158,507,269

2010	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	49	25,475	93,051	130,438	149,010	247,503	92,047	144,632	43,776	925,981
Mining and Quarrying	-	-	12,804	2,832	6,294	3,904	-	8,682	-	34,516
Manufacturing	47,197	239,794	1,859,213	2,149,144	1,307,791	3,519,901	1,595,352	3,196,666	2,682,198	16,597,256
Electricity, Gas and Water Supply	190,569	-	14,390	881,819	160,643	1,215,219	482,343	1,619,006	705,871	5,269,860
Construction	2,197	136,248	558,624	666,786	59,089	679,059	67,580	701,118	157,434	3,028,135
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	19,332	150,569	1,389,082	1,726,332	1,173,968	2,537,119	469,502	2,826,743	2,860,282	13,152,929
Hotels and Restaurants	42,199	-	11,612	2,904,718	4,687	408,700	13,000	56,136	104,310	3,545,362
Transport, Storage and Communication	82	-	35,294	162,817	188,331	419,757	172,400	665,709	598,712	2,243,102
Financial Intermediation	100,293	-	1,515,275	39,737	-	64,149	-	120,210	215,122	2,054,786
Real Estate	512,131	-	1,678,810	15,990,676	710,542	5,131,695	1,123,470	1,054,127	4,394,376	30,595,827
Public Administration and Defence; Compulsory Social Security	1,148	1,587,948	-	100,572	-	39,328	-	240,985	44	1,970,025
Education	-	-	-	12,120	-	8,323	-	464	34,883	55,790
Health and Social Work	13,322	77,666	19,615	130,170	18,250	134,918	7,089	40,956	12,766	454,752
Other Community, Social and Personal Service Activities	1,711	-	12,583	395,170	175,665	120,862	10,323	103,045	53,133	872,492
Private Households with Employed Persons	6,396	-	5,042	60,172,000	57,551	1,661,180	3,827,414	1,019	6,131,668	71,862,270
Total	936,626	2,217,700	7,205,395	85,465,331	4,011,821	16,191,617	7,860,520	10,779,498	17,994,575	152,663,083

17. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

CZK thousand	2011	2010
Clients		
Balance at 1 January	(5,714,375)	(5,067,907)
Charge for provisions	(4,510,805)	(4,522,934)
Release of provisions	2,585,806	2,320,542
Usage of provisions for the write-off and assignment of receivables	859,839	1,530,605
FX gains from provisions denominated in a foreign currency	(22,767)	25,319
Balance at 31 December	(6,802,302)	(5,714,375)
Banks		
Balance at 1 January	-	-
Charge for provisions	(110)	-
Balance at 31 December	(110)	-
Total	(6,802,412)	(5,714,375)

18. SECURITIES

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

CZK thousand	2011	2010
Securities held to maturity (debt securities)	17,544,075	14,483,575
Securities at fair value through profit or loss	7,977,726	8,762,652
of which: Securities held for trading	3,713,986	1,112,195
- Debt securities	3,702,337	1,112,140
- Shares and participation certificates	11,649	55
of which: Securities not intended for trading	4,263,740	7,650,457
- Debt securities	3,836,014	7,252,396
- Shares and participation certificates	427,726	398,061
Securities available for sale (shares and participation certificates)	540,044	535,983
Total	26,061,845	23,782,210

"Securities held to maturity" includes bonds of the Czech Republic.

"Securities at fair value through profit or loss" includes government bonds of CZK 7,059,478 thousand (2010: CZK 6,539,859 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 (2010: CZK 516,106 thousand) and other minority investments of the Bank in 2011.

The remeasurement of securities available for sale for 2011 and 2010 amounted to CZK 3,432 thousand and CZK (996) thousand, respectively, and is included in the comprehensive income for the period.

(b) Securities Pledged as Collateral

As of 31 December 2011 and 2010, the Bank concluded no repurchase transaction and provided no securities pledged as collateral.

19. EQUITY INVESTMENTS

(a) Equity Investments

CZK thousand	2011	2010
Balance at 1 January	132,737	81,237
Acquisition of equity investments	-	51,500
Balance at 31 December	132,737	132,737

In 2011, the Bank purchased no equity investments. In 2010, "Acquisitions of equity investments" included the purchase of equity investments in CCRB a.s. (a 49% equity investment) and DEBITUM dluhová agentura a.s. (a 50% equity investment).

(b) Subsidiaries (Equity Investments with Controlling Influence)

CZK thousand

Name	Registered office	Equity	Of which Share capital	Share of Share capital	Share of voting power	Carrying amount
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	62,227	464	20%	20%	55,839
Transaction System Servis s.r.o.	Praha 4, Hvězdova 1716/2b	105	200	100%	100%	210
Total at 31 December 2011						56,049
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	65,712	451	20%	20%	55,839
Transaction System Servis s.r.o.	Praha 4, Hvězdova 1716/2b	183	200	100%	100%	210
Total at 31 December 2010						56,049

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.

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

- Development of the banking system

(c) Associates (Equity Investments with Substantial Influence)

CZK thousand

Name	Registered office	Equity	Of which Share capital	Share of Share capital	Share of voting power	Carrying amount
CCRB a.s.	Prague 1, V Celnici 1031/4	90,445	100,000	49%	49%	49,000
Total at 31 December 2011						49,000
CCRB a.s.	Prague 1, V Celnici 1031/4	100,707	100,000	49%	49%	49,000
Total at 31 December 2010						49,000

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%).

(d) Joint Ventures

CZK thousand

Name	Registered office	Equity	Of which Share capital	Share of Share capital	Share of voting power	Carrying amount
Raiffeisen-Leasing, s.r.o.	Prague 4, Hvězdova 1716/2b	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
Total at 31 December 2011						27,688
Raiffeisen-Leasing, s.r.o.	Prague 4, Hvězdova 1716/2b	129,936	50,000	50%	50%	25,188
DEBITUM dluhová agentura a.s.	Prague 1, Olivova 2096/4	4,073	5,000	50%	50%	2,500
Total at 31 December 2010						27,688

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.

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.

20. INTANGIBLE FIXED ASSETS

CZK thousand	Software	Intangible assets under construction	Total
Cost			
1 January 2010	1,651,031	440,218	2,091,249
Additions	104,297	759,133	863,430
Disposals	-	(8,866)	(8,866)
Other changes (transfers)	163,250	(163,250)	-
31 December 2010	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)	-
31 December 2011	2,350,580	1,759,040	4,109,620
Accumulated amortisation and provisions			
1 January 2010	(1,104,271)	-	(1,104,271)
Additions – annual amortisation charges	(301,019)	-	(301,019)
31 December 2010	(1,405,290)	-	(1,405,290)
Additions – annual amortisation charges	(261,213)	-	(261,213)
Disposals	4,627	-	4,627
31 December 2011	(1,661,876)	-	(1,661,876)
Net book value			
31 December 2010	513,288	1,027,235	1,540,523
31 December 2011	688,704	1,759,040	2,447,744

The year-on-year increase in intangible assets under construction in 2011 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 2011, internal costs of CZK 219,543 thousand (2010: CZK 103,584 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.

The line "Intangible assets" also includes an amount in respect of the development of the Bank's new core banking system. The Bank is currently analysing other possible approaches and development scenarios in relation to this project.

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

21. PROPERTY AND EQUIPMENT

(a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
Cost					
1 January 2010	582,102	220,576	1,302,226	179,566	2,284,470
Additions	50,005	39,547	82,310	254,563	426,425
Disposals	(248)	(13,545)	(287,887)	(10,166)	(311,846)
Other changes (transfers)	36,872	8,411	81,514	(126,797)	-
31 December 2010	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)	-
31 December 2011	863,574	255,443	1,149,419	177,162	2,445,598
Accumulated depreciation					
1 January 2010	(321,234)	(163,029)	(1,048,785)	-	(1,533,048)
Additions	(47,473)	(17,663)	(108,427)	-	(173,563)
Disposals	248	12,874	283,889	-	297,011
31 December 2010	(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
31 December 2011	(409,281)	(155,186)	(710,137)	-	(1,274,604)
Net book value					
31 December 2010	300,272	87,171	304,840	297,166	989,449
31 December 2011	454,293	100,257	439,282	177,162	1,170,994

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 2011 and 2010.

22. 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 2012).

Deferred income tax assets are as follows:

CZK thousand	2011	2010
<i>Unpaid interest on loans of non-residents</i>	288,607	300,142
<i>Unpaid social security and health insurance</i>	98,548	19,685
<i>Outstanding vacation days</i>	13,568	12,236
<i>Other provisions</i>	24,776	42,544
Total deferred tax asset	425,499	374,607

Deferred income tax liabilities are as follows:

CZK thousand	2011	2010
<i>Differences between accounting and tax carrying amounts of tangible and intangible assets</i>	(274,332)	(154,905)
<i>Change in the balance for the period against equity from revaluation of securities available for sales</i>	(1,121)	(360)
Total deferred tax liability	(275,453)	(155,265)

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

CZK thousand	2011	2010
<i>Balance at 1 January</i>	374,607	122,864
<i>Movement for the year - income/(expense)</i>	50,892	251,743
Total deferred tax asset	425,499	374,607
<i>Balance at 1 January</i>	(155,265)	(86,797)
<i>Movement for the year - income/(expense)</i>	(119,427)	(68,701)
<i>Movement for the year - equity</i>	(761)	233
Total deferred tax liability	(275,453)	(155,265)
Net deferred tax asset/(liability)	150,046	219,342

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

CZK thousand	2011	2010
<i>Basis for deferred tax asset/(liability)</i>	789,715	1,154,434
<i>Deferred tax asset/(liability)</i>	150,046	219,342
<i>Recognition of a year-on-year difference due to the change of tax rate</i>	-	-
<i>Recognition of a year-on-year difference due to temporary differences in profit or loss</i>	(68,536)	183,041
<i>Recognition of a year-on-year difference due to temporary differences in equity</i>	(761)	233
Total year-on-year difference for recognition	(69,297)	183,274

23. OTHER ASSETS

CZK thousand	2011	2010
<i>Indirect tax assets</i>	14,035	2,322
<i>Receivables arising from non-banking activities</i>	536,709	488,772
<i>Deferred expenses and accrued income</i>	10,295	20,175
<i>Receivables from securities trading</i>	8,423	140,609
<i>Settlement of cash transactions with other banks</i>	1,278,165	59,750
<i>Other</i>	157,709	218,173
Total	2,005,336	929,801

24. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2011	2010
Repayable on demand	1,882,437	672,896
Term deposits of banks	6,804,282	20,021,305
<i>Within 3 months</i>	4,293,760	4,217,063
<i>From 3 months to 1 year</i>	-	5,016,961
<i>From 1 to 5 years</i>	1,661,010	10,787,281
<i>Over 5 years</i>	849,512	-
Total	8,686,719	20,694,201

The decrease in "Term deposits of banks" is due to the decrease in deposits by Raiffeisen Bank International AG.

25. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2011	2010
<i>Repayable on demand</i>	110,638,523	93,623,521
<i>Term deposits with maturity</i>	33,253,328	32,312,624
<i>Other</i>	8,621	-
Total	143,900,472	125,936,145

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2011	2010
<i>Public sector</i>	4,547,208	5,769,288
<i>Deposits from corporate clients</i>	56,327,219	49,079,722
<i>Deposits to private individuals</i>	68,051,129	58,148,881
<i>Small and medium size enterprises (SME)</i>	14,243,142	12,150,357
<i>Other</i>	731,774	787,897
Total	143,900,472	125,936,145

In 2011, the Bank recorded an increase in the volume of funds on current and savings accounts both in the Corporate and Retail segments which results from the successful marketing campaign for the Bank's products and higher interest on deposits as compared to the prior period.

26. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2011	2010
<i>Deposit certificates and depository bills of exchange</i>	3,189,791	4,688,941
<i>Bonds in issue</i>	2,426,014	1,175,830
<i>Mortgage bonds</i>	15,842,108	10,398,985
Total	21,457,913	16,263,756

Note: The subordinated debt securities issued are disclosed in Note 28.

(b) Analysis of Mortgage Bonds

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2011	2010	2011	2010
24.5.2006	24.5.2011	CZ0002000805	CZK	-	397,510	-	410,471
4.10.2006	4.10.2011	CZ0002000888	CZK	-	963,000	-	979,637
16.2.2007	16.2.2012	CZ0002000946	CZK	1,274,710	1,295,000	1,330,234	1,367,565
12.9.2007	12.9.2012	CZ0002001175	CZK	2,000,000	2,000,000	2,042,952	2,061,228
14.11.2007	14.11.2014	CZ0002001316	CZK	500,000	500,000	513,952	517,660
12.12.2007	12.12.2012	CZ0002001662	CZK	391,400	382,700	401,059	401,085
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	1,517,800	1,564,167	1,571,391
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	536,863	543,035
12.12.2007	12.12.2022	CZ0002001704	CZK	1,000,000	-	1,000,339	-
20.12.2007	20.12.2017	CZ0002001928	CZK	1,057,500	157,500	1,168,064	170,369
26.11.2008	26.11.2013	CZ0002002058	CZK	816,040	522,230	837,617	534,876
10.12.2008	10.12.2011	CZ0002002066	CZK	-	124,200	-	126,497
18.2.2009	18.2.2012	CZ0002002074	CZK	240,180	249,600	246,478	256,282
28.8.2009	28.8.2012	CZ0002002108	CZK	241,790	250,000	244,381	252,752
14.10.2009	14.10.2012	CZ0002002140	CZK	249,980	250,000	251,688	251,760
16.11.2010	16.11.2013	CZ0002002249	CZK	960,000	960,000	957,124	954,377
19.1.2011	19.1.2014	CZ0002002272	CZK	206,840	-	212,363	-
9.2.2011	9.2.2014	CZ0002002280	CZK	865,790	-	887,762	-
4.5.2011	4.5.2016	CZ0002002314	CZK	496,350	-	507,822	-
27.7.2011	27.7.2016	CZ0002002363	CZK	499,530	-	506,433	-
27.7.2011	27.7.2014	CZ0002002371	CZK	1,712,350	-	1,733,318	-
26.9.2011	26.9.2016	CZ0002002405	CZK	885,000	-	899,491	-
26.10.2011	13.1.2012	CZ0002002413	EUR	-	-	-	-
Total				15,415,260	10,069,540	15,842,108	10,398,985

27. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for outstanding vacation days	Provision for restructuring	Other provisions	Total
1 January 2010	2,286	16,681	55,765	2,170	167,899	244,801
Charge for provisions	5,500	30,684	64,400	-	97,361	197,945
Use of provisions	(1,601)	-	(55,765)	(532)	(68,168)	(126,066)
Release of redundant provisions	-	(11,681)	-	(1,638)	(3,559)	(16,878)
Foreign exchange rate differences	-	-	-	-	(494)	(494)
31 December 2010	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
31 December 2011	1,985	9,803	71,411	-	134,991	218,190

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. In the year ended 31 December 2011, the Bank released provisions in the amount of CZK 5,500 thousand.

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.

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. SUBORDINATED LOAN

(a) Subordinated Loan

CZK thousand	2011	2010
<i>Raiffeisen Bank International AG (parent company)</i>	1,268,531	1,228,986
<i>Raiffeisenlandesbank Oberösterreich*</i>	1,015,160	983,322
<i>Raiffeisenlandesbank Niederösterreich*</i>	748,426	725,007
<i>Raiffeisen Malta Bank Plc (fellow subsidiary)</i>	3,701,929	1,031,391
Total	6,734,046	3,968,706

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

At the beginning of 2011, the subordinated loan from Raiffeisen Malta Bank Plc was increased by EUR 100 million.

(b) Issue of Subordinated Bonds

CZK thousand				Nominal value		Net book value	
Date of issue	Date of maturity	ISIN	Currency	2011	2010	2011	2010
21.9.2011	21.9.2016	CZ0003702953	CZK	125,000	-	129,268	-
21.9.2011	21.9.2018	CZ0003702961	CZK	125,000	-	126,417	-
Total				250,000	-	255,685	-

29. OTHER LIABILITIES

CZK thousand	2011	2010
<i>Liabilities arising from non-banking activities</i>	509,016	545,865
<i>Estimated payables for payroll costs</i>	727,281	628,768
<i>Accrued expenses</i>	95	20
<i>Deferred income</i>	30,649	62,329
<i>Liabilities from securities trading</i>	8,481	141,482
<i>Settlement and suspense clearing account</i>	1,124,746	579,585
<i>Other</i>	762,237	873,221
Total	3,162,505	2,831,270

30. SHARE CAPITAL

In the year ended 31 December 2011, the share capital of the Bank was increased by CZK 947 million (issue of 94,700 shares). 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, 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 of the Bank from 1 January to 29 December 2011:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen Bank International AG	Austria	383,061	3,830,610	51
RB Prag Beteiligungs GmbH	Austria	187,775	1,877,750	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	180,264	1,802,640	24
Total		751,100	7,511,000	100

* Direct investment in the share capital

With effect from 30 December 2011, the shareholders of the Bank changed, Raiffeisen Bank International AG transferred its 51% equity investment (and the relevant number of shares) to Raiffeisen CEE Region Holding GmbH and Raiffeisenlandesbank Niederösterreich Wien AG transferred its 24% share (and relevant number of shares) to Raiffeisen Zentralbank Österreich AG.

New composition of shareholders since 30 December 2011:

Název	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
Total		751,100	7,511,000	100

* Direct investment in the share capital

The following distribution of the profit for the year ended 31 December 2010 was approved in 2011:

2010 net profit after tax	1,822,450
Approved distribution:	
Transfer to statutory reserve funds	91,123
Allocation to retained earnings	785,249
Dividends paid to shareholders	946,078
of which Raiffeisen Bank International AG	482,500
RB Prag Beteiligungs GmbH	236,519
Raiffeisenlandesbank Niederösterreich – Wien AG	227,059

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	2011	2010
<i>Cash and balances with central banks (Note 14)</i>	3,924,202	3,444,656
<i>Statutory minimum reserves (Note 14)</i>	(1,002,228)	(668,006)
<i>Placements in other financial institutions (Note 15)</i>	487,534	439,458
Total cash and cash equivalents	3,409,508	3,216,108

32. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

(a) Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2011. 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 1,985 thousand (2010: CZK 6,185 thousand).

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

CZK thousand	2011	2010
Banks		
<i>Provided commitments (irrevocable)</i>	-	-
<i>Guarantee issued</i>	449,922	24,065
<i>Letters of credit issued</i>	44,324	3,268
Total	494,246	27,333
Customers		
<i>Provided commitments (irrevocable)</i>	19,018,050	18,788,604
<i>Guarantee issued</i>	11,316,185	13,197,127
<i>Letters of credit issued</i>	508,327	489,256
Total	30,842,562	32,474,987
Total	31,336,808	32,502,320

In 2011 and 2010, the Bank provided no irrevocable commitments to banks.

(c) Refinancing Agreements

As of 31 December 2009, the Bank was provided with a stand-by credit line facility of CZK 13,232,500 thousand (EUR 500,000 thousand) by Eastern European Invest GmbH. This contract was discontinued in early 2010.

During 2011, the Bank used CZK 1,293,428/EUR 50,000 thousand from EIB. In addition, the Bank has a confirmed promise for the use of another EUR 50,000 thousand (anticipated use in January 2012).

33. OFF BALANCE SHEET COMPONENTS – FINANCIAL INSTRUMENTS

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

CZK thousand	Contractual amounts	
	2011	2010
Trading instruments		
Cross currency swaps	161,134	76,215
Currency forwards and swaps	40,379,183	42,871,773
Interest rate swaps (IRS)	95,124,254	38,470,807
Forward rate agreements (FRA)	40,610,000	6,000,000
Option contracts (purchase)	5,903,839	5,302,989
Option contracts (sale)	5,877,296	5,278,243
Total trading instruments	188,055,706	98,000,027
Financial derivatives - total contractual amount	188,055,706	98,000,027

The Bank reported no hedging instruments in 2011 and 2010.

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2011		Fair value in 2010	
	Positive	Negative	Positive	Negative
Trading instruments				
Cross currency swaps	834	(682)	1,077	(999)
Currency forwards and swaps	1,375,870	(303,724)	565,389	(416,907)
Interest rate swaps (IRS)	1,293,308	(1,790,752)	341,687	(1,068,301)
Forward rate agreements (FRA)	26,398	(16,200)	619	(93)
Option contracts (purchase)	238,669	-	174,744	-
Option contracts (sale)	-	(238,080)	-	(170,080)
Total trading instruments	2,935,079	(2,349,438)	1,083,516	(1,656,380)
Financial derivatives - total fair value	2,935,079	(2,349,438)	1,083,516	(1,656,380)

The Bank reported no hedging instruments in 2011 and 2010.

**(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
At 31 December 2011				
Trading instruments				
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
Total trading instruments	107,572,770	68,337,803	12,145,133	188,055,706
Total financial derivatives	107,572,770	68,337,803	12,145,133	188,055,706
At 31 December 2010				
Trading instruments				
Cross currency swaps	-	76,215	-	76,215
Currency forwards and swaps	41,383,402	1,488,372	-	42,871,774
Interest rate swaps (IRS)	8,636,751	24,481,707	5,352,348	38,470,806
Forward rate agreements (FRA)	6,000,000	-	-	6,000,000
Option contracts (purchase)	3,586,202	1,716,787	-	5,302,989
Option contracts (sale)	3,583,586	1,694,657	-	5,278,243
Total trading instruments	63,189,941	29,457,738	5,352,348	98,000,027
Total financial derivatives	63,189,941	29,457,738	5,352,348	98,000,027

The Bank reported no hedging instruments in 2011 and 2010.

(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
31 December 2011						
Trading instruments						
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)	-
Total trading instruments	141,255	774,740	403,712	(223,193)	(1,121,100)	(462,658)
Financial derivatives – total contractual payments	141,255	774,740	403,712	(223,193)	(1,121,100)	(462,658)

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
31 December 2010						
Trading instruments						
Interest rate swaps (IRS)	42,268	232,465	66,954	(130,290)	(695,281)	(242,730)
Forward rate agreements (FRA)	619	-	-	(93)	-	-
Total trading instruments	42,887	232,465	66,954	(130,383)	(695,281)	(242,730)
Financial derivatives – total contractual payments	42,887	232,465	66,954	(130,383)	(695,281)	(242,730)

(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
31 December 2011						
Trading instruments						
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)
Total trading instruments	47,743,964	4,544,424	33,064	(46,099,749)	(4,358,382)	(33,064)
Financial derivatives – total contractual payments	47,743,964	4,544,424	33,064	(46,099,749)	(4,358,382)	(33,064)

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
31 December 2010						
Trading instruments						
Cross currency swaps	-	76,215	-	-	(76,215)	-
Currency forwards and swaps	41,383,402	1,488,372	-	(41,243,084)	(1,495,496)	-
Option contracts (purchase)	3,586,202	1,716,787	-	(3,591,276)	(1,490,672)	-
Option contracts (sale)	3,591,276	1,490,672	-	(3,583,586)	(1,694,657)	-
Total trading instruments	48,560,880	4,772,046	-	(48,417,946)	(4,757,040)	-
Financial derivatives – total contractual payments	48,560,880	4,772,046	-	(48,417,946)	(4,757,040)	-

34. OTHER OFF BALANCE SHEET ASSETS

(a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2011 and 2010, the Bank provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2011	2010
Assets accepted for management	3,725,302	3,523,179
Assets accepted for administration	11,834,040	10,435,620
Assets accepted for custody	-	50
Total	15,559,342	13,958,849

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. 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 segment analysis of receivables from and payables to clients is disclosed in the relevant notes to the unconsolidated financial statements (Notes 16 and 25).

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.

Profit and loss items by segment (2011)

CZK thousand	Corporate entities	Small and medium-size enterprises	Retail clients	Treasury	Other	Total
31 December 2011						
Net interest income	1,802,956	1,554,936	3,170,044	(308,130)	413,265	6,633,071
Net fee and commission income	661,021	1,169,656	1,249,184	22,832	(1)	3,102,692
Net profit/(loss) from financial operations	47,167	-	-	460,476	-	507,643
Movements in provisions	(384,039)	(484,228)	(1,028,390)	-	(55)	(1,896,712)
Other operating expenses	(953,567)	(1,373,473)	(2,839,976)	(174,839)	(153,008)	(5,494,863)
Pre-tax profit	1,173,538	866,891	550,862	339	260,201	2,851,831
Income tax	-	-	-	-	(632,245)	(632,245)
Profit after tax	1,173,538	866,891	550,862	339	(372,044)	2,219,586

Profit and loss items by segment (2010)

CZK thousand	Corporate entities	Small and medium-size enterprises	Retail clients	Treasury	Other	Total
31 December 2010						
Net interest income	1,808,440	1,496,294	3,122,932	217,926	274,980	6,920,572
Net fee and commission income	718,723	1,053,522	991,582	8,214	14	2,772,055
Net profit/(loss) from financial operations	1,422	-	-	(293,200)	80,403	(211,375)
Movements in provisions	(729,978)	(534,064)	(978,748)	-	-	(2,242,790)
Other operating expenses	(914,516)	(1,230,341)	(2,429,380)	(201,239)	(143,274)	(4,918,750)
Pre-tax profit	884,091	785,411	706,386	(268,299)	212,123	2,319,712
Income tax	-	-	-	-	(497,262)	(497,262)
Profit after tax	884,091	785,411	706,386	(268,299)	(285,139)	1,822,450

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)

CZK thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2011					
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 provided to clients classified as substandard, doubtful or loss. In 2011, the Bank did not record any letters of credit provided to clients that are classified as default.

CZK thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2010					
Amounts owed to financial institutions	21,367,353	4,891,182	5,877,742	10,598,429	-
Amounts owed to customers	127,257,964	114,971,243	5,347,648	3,490,586	3,448,487
Debt securities issued	17,550,990	3,340,497	3,151,291	8,652,382	2,406,820
Subordinated liabilities	4,245,189	47,439	49,171	4,148,579	-
Other liabilities	2,831,454	2,831,454	-	-	-
Off-balance sheet items*	18,858,764	18,858,764	-	-	-

* Off-balance sheet items include all irrevocable credit commitments provided to the Bank's clients and also guarantees and letters of credit provided to clients classified as substandard, doubtful or loss.

Foreign Currency Risk

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

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	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	3,924,202	3,924,202	3,444,656	3,444,656
Loans and advances to financial institutions	12,240,278	12,228,470	6,787,339	6,786,344
Loans and advances to customers	158,507,269	158,848,477	152,663,083	154,108,092
Securities held to maturity	17,544,075	17,503,964	14,483,575	14,665,000
Liabilities				
Amounts owed to financial institutions	8,686,719	8,687,917	20,694,201	20,733,693
Amounts owed to customers	143,900,472	144,601,274	125,936,145	126,284,085
Debt securities issued	21,457,913	18,388,907	16,263,756	15,671,166
Subordinated liabilities	6,989,731	6,996,520	3,968,706	3,974,940

Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2011		Fair value at 31 Dec 2010	
	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	-	2,935,079	-	1,083,516
Securities at fair value through profit or loss	7,977,726	-	8,762,652	-
Securities available for sale	-	10,938	-	6,877
Total	7,977,726	2,946,017	8,762,652	1,090,393

CZK thousand	Fair value at 31 Dec 2010		Fair value at 31 Dec 2009	
	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	-	2,349,438	-	1,656,380
Total	-	2,349,438	-	1,656,380

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.

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

(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).

CZK thousand	At 31 December 2011	Average in 2011	At 31 December 2010	Average in 2010
Total market risk VaR	14,001	17,577	16,533	16,601

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Total interest rate risk VaR	13,996	16,664	16,800	16,454
<i>Interest rate risk VaR – banking book</i>	11,972	13,252	17,181	16,705
<i>Interest rate risk VaR – trading book</i>	8,884	7,587	824	1,171

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Currency risk VaR	899	1,722	1,316	1,424

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Equity risk VaR	168	408	1	115

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 KRI, 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 and IAS 39 standards and internal regulations.

The Bank assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to Regulation of the Czech National Bank No. 123. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard, watch, substandard, 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 a monthly 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 on a monthly basis.

(c) Evaluation of Collateral

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

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

In arriving at the realisable value of collateral, the Bank refers to estimates of usual prices supervised by a specialised department of the Bank or internal assessments prepared by this department of the Bank. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Bank's ability to realise the collateral as and when required. The Bank regularly reviews and updates collateral values 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 16c and 16d.

(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 2011, the Bank's portion amounted to EUR 34.5 million. The gradual decrease in the volume of the securitisation portfolio in 2011 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) Portfolio Quality

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

Rating	Rating	2011	2010
Excellent credit rating	1.0	9,908,600	1,468,737
Very good credit rating	1.5	25,635,684	4,286,805
Good credit rating	2.0	25,360,771	5,909,712
Healthy credit rating	2.5	18,450,644	9,064,983
Acceptable credit rating	3.0	19,464,600	13,118,247
Limit credit rating	3.5	13,721,482	9,305,869
Weak credit rating	4.0	7,024,979	4,620,038
Very weak credit rating /monitored	4.5	5,973,411	2,128,698
Default	5.0	9,698,521	5,108,145
Excellent project profile – very low risk	6.1	12,960,632	12,081,221
Good project profile – low risk	6.2	7,676,846	7,480,126
Acceptable project profile – average risk	6.3	652,708	1,065,768
Bad project profile – increased risk	6.4	646,274	788,135
Default	6.5	1,074,659	96,977
Retail and SME without rating: past due date	-	174,978	8,782,648
Retail and SME without rating: before due date	-	82,480	67,356,974
Total		158,507,269	152,663,083

In 2011, new clients from the Retail and SME segments were allocated internal ratings. These clients are classified into individual rating categories similarly as the clients from the Corporate segment in 2011. In 2011, "Retail and SME without rating: past due date and before due date" include only clients with unallocated internal ratings.

In 2010, "Retail and SME without rating: past due date and before due date" included all clients from the Retail and SME segments. In 2011, the "Retail and SME: past due date" receivables amounted to CZK 9,194,109 thousand and the "Retail and SME: before due date" receivables amounted to CZK 75,904,940 thousand.

(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	Rating	2011	2010
Excellent credit rating	1.0	9,893,845	1,365,018
Very good credit rating	1.5	25,581,929	4,285,471
Good credit rating	2.0	24,659,200	5,761,574
Healthy credit rating	2.5	18,185,321	8,555,430
Acceptable credit rating	3.0	18,972,384	12,648,534
Limit credit rating	3.5	12,644,006	8,870,145
Weak credit rating	4.0	6,254,396	4,155,774
Very weak credit rating /monitored	4.5	2,572,520	1,318,705
Default	5.0	83,691	115,264
Excellent project profile – very low risk	6.1	11,744,844	11,137,938
Good project profile – low risk	6.2	7,629,545	6,959,098
Acceptable project profile – average risk	6.3	645,438	1,076,458
Bad project profile – increased risk	6.4	646,274	275,237
Retail and SME without rating	-	78,675	67,356,974
Total loans undue and individually unimpaired loans to customers to clients		139,592,068	133,881,620

In 2011, new clients from the Retail and SME segments were allocated internal ratings. These clients are classified into individual rating categories similarly as the clients from the Corporate segment in 2011. In 2011, "Retail and SME without rating: past due date and before due date" include only clients with unallocated internal ratings.

In 2010, "Retail and SME without rating: past due date and before due date" included all clients from the Retail and SME segments. In 2011, the "Retail and SME: before due date" receivables amounted to CZK 75,904,940 thousand.

(j) Maximum Exposure to Credit Risk**2011**

CZK thousand	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
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	138,030,632	11,224,778	149,255,410
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.

2010

CZK thousand	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
Cash and balances with central banks	3,444,656	-	3,444,656	-	-	-
Loans and advances to financial institutions	6,787,339	27,333	6,814,672	-	1,407	1,407
Loans and advances to customers	152,663,083	32,474,987	185,138,070	134,668,508	9,973,070	144,641,578
Positive fair value of financial derivative transactions	1,083,516	-	1,083,516	-	-	-
Securities held to maturity	14,483,575	-	14,483,575	-	-	-
Securities at fair value through profit or loss	8,762,652	-	8,762,652	-	-	-
Securities available for sale	535,983	-	535,983	-	-	-
Other assets	3,444,656	-	3,444,656	-	-	-

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

In 2010, the Bank did not report any income tax receivable.

38. RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

31 December 2011

CZK thousand	Equity investments	Shareholders and controlling entities	Other	Total
Receivables	361,696	677,212	1,322,672	2,361,580
Positive fair value of financial derivatives	75,934	297,026	1,270	374,230
Payables	66,091	5,319,309	1,199,895	6,585,295
Negative fair value of financial derivatives	611	180,355	7,897	188,863
Subordinated loan	-	3,032,116	3,701,929	6,734,045
Guarantees issued	380,000	49,004	420	429,424
Guarantees received	-	755,207	106,869	862,077
Nominal values of financial derivatives - off-balance sheet receivables	3,592,175	45,024,107	460,981	49,077,263
Nominal values of financial derivatives - off-balance sheet payables	3,592,039	45,031,376	303,838	48,927,253
Provided revocable loan commitments	688,479	120,158	615,924	1,424,561
Interest income	7,843	11,437	52,374	71,654
Interest expense	(656)	(353,124)	(131,399)	(485,179)
Fee and commission income	11,354	17,152	6,076	34,582
Fee and commission expense	-	(438)	(23,202)	(23,640)
Net profit or loss on financial operations	98,786	302,798	(29,148)	372,436

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:

- 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.

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 06, 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:

- 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:

- 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.

31 December 2010

CZK thousand	<i>Equity investments</i>	<i>Shareholders and controlling entities</i>	<i>Other</i>	<i>Total</i>
Receivables	5,204	1,408,320	1,434,869	2,848,393
Positive fair value of financial derivatives	54,724	31,828	17,071	103,623
Payables	111,867	16,585,024	577,509	17,274,400
Negative fair value of financial derivatives	11,363	269,420	843	281,626
Subordinated loan	-	2,937,315	1,031,391	3,968,706
Guarantees issued	1,716,000	15,178	7,480	1,738,658
Guarantees received	-	1,731,505	149,636	1,881,141
Nominal values of financial derivatives - off-balance sheet receivables	3,405,362	8,171,758	821,762	12,398,882
Nominal values of financial derivatives - off-balance sheet payables	3,404,327	8,147,040	651,382	12,202,749
Provided revocable loan commitments	994,796	97,233	158,261	1,250,290
Provided irrevocable loan commitments	-	-	6,089	6,089
Interest income	639	16,619	30,910	48,168
Interest expense	(594)	(385,261)	(34,134)	(419,989)
Fee and commission income	10,150	17,587	6,029	33,766
Fee and commission expense	-	(189)	(23,995)	(24,184)
Net profit or loss on financial operations	45,685	(182,483)	8,933	(127,865)

The receivables are principally composed of the following deposits with:

- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 1,100,379 thousand.

Term deposit:

- Raiffeisenbank ZAO (fellow subsidiary) in the amount of CZK 101,199 thousand.

Credit balances on the current account:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 25,514 thousand.

Provided collateral:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 282,426 thousand.

Provided loans:

- Raiffeisen Leasing Real Estate (the Bank's effective share - 25%) in the amount of CZK 859,928 thousand;
- RLRE Taurus Property, s.r.o. (the Bank's effective share - 25%) in the amount of CZK 96,443 thousand (collateralised by real estate);
- Flex-Space Plzeň, spol. s r.o. (a subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 107,664 thousand (collateralised by real estate); and
- PRK Sigma 06, s.r.o. (a subsidiary of the subsidiary Czech Real Estate Fund B.V.) in the amount of CZK 69,107 thousand (collateralised by real estate).

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 8,171,758 thousand.

The payables are principally composed of the following loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 15,051,261 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 752,981 thousand.

Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 324,874 thousand.

Debit balances on the current account:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 233,720 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,228,986 thousand;
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 1,031,391 thousand;
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 725,007 thousand; and
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 983,322 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 8,147,040 thousand.

Provided revocable loan commitments:

- Raiffeisen Leasing (joint venture) in the amount of CZK 994,796 thousand.

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

CZK thousand	Management bodies	Supervisory bodies	Other
At 31 December 2010	18,014	9,504	62,229
At 31 December 2011	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 2010	37,251	4,906	36,050
At 31 December 2011	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 2011 occurred subsequent to the balance sheet date.

Information about capital

CZK thousand	individual	consolidated
Information about capital	At 31 December 2011	At 31 December 2011
a) aggregate amount of original capital (Tier 1)	11,289,671	15,321,769
b) aggregate amount of additional capital (Tier 2)	5,815,566	6,635,279
c) aggregate amount of capital designed to cover market risks (Tier 3)	-	-
d) aggregate amount of all deductible items only from Tier 1	2,447,744	2,557,897
e) aggregate amount of all deductible items from Tier 1 and Tier 2	4,883	3,647
f) aggregate amount of capital after the consideration of deductible items and stipulated limits applicable to additional capital	17,100,354	21,953,401
g) Internal capital	17,103,603	-
h) Economic capital	10,759,514	-

CZK thousand	individual	consolidated
Information about capital requirements	At 31 December 2011	At 31 December 2011
Amount of capital requirements		
Aggregate amount of capital requirements	11,361,954	13,832,583
a) related to credit risks	10,096,277	12,325,030
b) related to settlement risk	-	-
c) related to position, foreign exchange and commodity risks	93,769	97,665
d) related to operational risks	1,171,907	1,409,887
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	12.04	12.70
Return of average assets (ROAA)	1.13	-
Return of average equity (ROAE)	14.73	-
Assets per one employee	69,218.06	-
Administrative expenses per one employee	1,904.34	-
Net profit per one employee	757.02	-

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 2011.

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 30 March 2012.

Statutory body of the reporting entity



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



Jan Kubín
Member of the Board of Directors
and Executive Director

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2010

CZK thousand	Note	2011	2010
Interest income and similar income	7	9,433,771	9,298,781
Interest expense and similar expense	7	(2,494,304)	(2,138,882)
Net interest income		6,939,467	7,159,899
Change in provisions for credit risks	8	(1,913,320)	(2,291,053)
Net interest income after provisions for credit risks		5,026,147	4,868,846
Fee and commission income	9	2,830,169	2,538,254
Fee and commission expense	9	(632,189)	(660,675)
Net fee and commission income		2,197,980	1,877,579
Net profit on financial operations	10	1,153,070	519,732
Dividend income	11	31,925	30,782
Other operating income, net	12	167,268	188,508
General administrative expenses	13	(5,717,535)	(5,188,832)
Operating profit		2,858,855	2,296,615
Share in income of associated undertakings	21	94	1,917
Profit/loss before income tax		2,858,949	2,298,532
Income tax	15	(635,355)	(495,647)
Net profit for the year attributable to the Group's shareholders		2,223,594	1,802,885
Other comprehensive income			
Gains/(losses) from remeasurement of securities available for sale		(9,983)	(1,229)
Tax on profit associated with components of other comprehensive income		(761)	233
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,212,850	1,801,889

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

Consolidated Statement of Financial Position

As of 31 December 2011

CZK thousand	Note	2011	2010
Assets			
Cash and balances with central banks	16	3,924,273	3,444,727
Loans and advances to financial institutions	17	12,277,874	6,805,895
Loans and advances to customers	18	161,779,388	155,931,680
Provisions for losses on loans and advances to customers	19	(6,856,268)	(5,736,235)
Positive fair value of financial derivative transactions	35	2,897,112	1,056,603
Securities held to maturity	20	17,544,075	14,483,575
Securities at fair value through profit or loss	20	7,977,726	8,762,652
Securities available for sale	20	540,077	535,983
Equity investments in associates and unconsolidated entities	21	54,620	54,526
Intangible fixed assets	22	2,469,486	1,561,736
Property and equipment	23	1,354,994	1,311,923
Investment property	23	326,512	44,294
Deferred tax asset	24	156,567	220,842
Income tax receivable	15	174,241	-
Other assets	25	2,305,895	1,477,215
Total assets		206,926,572	189,955,416
Liabilities and shareholders' equity			
Amounts owed to financial institutions	26	12,350,627	24,476,526
Amounts owed to customers	27	143,995,309	126,010,052
Negative fair value of financial derivative transactions	35	2,354,315	1,652,219
Issued debt securities	28	21,457,913	16,263,756
Income tax liability	15	4,598	257,287
Deferred tax liability	24	18,178	18,495
Provisions	29	229,096	307,459
Subordinated liabilities	30	6,989,731	3,968,706
Other liabilities	31	3,237,669	2,932,213
Total liabilities		190,637,436	175,886,713
Shareholders' equity			
Share capital	32	7,511,000	6,564,000
Statutory reserve fund		438,950	348,745
Valuation gains or losses		175,668	186,412
Retained earnings		5,939,924	5,166,661
Profit for the year		2,223,594	1,802,885
Total shareholders' equity		16,289,136	14,068,703
Total liabilities and shareholders' equity		206,926,572	189,955,416

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

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2011

CZK thousand	Share capital	Statutory reserve fund	Gains and losses from revaluation	Retained earnings	Profit for the period	Total equity
Balance at 1 Jan 2010	6,564,000	249,577	187,408	4,289,146	1,996,228	13,286,359
Dividends	-	-	-	-	(1,022,000)	(1,022,000)
Net allocation to reserve funds	-	99,168	-	-	(99,168)	-
Allocation to retained earnings	-	-	-	875,060	(875,060)	-
Changes in the consolidation group	-	-	-	2,455	-	2,455
Net profit for the period	-	-	-	-	1,802,885	1,802,885
Other comprehensive income, net	-	-	(996)	-	-	(996)
Comprehensive income for the period	-	-	(996)	-	1,802,885	1,801,889
Balance at 31 Dec 2010	6,564,000	348,745	186,412	5,166,661	1,802,885	14,068,703
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)
Comprehensive income for the period	-	-	(10,744)	-	2,223,594	2,212,850
Balance at 31 Dec 2011	7,511,000	438,950	175,668	5,939,924	2,223,594	16,289,136

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

Consolidated Cash Flow Statement

For the Year Ended 31 December 2011

CZK thousand

	2011	2010
Profit before tax	2,858,949	2,298,532
Adjustments for non-cash transactions		
Change in provisions for credit risks	1,913,320	2,291,053
Depreciation and amortisation of assets	569,368	485,143
Creation of other provisions	(78,363)	34,234
Change in fair values of financial derivatives	(1,138,413)	340,664
Unrealised loss/(gain) on revaluation of securities	2,964	(70,211)
Dividends received	(31,925)	(30,782)
Gain on the sale of tangible and intangible assets	(6,200)	(6,307)
Gain on the sale of subsidiary and joint ventures	(6,315)	71
Share in income of associated undertakings	(94)	(1,917)
Remeasurement of foreign currency positions	655,525	(1,364,104)
Other non-cash changes	(1,493,761)	(751,082)
Operating profit before changes in operating assets and liabilities	3,245,055	3,225,294
Cash flows from operating activities		
(Increase)/decrease in operating assets		
Mandatory minimum reserve deposits with the CNB	(334,222)	1,540,169
Loans and advances to financial institutions	(5,404,208)	17,012,425
Loans and advances to customers	(5,774,150)	(10,286,212)
Securities at fair value through profit or loss and securities available for sale	777,901	(2,616,210)
Other assets	(828,680)	300,608
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	(12,125,897)	(3,813,656)
Amounts owed to customers	17,985,257	(4,119,452)
Other liabilities	305,455	524,648
Net cash flow from operating activities before income tax	(2,153,489)	1,767,614
Income taxes paid	(999,088)	(673,567)
Net cash flow from operating activities	(3,152,577)	1,094,047
Cash flows from investing activities		
Net cash flow arising from the disposal of subsidiary and joint ventures	(2,524)	(46)
Purchase of property and equipment and intangible assets	(1,749,023)	(1,429,284)
Income from the sale of fixed assets	11,715	6,643
Net decrease/(increase) of securities held to maturity	(3,026,445)	505,006
Dividends received	31,925	30,782
Net cash flow from investing activities	(4,734,352)	(886,899)
Cash flows from financing activities		
Dividends paid	(946,078)	(1,022,000)
Share capital increase	947,000	-
Bonds in issue	5,194,157	449,622
Subordinated liabilities	2,904,945	(1,962)
Net cash flow from financing activities	8,100,024	(574,340)
Net increase/(decrease) in cash and cash equivalents	213,095	(367,192)
Cash and cash equivalents at the beginning of the year (Note 33)	3,234,735	3,601,927
Cash and cash equivalents at the end of the year (Note 33)	3,447,830	3,234,735

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

Notes to the Consolidated Financial Statements

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1. PARENT COMPANY INFORMATION

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

The Bank together with its subsidiaries 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:

- Acceptance of deposits from the general public;
- Provision of credit;
- Investing in securities on its own account;
- Finance leasing – at present, the Bank does not carry out this activity directly;
- Payments and clearing;
- Issuance of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
 - Main investment services under Section 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;
- Depositary activities;
- Foreign exchange services (foreign currency purchases);
- Provision of banking information,
- Proprietary or client-oriented trading with foreign currency assets;
- Rental of safe-deposit boxes; and
- Activities directly relating to the activities listed in the bank licence.

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

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

During the year ended 31 December 2011, 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

Shareholders of the Bank from 1 January to 29 December 2011:

Name, address	Voting power in %	
	2011	2010
<i>Raiffeisen Bank International AG, Am Stadtpark 9, Vienna, Austria</i>	51%	51%
<i>RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria</i>	25%	25%
<i>Raiffeisenlandesbank Niederösterreich – Wien AG Raiffeisen Platz 1, 1020 Vienna, Austria</i>	24%	24%

New composition of the Bank's shareholders since 30 December 2011:

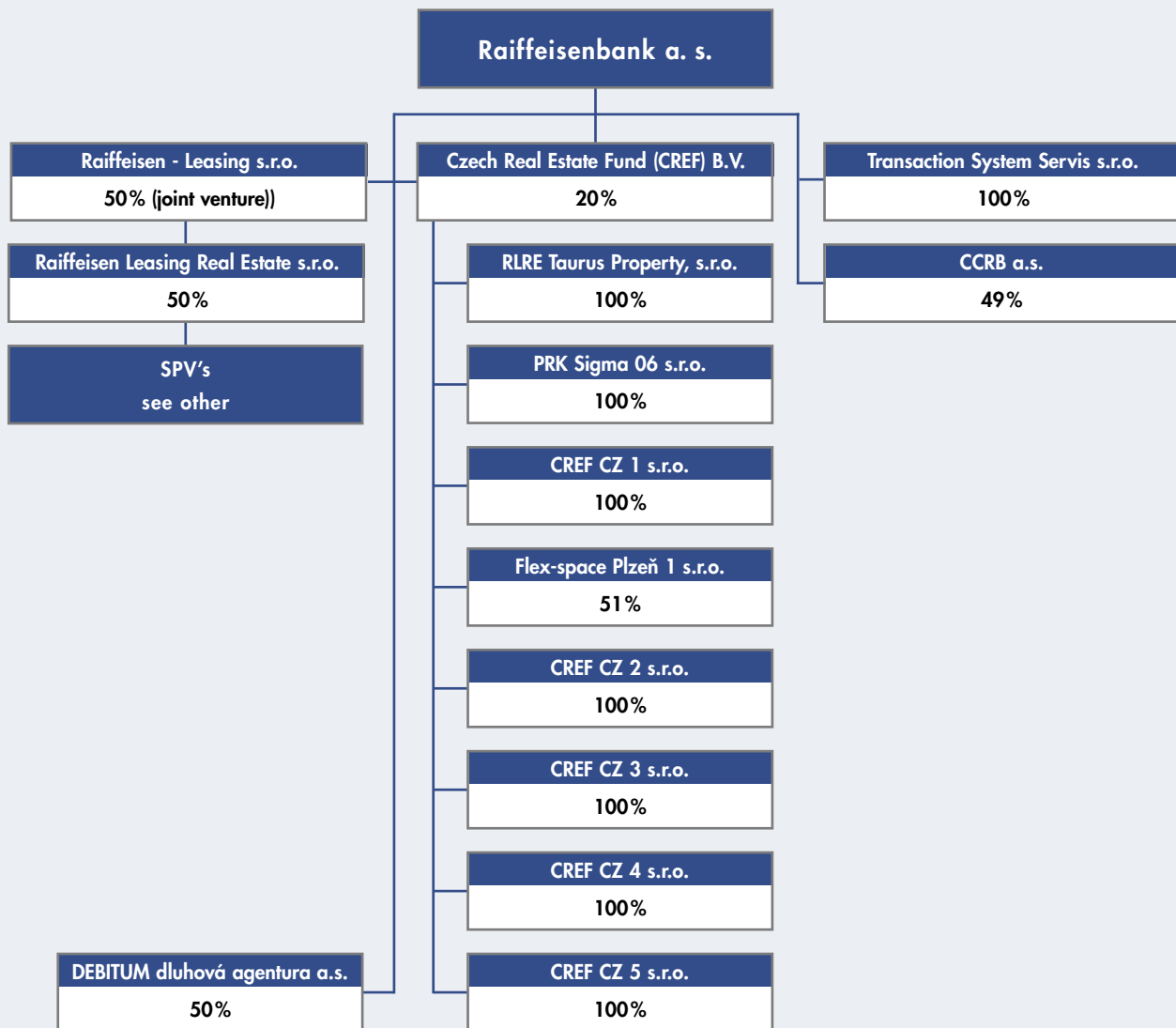
Name, address	Voting power in %
	2011
<i>Raiffeisen CEE Region Holding GmbH Am Stadtpark 9, Vienna, Austria</i>	51%
<i>RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria</i>	25%
<i>Raiffeisen Zentralbank Österreich AG Am Stadtpark 9, Vienna, Austria</i>	24%

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

For information on the share capital of the parent company refer to Note 32.

3. DEFINITION OF THE CONSOLIDATED GROUP

(a) Group Chart





(b) Group companies included in the consolidation

As of 31 December 2011, the Group comprised the following entities:

Company	The Bank's effective holding in % 2011	The Bank's effective holding in % 2010	Indirect holding through	Consolidation method	Registered office
Raiffeisen Leasing s.r.o	50%	50%	-	Proportional 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
PRK Sigma 06, s.r.o.	100%	100%	Czech Real Estate Fund B.V.	Full method	Prague
RLRE Taurus Property s.r.o.	100%	100%	Czech Real Estate Fund B.V.	Full method	Prague
Raiffeisen Leasing Real Estate s.r.o.	25%	25%	Raiffeisen Leasing s.r.o	Proportional method	Prague
Athena Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Jardin Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Cristal Palace Real Estate, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Dione Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Dionysos Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Gaia Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Hera Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Chronos Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Iris Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Luna Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Metis Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Orchideus Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Perseus Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Phoenix Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Pyrit Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Raines Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague

Company	The Bank's effective holding in % 2011	The Bank's effective holding in % 2010	Indirect holding through	Consolidation method	Registered office
RLRE Alpha Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Beta Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Carina Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Dorado Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Eden Invest s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Epsilon Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Eta Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Hotel Ellen s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Jota Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Lyra Property s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Orion Property s.r.o.	23.93%	23.93%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Bondy Centrum, s.r.o.	12.5%	12.5%	Raiffeisen Leasing Real Estate s.r.o.	Equity method	Prague
RLRE Ypsilon Property s.r.o.	12.5%	12.5%	Raiffeisen Leasing Real Estate s.r.o.	Equity method	Prague
Sirius Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Raiffeisen FinCorp, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Artemis Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Holečková Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Residence Park Třebeš, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Appolon Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Matějská 24, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Nike Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
Transaction System Servis s.r.o.	100%	100%	-	Full method	Prague
UPC Real, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
DEBITUM dluhová agentura, a.s.	50%	50%	-	Proportional method	Prague
CCRB, a.s.	49%	49%	-	Equity method	Prague
Viktor Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional method	Prague
RLRE Gamma Property, s.r.o.	25%	25%	Raiffeisen Leasing Real Estate s.r.o.	Proportional 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 2011

<i>Company</i>	<i>The Bank's effective holding in % 2011</i>	<i>The Bank's effective holding in % 2010</i>	<i>Indirect holding through</i>	<i>Consolidation method</i>	<i>Registered office</i>
<i>Viktor Property, s.r.o.</i>	25%	25%	<i>Raiffeisen Leasing Real Estate s.r.o.</i>	<i>Proportional method</i>	<i>Prague</i>
<i>RLRE Gamma Property, s.r.o.</i>	25%	25%	<i>Raiffeisen Leasing Real Estate s.r.o.</i>	<i>Proportional method</i>	<i>Prague</i>

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

(e) Companies which changed the owner within the Group in 2011

In 2011, the owner of the companies in the Group did not change.

(f) Unconsolidated Equity Investments

In the years ended 31 December 2011 and 2010, all subsidiaries and joint ventures and associates were included in the consolidation group except for Photon SPV3, s.r.o., Photon Energie, s.r.o., Photon SPV 8 s.r.o., JIHOČESKÁ EKO-ENERGETIKA, s.r.o., Exit 90 SPV s.r.o., FORZA SOLE s.r.o., Elektrárna Dynín s.r.o., Green Energie větrný park Bílčice, s.r.o., IMPULS Tuchoměřice, s.r.o., Euros Property, s.r.o., Michalka - Sun s.r.o., DBK Energy s.r.o., GS55 Sazovice s.r.o., SOLEK V. 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. and Rheia Property s.r.o. The subsidiaries acquired in 2011 that were not included in the consolidation group: MATĚJKOVA s.r.o., Trojské výhledy s.r.o., ALT POHLÉDY s.r.o., PZ PROJEKT a.s. and Villa Bubeneč s.r.o. Although these entities are legally owned by Raiffeisen Leasing Real Estate, they do not comply with the criteria set out in International Financial Reporting Standards for inclusion in the consolidation group because, on the basis of concluded contracts, Raiffeisen Leasing Real Estate is not the party which obtains benefits from the entities' operations and is exposed to risks incident to the activities of the entities.

In 2010, the following entities were excluded from the consolidation group due to immateriality: Kalypso Property s.r.o., Pontos Property s.r.o., Dike Property s.r.o., Hermes Property s.r.o., and new companies Selene Property s.r.o. and Tyche Property s.r.o. in 2011.

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 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. The current global economic crisis increases the risk that the actual results and outcomes may differ from these estimates. Key areas with a potential for differences between the actual results and the estimates principally include loan provisioning and fair values of securities.

As disclosed in Note 39, 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 29 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 situation.

The Group prepares the consolidated financial statements under IFRS and the interpretations approved by the IASB as adopted by the European Union which disclose results of the Bank's financial group

(b) Principles of Consolidation

Subsidiary undertakings (that is, entities in 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.

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.

Equity investments where the Bank's shareholding interest is lower than 20 percent are presented as "Securities available for sale" (Note 20) 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***

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

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

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

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

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

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

- Loans and receivables;
- Financial assets and liabilities remeasured at fair value through profit or loss;
- Financial assets available for sale;
- 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 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 classified 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 39 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 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 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 cost at the acquisition date and subsequently remeasured at fair value. 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 20. 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 cost and subsequently remeasured at fair value, 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 38c) *"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 acquired by the Group are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Group's own debt securities are stated at cost which includes transaction costs. The difference between the cost of repurchased own debt securities and the accrued amount of issued securities is included in the 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 and interest rate options (both purchased and sold) and other derivative financial instruments. The Group uses various types of derivative instruments in both its trading and hedging activities.

Financial derivative instruments entered into for trading or hedging purposes are initially recognised at cost (including transaction costs) 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 does not meet general criteria for recognition as a derivative.

A predominant portion of the Group’s derivative transactions, while providing economic hedges, do not qualify for hedge accounting under the rules of IAS 39 and are therefore treated as derivatives held for trading with the related fair value gains and losses, as it the case with trading derivatives, reported in the statement of comprehensive income 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 10,000 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 10 thousand and lower than CZK 40,000 are depreciated over 36 or 48 months according to the type of low value tangible fixed assets.

Low value tangible and intangible fixed assets with a cost lower than CZK 10 thousand are expensed in the period of acquisition.

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

The Group's assets are regularly tested for impairment.

Repairs and maintenance are charged directly to the 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 substantially all the risks and rewards incident to ownership are transferred, are capitalised in the amounts equal to the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments. These assets are depreciated over their useful lives or over the lease term (if it is shorter).

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

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

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

(k) Provisions

The 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, or on a portfolio basis. 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*”.

(l) Transactions with Securities Undertaken on behalf of Clients

Securities received by the Group into custody, administration or safe-keeping are typically recorded at market or nominal values if the market value is not available and maintained off balance sheet. 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.

(m) Segment Reporting

With effect from 1 January 2009, the Group began reporting 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 37.

(n) Foreign Currency Translation

Transactions denominated in foreign currencies are recorded in the local currency at official exchange rates as announced by the CNB on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into the local currency at the CNB'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.

(o) Cash and Cash Equivalents

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

6. CHANGES IN ACCOUNTING POLICIES IN 2011

(a) Newly Applied Standards and Interpretations, the Application of which Had a Significant Impact on the Financial Statements

In the year ended 31 December 2011, the Group did not start to use 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

- IAS 24 – Related Party Disclosures (amended in 2009) (effective 1 January 2011); and
- IFRIC 14 – revised standard, Minimum Funding Requirements (effective 1 January 2011).

(c) Standards and Interpretations that were Issued, but Have not Been Applied Yet

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

- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about transfers of financial assets (effective 1 July 2011);
- IFRS 7 – Financial Instruments: Disclosures - revised standard, amendments enhancing disclosures about the offsetting of financial assets and financial liabilities (effective 1 January 2013);
- IFRS 9 – Financial Instruments (from 2010) (effective 1 January 2015);
- IFRS 10 – Consolidated Financial Statements (effective 1 January 2013);
- IFRS 11 – Joint Arrangements (effective 1 January 2013);
- IFRS 12 – Disclosure of Interest in Other Entities (effective 1 January 2013);
- IFRS 13 – Fair Value Measurement (effective 1 January 2013);
- IAS 1 – Presentation of Financial Statements – revised standard (effective 1 July 2012);
- IAS 12 – Income Taxes – revised standard (effective 1 January 2012);
- IAS 19 – Employee Benefits – revised standard, post-employee benefits and termination of benefits projects (effective 1 January 2013);
- AS 27 – Separate Financial Statements – re-issued standard (effective 1 January 2013);
- IAS 28 – Investments in Associates – re-issued standard (effective 1 January 2013); and
- IAS 32 – Financial Instruments: Presentation – revised standard, the offsetting of financial assets and financial liabilities (effective 1 January 2014).

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

The Group considers that the impact of adopting the standards and interpretations that will become effective after 1 January 2012 will not have a material impact on the financial statements for the year ending 31 December 2012, including comparative information.

7. NET INTEREST INCOME

CZK thousand	2011	2010
Interest income arising from		
Loans and advances to financial institutions	143,316	145,544
Loans and advances to customers	8,585,147	8,359,939
Of which: default interest on impaired assets	106,944	166,536
Fixed income securities	520,386	624,485
Finance lease receivables	184,922	168,813
Total interest income and similar income	9,433,771	9,298,781
Interest expense arising from		
Deposits from financial institutions	(388,464)	(425,043)
Deposits from customers	(1,361,993)	(1,145,197)
Securities issued	(541,422)	(476,890)
Subordinated liabilities	(202,425)	(91,752)
Total interest expense and similar expense	(2,494,304)	(2,138,882)
Net interest income	6,939,467	7,159,899

8. CHANGE IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2011	2010
Changes in loan loss provisions		
Charge for provisions	(4,532,397)	(4,556,788)
Release of provisions	2,585,872	2,321,421
Use of provisions	864,648	1,509,218
Loss from assigned and written off receivables	(863,347)	(1,552,733)
Of which: Direct write-off of receivables	(3,507)	(22,128)
Recoveries	6,023	6,831
Total changes in loan loss provisions	(1,939,201)	(2,272,051)
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(4,803)	(30,683)
Release of provisions	30,684	11,681
Total change in provisions for off-balance sheet risks	25,881	(19,002)
Change in provisions for credit risk	(1,913,320)	(2,291,053)

9. NET FEE AND COMMISSION INCOME

CZK thousand	2011	2010
Fee and commission income arising from		
Payment transactions	1,910,100	1,658,837
Provided loans and guarantees	668,633	625,443
Securities transactions	97,922	91,502
Financial operations	15,215	22,215
Other banking services	138,299	140,257
Total fee and commission income	2,830,169	2,538,254
Fee and commission expense arising from		
Payment transactions	(460,285)	(503,614)
Receiving of loans and guarantees	(71,642)	(55,292)
Securities transactions	(8,094)	(10,461)
Securitisation	(29,071)	(49,043)
Financial operations	(5,923)	(5,509)
Mediation of the sale of the Bank's products	(28,513)	(14,266)
Other banking services	(28,661)	(22,490)
Total fee and commission expense	(632,189)	(660,675)
Net fee and commission income	2,197,980	1,877,579

10. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2011	2010
Interest rate derivatives	57,479	(478,934)
Commodity derivatives	525	-
Equity derivatives	(4,038)	9,062
Profit/loss from foreign currency transactions	1,057,235	891,096
of which: Customer foreign currency result	903,380	857,571
FX proprietary P/L	153,855	33,525
Profit/loss from transactions with securities	41,869	98,508
of which: Portfolio of securities available for sale	-	-
Portfolio of securities held for trading	21,825	2,515
Portfolio of securities at fair value through profit or loss	25,651,	100,556
Own issue	(5,607)	(4,568)
Sale of equity investments	-	5
Total	1,153,070	519,732

The "FX proprietary P/L" line item reflects the impact of proprietary trading.

11. DIVIDEND INCOME

“Income from other shares and participation interest” amounted to CZK 31,925 thousand (2010: CZK 30,782 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. (2011: CZK 30,000 thousand, 2010: CZK 30,000 thousand).

In the years ended 31 December 2011 and 2010, the Group recorded no dividend income from associates.

12. OTHER OPERATING INCOME

CZK thousand	2011	2010
Change in operating provisions	12,133	(12,237)
Gain from the disposal of in-/tangible fixed assets	1,342	883
Other operating income	153,793	199,862
Total	167,268	188,508

The positive balance of “Change in operating provisions” in 2011 is attributable to the greater release, or use of provisions against operating receivables.

The negative balance of “Change in operating provisions” in 2010 results from the increased provisioning against operating receivables (eg receivables from payment transactions, operating prepayments, receivables from issued invoices, etc.)

In 2011 and 2010, “Other operating income” predominantly includes income from the lease of the Group’s assets. Operating income from the lease of investment property in Sigma, Taurus, Flex space, RLRE and RLREGI amounts to CZK 39,808 thousand.

13. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2011	2010
Payroll costs (Note 14)	(3,039,464)	(2,658,592)
Operating expenses	(1,983,428)	(1,857,667)
<i>Rental, repairs and other office management expenses</i>	<i>(583,240)</i>	<i>(517,395)</i>
<i>Marketing costs</i>	<i>(298,876)</i>	<i>(276,253)</i>
<i>Costs of legal and advisory services</i>	<i>(284,302)</i>	<i>(296,361)</i>
<i>Of which: Audit</i>	<i>(10,059)</i>	<i>(10,059)</i>
<i>Tax advisory</i>	<i>(4,103)</i>	<i>(4,191)</i>
<i>Other advisory</i>	<i>(900)</i>	<i>(943)</i>
<i>IT support costs</i>	<i>(227,728)</i>	<i>(209,763)</i>
<i>Telecommunication, postal and other services</i>	<i>(163,727)</i>	<i>(164,051)</i>
<i>Deposit and transaction insurance</i>	<i>(198,155)</i>	<i>(150,873)</i>
<i>Training expenses</i>	<i>(44,023)</i>	<i>(49,610)</i>
<i>Travel expenses</i>	<i>(29,175)</i>	<i>(24,782)</i>
<i>Fuel</i>	<i>(21,882)</i>	<i>(21,900)</i>
<i>Security costs</i>	<i>(57,787)</i>	<i>(52,582)</i>
<i>Office equipment</i>	<i>(36,694)</i>	<i>(38,616)</i>
<i>Other administrative expenses</i>	<i>(37,839)</i>	<i>(55,481)</i>
Depreciation and amortisation of fixed assets (Notes 22 and 23)	(569,368)	(485,144)
Sundry operating expenses	(125,275)	(187,429)
Total	(5,717,535)	(5,188,832)

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

14. PAYROLL COSTS

CZK thousand	2011	2010
<i>Wages and salaries</i>	(2,207,812)	(2,007,239)
<i>Social security and health insurance</i>	(794,577)	(561,677)
<i>Other staff costs</i>	(37,075)	(89,676)
Total	(3,039,464)	(2,658,592)
Of which wages and salaries paid to:		
<i>Members of the Board of Directors</i>	(26,041)	(151,218)
<i>Members of the Supervisory Board</i>	(5,907)	(6,971)
<i>Other members of management</i>	(96,343)	(73,420)
Total	(128,291)	(231,609)

The average number of the Group's employees as of 31 December 2011 and 2010 was as follows:

	2011	2010
<i>Employees</i>	3,007	2,920
<i>of which: Members of the Board of Directors</i>	6	6
<i>Members of the Supervisory Board</i>	9	9
<i>Other key management members</i>	26	27

The increase in the number of employees is due to the increase in the number of branches and initiation of new projects. Other financial arrangements between the Group and members of the Board of Directors and Supervisory Board are disclosed in Notes 41b and 41c.

15. INCOME TAX

(a) Income tax expense

CZK thousand	2011	2010
<i>Income tax payable</i>	(499,131)	(694,791)
<i>Tax overpayment/(additional payments) from the previous period</i>	(73,027)	4,527
<i>Deferred income tax credit /(charge)</i>	(63,197)	194,617
Total income tax	(635,355)	(495,647)

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	2011	2010
Pre-tax profit (general tax base)	2,858,282	2,298,460
Pre-tax profit (separate tax base)	667	72
Total pre-tax profit	2,858,949	2,298,532
Tax calculated at the tax rate for the general tax base – 19 % (2010: 19%)	(543,074)	(436,721)
Tax calculated at the tax rate for the separate tax base (rate of 15 %)	(100)	(11)
Non-taxable income	536,608	299,808
Non-tax deductible expenses	(493,150)	(557,982)
Tax relief and credit	585	115
Tax liability for the period	(499,131)	(694,791)
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	(73,027)	4,527
Deferred tax	(63,197)	194,617
Total income tax	(635,355)	(495,647)
Effective tax rate	22.22%	21.56%

The significant amount of non-tax deductible expenses in 2011 and 2010 is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables.

The movement in "Deferred tax" 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 24.

(b) Income Tax Liability/Asset

CZK thousand	2011	2010
Tax calculated at the tax rate for the general tax base - 19% (2010: 19%)	(499,031)	(694,780)
Tax calculated at the tax rate for the separate tax base (rate of 15%)	(100)	(11)
Tax liability for the period	(499,131)	(694,791)
Advances paid for current income tax	668,774	437,504
Total income tax liability/asset	169,643	(257,287)

CZK thousand	2011	2010
Income tax receivable reported in the balance sheet	174,241	-
Income tax payable reported in the balance sheet	(4,598)	(257,287)
Total income tax (payable)/receivable	169,643	(257,287)

For additional details on the deferred tax, refer to Note 24.

16. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2011	2010
<i>Cash on hand and other cash equivalents</i>	2,792,779	2,558,167
<i>Balances with central banks</i>	129,266	218,554
<i>Minimum reserve deposit with the CNB</i>	1,002,228	668,006
Total	3,924,273	3,444,727

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 33.

17. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2011	2010
<i>Placements with financial institutions</i>	525,785	458,014
<i>Term deposits with banks</i>	2,298,897	2,835,825
<i>Loans and other advances to financial institutions</i>	9,453,192	3,512,056
Total	12,277,874	6,805,895

“Loans and other advances to financial institutions” includes reverse repurchase transactions. As part of the reverse repurchase transactions, the Group provided loans in the aggregate amount of CZK 9,205,805 thousand (2010: CZK 3,140,858 thousand).

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

CZK thousand	2011	2010
<i>Advances from current accounts</i>	10,612,433	7,338,450
<i>Term deposits</i>	78,605,335	79,567,284
<i>Mortgage loans</i>	67,600,803	64,324,701
<i>Finance leases</i>	2,861,708	2,801,487
<i>Other</i>	2,099,109	1,899,758
Total	161,779,388	155,931,680

In 2011, the Group restructured loans and advances to customers in the aggregate amount of CZK 3,085,631 thousand (2010: CZK 1,941,644 thousand).

(b) Repurchase and Reverse Repurchase Transactions

As of 31 December 2011 and 2010, the Group reported no repurchase transactions with customers. The Group advanced loans to customers in the aggregate amount of CZK 2,004 thousand (2010: CZK 47,240 thousand) under reverse repurchase transactions.

(c) Analysis of Loans Provided to Customers by Sector

CZK thousand	2011	2010
<i>Public sector</i>	173,862	385,915
<i>Loans to corporate entities (Large corporate)</i>	79,538,813	79,088,961
<i>Loans to private individuals</i>	75,218,716	71,913,513
<i>Small and medium size enterprises (SME)</i>	6,829,186	4,485,270
<i>Other</i>	18,811	58,021
Total	161,779,388	155,931,680

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

CZK thousand	2011	2010
<i>Czech Republic</i>	156,617,646	150,398,804
<i>Slovakia</i>	1,332,879	1,301,166
<i>Other – EU countries</i>	2,219,413	2,737,473
<i>Other (Canada, USA, Ukraine, UAE, etc.)</i>	1,609,450	1,494,237
Total	161,779,388	155,931,680

(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	<i>Past due date</i>		<i>Discounted collateral value</i>	
	2011	2010	2011	2010
Past due				
<i>0–30</i>	5,067,317	6,646,539	3,065,785	3,912,196
<i>31–90</i>	58,305	26,029	51,148	25,939
<i>91–180</i>	83,575	7,320	12,450	10,746
<i>181–360</i>	2,235	7,318	2,818	4,106
<i>1–5 years</i>	10,328	24,431	10,601	41,753

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 Delays

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

CZK thousand	<i>Before due date</i>	<i>Less than 1 month</i>	<i>1 month to 3 months</i>	<i>3 months to 6 months</i>	<i>6 months to 1 year</i>	<i>Over 1 year</i>	<i>Total</i>
2010							
Amounts due from customers							
- without default	137,046,115	-	-	-	-	-	137,046,115
- with default	3,754,797	7,611,889	1,317,470	1,290,646	1,798,530	3,112,233	18,885,565
Gross	140,800,912	7,611,889	1,317,470	1,290,646	1,798,530	3,112,233	155,931,680
Provisions	(1,268,983)	(227,517)	(236,128)	(518,788)	(1,023,637)	(2,461,182)	(5,736,235)
Net	139,531,929	7,384,372	1,081,342	771,858	774,893	651,051	150,195,445

The amounts due from customers "without default" in the table above are amounts due that are 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 2011. Since March 2006, the Group has carried out a synthetic securitisation of the Corporate Banking loans portfolio. The entire transaction will mature in 2016.

At the end of 2011, the loan portfolio included in this securitisation amounted to CZK 890 million (2010: CZK 4,837 million). The decrease in the volume of the securitisation portfolio in 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) 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 4,122,600 thousand as of 31 December 2011 (2010: CZK 4,313,756 thousand), of which the proportion of the Group amounted to CZK 1,704,900 thousand (2010: CZK 1,800,478 thousand) and the proportion of other syndicate members amounted to CZK 2,417,700 thousand (2010: CZK 2,513,278 thousand).

As of 31 December 2011, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 3,522,626 thousand (2010: CZK 3,737,775 thousand), of which the proportion of the Bank was CZK 1,367,368 thousand (2010: CZK 1,490,205 thousand) and the proportion of other syndicate members was CZK 2,155,258 thousand (2010: CZK 2,247,570 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	2011	2010
Gross finance lease investment	3,461,575	3,436,871
- of which remaining maturity up to 3 months	318,036	371,050
- of which remaining maturity from 3 months to 1 year	591,387	557,622
- of which remaining maturity of more than 1 to 5 years	1,686,218	1,468,611
- of which remaining maturity of more than 5 years	865,934	1,039,588
Unearned financial income	(599,867)	(635,384)
- of which remaining maturity up to 3 months	(43,361)	(40,779)
- of which remaining maturity from 3 months to 1 year	(113,002)	(109,080)
- of which remaining maturity of more than 1 to 5 years	(324,028)	(330,849)
- of which remaining maturity of more than 5 years	(119,476)	(154,676)
Net investment value	2,861,708	2,801,487

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

CZK thousand	2011	2010
Vehicles leasing	730,004	508,510
Real estate leasing	636,689	723,022
Equipment leasing	1,495,015	1,569,955
Total	2,861,708	2,801,487

The average duration of the lease contracts for motor vehicles, real estate and other equipment is 4.2 years, 11.25 years and 5.7 years, respectively. The lease contracts are concluded in CZK and EUR

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

2011	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Personal and bill guarantee	Other collateral	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	2,923	41,480	18,081	211,206	90,073	544,620	222,598	335,946	65,945	1,532,872
Mining and Quarrying	-	-	18,165	3,739	11,268	7,419	-	22,942	5,303	68,836
Manufacturing	73,868	359,104	1,042,394	2,729,951	1,037,458	3,838,041	1,234,535	4,603,999	2,179,433	17,098,783
Electricity, Gas And Water Supply	103,386	-	1,306	257,890	77,915	2,306,645	335,460	4,599,768	630,121	8,312,491
Construction	30,445	-	115,828	2,426,946	72,775	1,506,512	492,177	911,709	459,437	6,015,829
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	21,772	144,763	500,862	1,978,431	1,137,540	3,546,090	826,379	3,797,781	2,768,758	14,722,376
Hotels and Restaurants	55,646	-	7,480	2,532,353	6,281	570,156	18,774	64,510	201,899	3,457,099
Transport, Storage and Communication	5,184	-	23,902	287,288	35,702	375,353	552,717	713,360	592,019	2,585,525
Financial Intermediation	37,198	-	1,400,239	94,033	41,904	160,347	-	164,490	792,196	2,690,407
Real Estate, Lease, Other Business Activities	572,979	72,408	500,924	13,418,592	920,360	4,714,826	1,276,514	935,028	4,268,808	26,680,439
Public Administration; Compulsory Social Security	1,595	769,309	-	108,787	-	295,256	4,747	118,524	21,039	1,319,457
Education	294	-	-	79,028	11,299	22,950	41	30,918	38,413	182,943
Health and Social Work	305	36,556	3,724	146,405	10,683	130,093	2,598	38,414	30,603	399,381
Other Community, Social and Personal Service Activities	5,190	-	87,962	552,626	145,924	219,102	6,535	218,925	257,970	1,494,234
Private Households	-	210	-	62,851,585	34,946	12,547	3,902,397	35,869	8,381,162	75,218,716
Total	910,785	1,423,830	3,720,867	87,678,860	3,634,128	18,249,957	8,875,472	16,592,183	20,693,306	161,779,388

2010	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Personal and bill guarantee	Other collateral	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	49	25,475	93,051	130,438	149,010	247,503	92,047	223,358	43,776	1,004,707
Mining and Quarrying	-	-	12,804	2,832	6,294	3,904	-	34,527	-	60,361
Manufacturing	47,197	239,794	1,859,213	2,239,834	1,308,374	3,519,901	1,595,352	3,807,957	2,736,299	17,353,921
Electricity, Gas And Water Supply	190,569	-	14,390	881,819	160,643	1,215,219	482,343	2,348,124	1,278,910	6,572,017
Construction	2,197	136,248	558,624	671,704	59,089	679,059	67,580	796,942	157,434	3,128,877
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	19,332	150,569	1,389,082	1,771,748	1,173,968	2,537,119	469,502	3,149,684	2,900,581	13,561,585
Hotels and Restaurants	42,199	-	11,612	3,076,186	4,687	408,700	13,000	62,649	284,876	3,903,909
Transport, Storage and Communication	82	-	35,294	204,462	188,331	419,757	172,400	801,786	618,476	2,440,588
Financial Intermediation	100,293	-	1,515,275	39,737	-	64,149	-	171,090	215,122	2,105,666
Real Estate, Lease, Other Business Activities	512,131	-	1,678,810	15,869,119	575,962	5,131,695	1,123,470	1,094,856	4,372,673	30,358,716
Public Administration; Compulsory Social Security	1,148	1,587,948	-	100,572	-	39,328	-	242,669	44	1,971,709
Education	-	-	-	12,120	-	8,323	-	464	34,883	55,790
Health and Social Work	13,322	77,666	19,615	148,101	18,250	134,918	7,089	73,819	14,590	507,370
Other Community, Social and Personal Service Activities	1,711	-	12,583	395,170	175,665	120,862	10,323	225,427	53,133	994,874
Private Households	6,396	-	5,042	60,172,000	57,551	1,661,180	3,827,414	50,339	6,131,668	71,911,590
Total	936,626	2,217,700	7,205,395	85,715,842	3,877,824	16,191,617	7,860,520	13,083,691	18,842,465	155,931,680

19. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

CZK thousand	2011	2010
Clients		
Balance at 1 January	(5,714,375)	(5,194,207)
Charge for provisions	(4,532,288)	(4,556,788)
Release of provisions	2,570,484	2,321,421
Usage of provisions for the write-off and assignment of receivables	864,648	1,668,021
FX gains from provisions denominated in a foreign currency	(22,767)	25,319
Balance at 31 December	6,856,158	(5,714,375)
Banks		
Balance at 1 January	-	-
Charge for provisions	(110)	-
Balance at 31 December	(110)	-
Total	6,856,268	(5,714,375)

20. SECURITIES

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

CZK thousand	2011	2010
Securities held to maturity (debt securities)	17,544,075	14,483,575
Securities at fair value through profit or loss	7,977,726	8,762,652
of which: Securities held for trading	3,713,986	1,112,195
- Debt securities	3,702,337	1,112,140
- Shares and participation certificates	11,649	55
of which: Securities not held for trading	4,263,740	7,650,457
- Debt securities	3,836,014	7,252,396
- Shares and participation certificates	427,726	398,061
Securities available for sale (shares and participation certificates)	540,077	535,983
Total	26,061,878	23,782,210

"Securities held to maturity" include only bonds of the Czech Republic.

"Securities at fair value through profit or loss" include government bonds of CZK 7,059,478 thousand (2010: CZK 6,539,859 thousand) which may be used for refinancing with central banks.

"Securities available for sale" include the Group's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 516,106 thousand (2010: CZK 516,106 thousand) and other minority investments of the Group in 2011 and 2010.

The remeasurement of securities available for sale for 2011 and 2010 amounted to CZK 3,432 thousand and CZK (996) thousand, respectively, and is included in the comprehensive income for the period.

(b) Securities Pledged as Collateral

As of 31 December 2011 and 2010, the Group concluded no repurchase transaction and provided no securities pledged as collateral.

21. EQUITY INVESTMENTS IN ASSOCIATES AND UNCONSOLIDATED ENTITIES

CZK thousand	2011	2010
Opening balance	54,526	5,115
Share in the profit or loss of the associate for the period	94	1,917
Additions	-	47,494
Closing balance	54,620	54,526

CZK thousand	Country	Assets	Liabilities	Revenue	Profit/Loss	Share of equity		
Bondy Centrum, s.r.o.	CR	1,075,796	1,006,726	69,070	27,637	12.5%	8,634	
RLRE Ypsilon Property s.r.o.	CR	59,663	59,811	(148)	8	12.5%	(19)	
CCRB a.s.	CR	149,569	55,682	92,789	(6,861)	49.0%	46,005	
At 31 December 2011							54,620	
Bondy Centrum, s.r.o.	CR	1,066,588	1,025,154	86,963	12,566	12.5%	5,179	
RLRE Ypsilon Property s.r.o.	CR	59,591	59,747	2,778	28	12.5%	-	
CCRB a.s.	CR	100,873	166	2,302	707	49.0%	49,347	
At 31 December 2010							54,526	

22. INTANGIBLE FIXED ASSETS

CZK thousand	Goodwill	Software	Intangible assets under construction	Total
Cost				
1 January 2010	14,862	1,663,136	440,218	2,118,216
Additions	-	105,483	759,133	864,616
Disposals	-	-	(8,866)	(8,866)
Other changes (transfers)	-	163,250	(163,250)	-
31 December 2010	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)	-
31 December 2011	14,862	2,366,786	1,759,040	4,140,688
Accumulated amortisation and provisions				
1 January 2010	-	(1,109,263)	-	(1,109,263)
Additions – annual amortisation charges	-	(302,967)	-	(302,967)
31 December 2010	-	(1,412,230)	-	(1,412,230)
Additions – annual amortisation charges	-	(263,599)	-	(263,599)
Disposals	-	4,627	-	4,627
31 December 2011	-	(1,671,202)	-	(1,671,202)
Net book value				
31 December 2010	14,862	519,639	1,027,235	1,561,736
31 December 2011	14,862	695,584	1,759,040	2,469,486

The year-on-year increase in intangible assets under construction in 2011 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 2011, internal costs of CZK 219,543 thousand (2010: CZK 103,584 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.

The line "Intangible assets" also includes an amount in respect of the development of the Group's new core banking system. The Group is currently analysing other possible approaches and development scenarios in relation to this project.

"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	Operating leases	Total
Cost						
1 January 2010	882,130	220,576	1,316,960	179,566	-	2,599,232
Additions	118,918	39,547	83,959	254,563	-	496,987
Disposals	(28,716)	(13,545)	(291,724)	(10,166)	-	(344,151)
Other changes (transfers)	36,872	8,411	81,514	(126,797)	-	-
31 December 2010	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)	-	-
31 December 2011	1,073,548	256,276	1,161,965	177,162	-	2,668,951
Accumulated depreciation						
1 January 2010	(336,496)	(163,029)	(1,058,863)	-	-	(1,558,388)
Additions	(54,188)	(17,663)	(110,326)	-	-	(182,177)
Disposals	248	12,874	287,298	-	-	300,420
31 December 2010	(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
31 December 2011	(439,338)	(155,914)	(718,705)	-	-	(1,313,957)
Net book value						
31 December 2010	618,768	87,171	308,818	297,166	-	1,311,923
31 December 2011	634,210	100,362	443,260	177,162	-	1,354,994

The figures presented under "Other changes (transfers)" represent reclassification of assets from assets under construction to individual categories and 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 2011 and 2010.

(c) Investment Property

CZK thousand	2011	2010
Cost		
At 1 January	50,256	50,240
Effect from the change in the scope of consolidation	-	-
Additions	284,000	16
Acquisition cost at 31 December	334,256	50,256
Accumulated depreciation and provisions		
At 1 January	(5,962)	(5,005)
Effect from the change in the scope of consolidation	-	-
Annual charges	(1,782)	(957)
Accumulated depreciation and provisions at 31 December	(7,744)	(5,962)
Net book value at 31 December	326,512	44,294

The fair value does not significantly differ from the carrying amount.

24. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences using the liability method at the principal income tax rate of 19 percent (tax rate of 2012).

The deferred tax asset is composed of the following items:

CZK thousand	2011	2010
Unpaid interest on loans of non-residents	288,607	300,142
Unpaid social security and health insurance contributions	98,548	19,906
Outstanding vacation days	13,568	12,556
Other provisions	24,776	42,618
Differences between accounting and tax carrying amounts of tangible and intangible assets	-	392,417
Adjustment of lease reporting - CAS vs IFRS	6,521	-
Outstanding real estate transfer tax	-	43
Tax loss of prior years	-	40,355
Total deferred tax asset	432,020	808,037

The deferred tax liability is composed of the following items:

CZK thousand	2011	2010
Other provisions	-	(469)
Difference in accounting and tax carrying values of tangible and intangible assets	(274,332)	(154,905)
Change in the balance for the period against equity from revaluation of securities available for sales	(1,121)	(360)
Cash flow hedge	-	(44)
Adjustment of lease reporting - CAS vs IFRS	(18,178)	(449,912)
Total deferred tax liability	(293,631)	(605,690)

The calculation of a net deferred tax asset:

CZK thousand	2011	2010
Balance at 1 January	808,037	174,898
Movement for the year - credit/(charge)	(376,017)	633,139
Total deferred tax asset	432,020	808,037
Balance at 1 January	(605,590)	(167,449)
Movement for the year – credit/(charge)	312,820	(438,474)
Movements for the year against equity	(761)	233
Total deferred tax liability	(293,631)	(605,690)
Net deferred tax asset	138,389	202,347

CZK thousand	2011	2010
Deferred tax asset reported in the balance sheet	156,567	220,842
Deferred tax liability reported in the balance sheet	(18,178)	(18,495)
Net deferred tax asset	138,389	202,347

The deferred tax (charge)/credit in the statement of comprehensive income and equity comprises the following temporary differences:

CZK thousand	2011	2010
Recognition of a year-on-year difference due to the change of tax rate in profit or loss	-	-
Recognition of a year-on-year difference due to temporary differences in profit or loss	(63,197)	194,665
Recognition of a year-on-year difference due to temporary differences in equity	(761)	233
Total year-on-year difference for recognition into P&L	(63,958)	194,898

25. OTHER ASSETS

CZK thousand	2011	2010
Receivables arising from indirect taxes	159	2,335
Receivables arising from non-banking activities	547,839	500,258
Deferred expenses and accrued income	6,771	45,922
Receivables from securities trading	8,423	140,609
Inventory - land	171,509	436,939
Settlement of cash transactions with other banks	1,278,165	59,750
Other	293,029	291,402
Total	2,305,895	1,477,215

"Inventory – land" includes land held for future finance lease and sale.

26. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2011	2010
Repayable on demand	1,882,437	724,796
Term deposits of banks	10,468,190	23,751,730
Within 3 months	4,532,112	4,786,127
From 3 months to 1 year	1,577,884	5,214,657
From 1 year to 5 years	2,238,574	13,114,014
Over 5 years	2,119,620	636,932
Total	12,350,627	24,476,526

The decrease in "Term deposits of banks" is due to the decrease in deposits by Raiffeisen Bank International AG.

27. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2011	2010
Repayable on demand	110,648,054	93,611,939
Term deposits with maturity	33,333,226	32,398,113
Other	14,029	-
Total	143,995,309	126,010,052

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2011	2010
Public sector	4,547,208	5,769,288
Corporate clients (Large corporate)	56,327,219	49,119,963
Private individuals	68,051,129	58,150,744
Small and medium size enterprises (SME)	14,243,142	12,154,071
Other	826,611	815,986
Total	143,995,309	126,010,052

In 2011, the Group recorded an increase in the volume of funds on current and savings accounts both in the Corporate and Retail segments which results from the successful marketing campaign for the Group's products and higher interest on deposits as compared to the prior period.

28. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2011	2010
Deposit certificates and deposit bills of exchange	3,189,791	4,688,941
Bonds in issue	2,426,014	1,175,830
Mortgage bonds	15,842,108	10,398,985
Total	21,457,913	16,263,756

Note: The subordinated debt securities issued are disclosed in Note 30.

(b) Analysis of Mortgage Bonds

CZK thousand

Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2011	2010	2011	2010
24.5.2006	24.5.2011	CZ0002000805	CZK	-	397,510	-	410,471
4.10.2006	4.10.2011	CZ0002000888	CZK	-	963,000	-	979,637
16.2.2007	16.2.2012	CZ0002000946	CZK	1,274,710	1,295,000	1,330,234	1,367,565
12.9.2007	12.9.2012	CZ0002001175	CZK	2,000,000	2,000,000	2,042,952	2,061,228
14.11.2007	14.11.2014	CZ0002001316	CZK	500,000	500,000	513,952	517,660
12.12.2007	12.12.2012	CZ0002001662	CZK	391,400	382,700	401,059	401,085
12.12.2007	12.12.2017	CZ0002001670	CZK	1,517,800	1,517,800	1,564,167	1,571,391
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	536,863	543,035
12.12.2007	12.12.2022	CZ0002001704	CZK	1,000,000	-	1,000,339	-
20.12.2007	20.12.2017	CZ0002001928	CZK	1,057,500	157,500	1,168,064	170,369
26.11.2008	26.11.2013	CZ0002002058	CZK	816,040	522,230	837,617	534,876
10.12.2008	10.12.2011	CZ0002002066	CZK	-	124,200	-	126,497
18.2.2009	18.2.2012	CZ0002002074	CZK	240,180	249,600	246,478	256,282
28.8.2009	28.8.2012	CZ0002002108	CZK	241,790	250,000	244,381	252,752
14.10.2009	14.10.2012	CZ0002002140	CZK	249,980	250,000	251,688	251,760
16.11.2010	16.11.2013	CZ0002002249	CZK	960,000	960,000	957,124	954,377
19.1.2011	19.1.2014	CZ0002002272	CZK	206,840	-	212,363	-
9.2.2011	9.2.2014	CZ0002002280	CZK	865,790	-	887,762	-
4.5.2011	4.5.2016	CZ0002002314	CZK	496,350	-	507,822	-
27.7.2011	27.7.2016	CZ0002002363	CZK	499,530	-	506,433	-
27.7.2011	27.7.2014	CZ0002002371	CZK	1,712,350	-	1,733,318	-
26.9.2011	26.9.2016	CZ0002002405	CZK	885,000	-	899,491	-
26.10.2011	13.1.2012	CZ0002002413	EUR	-	-	-	-
Total				15,415,260	10,069,540	15,842,108	10,398,985

29. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for outstanding vacation days	Provision for restructuring	Other provisions	Total
1 January 2010	3,036	16,681	56,707	2,170	175,629	254,223
Charge for provisions	5,500	30,683	64,437	-	98,905	199,525
Use of provisions	(1,601)	-	(55,765)	(532)	(69,856)	(127,754)
Release of redundant provisions	(750)	(11,681)	87	(1,638)	(4,059)	(18,041)
Foreign exchange rate differences	-	-	-	-	(494)	(494)
31 December 2010	6,185	35,683	65,466	-	200,125	307,459
Charge for provisions	1,300	4,803	71,411	-	95,233	172,747
Use of provisions	-	-	(64,400)	-	(19,402)	(83,802)
Release of redundant provisions	(5,500)	(30,684)	-	-	(131,639)	(167,823)
Foreign exchange rate differences	-	-	-	-	515	515
31 December 2011	1,985	9,802	72,477	-	144,832	229,096

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. In the year ended 31 December 2011, the Group released provisions in the amount of CZK 5,500 thousand.

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.

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.

30. SUBORDINATED LIABILITIES

(a) Subordinated Loan

CZK thousand	2011	2010
<i>Raiffeisen Bank International AG (parent company)</i>	1,268,531	1,228,986
<i>Raiffeisenlandesbank Oberösterreich*</i>	1,015,160	983,322
<i>Raiffeisenlandesbank Niederösterreich*</i>	748,426	725,007
<i>Raiffeisen Malta Bank Plc (fellow subsidiary)</i>	3,701,929	1,031,391
Total	6,734,046	3,968,706

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

At the beginning of 2011, the subordinated loan from Raiffeisen Malta Bank Plc was increased by EUR 100 million.

(b) Issue of Subordinated Bonds

CZK thousand				Nominal value		Net book value	
Date of issue	Date of maturity	ISIN	Currency	2011	2010	2011	2010
21.9.2011	21.9.2016	CZ0003702953	CZK	125,000	-	129,268	-
21.9.2011	21.9.2018	CZ0003702961	CZK	125,000	-	126,417	-
TOTAL				250,000	-	255,685	-

31. OTHER LIABILITIES

CZK thousand	2011	2010
<i>Liabilities arising from non-banking activities</i>	509,016	570,055
<i>Estimated payables for payroll costs</i>	727,281	628,768
<i>Accrued expenses</i>	95	3,525
<i>Deferred income</i>	30,649	58,644
<i>Liabilities from securities trading</i>	8,481	141,482
<i>Local settlement and suspense clearing account</i>	1,124,746	579,585
<i>Other</i>	837,401	950,154
Total	3,237,669	2,932,213

32. SHARE CAPITAL

In the year ended 31 December 2011, the share capital of the Bank was increased by CZK 947 million (issue of 94,700 shares). 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, ie 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 of the Bank from 1 January to 29 December 2011:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen Bank International AG	Austria	383,061	3,830,610	51
RB Prag Beteiligungs GmbH	Austria	187,775	1,877,750	25
Raiffeisenlandesbank Niederösterreich – Wien AG	Austria	180,264	1,802,640	24
Total		751,100	7,511,000	100

* Direct investment in the share capital

With effect from 30 December 2011, the shareholders of the Bank changed, Raiffeisen Bank International AG transferred its 51% equity investment (and the relevant number of shares) to Raiffeisen CEE Region Holding GmbH and Raiffeisenlandesbank Niederösterreich Wien AG transferred its 24% share (and relevant number of shares) to Raiffeisen Zentralbank Österreich AG.

New composition of shareholders since 30 December 2011:

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
Total		751,100	7,511,000	100

* Direct investment in the share capital

33. CASH AND CASH EQUIVALENTS

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

CZK thousand	2011	2010
Cash and accounts with central banks (Note 16)	3,924,273	3,444,727
Required minimum reserves (Note 16)	(1,002,228)	(668,006)
Placements with other financial institutions (Note 17)	525,785	458,014
Total cash and cash equivalents	3,447,830	3,234,735

34. OFF BALANCE SHEET COMPONENTS – CREDIT EXPOSURE

(a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2011. 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 29) for significant litigations in the aggregate amount CZK 1,985 thousand (2010: CZK 6,185 thousand).

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

CZK thousand	2011	2010
Banks		
Provided commitments (irrevocable)	-	-
Guarantee commitments	449,922	24,065
Letters of credit and financial guarantees	44,324	3,268
Total	494,246	27,333
Customers		
Provided commitments (irrevocable)	18,934,962	18,944,100
Guarantee commitments	11,126,185	12,339,127
Letters of credit and financial guarantees	508,327	489,256
Total	30,569,474	31,772,483
Total	31,063,720	31,799,816

In 2011 and 2010, the Group provided no irrevocable commitments to banks.

(c) Refinancing Agreements

As of 31 December 2009, the Group was provided with a stand-by credit line facility of CZK 13,232,500 thousand (EUR 500,000 thousand) by Eastern European Invest GmbH. This contract was discontinued in early 2010.

During 2011, the Group used CZK 1,293,428/EUR 50,000 thousand from EIB. In addition, the Group has a confirmed promise for the use of another EUR 50,000 thousand which will be used in January 2012.

35. OFF BALANCE SHEET COMPONENTS – FINANCIAL INSTRUMENTS

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

CZK thousand	Contractual amounts	
	2011	2010
Trading instruments		
Cross currency swaps	159,479	57,420
Currency forwards and swaps	40,379,183	42,871,773
Interest rate swaps (IRS)	93,537,150	36,972,576
Forward rate agreements (FRA)	40,610,000	6,000,000
Option contracts (purchase)	5,903,839	5,302,989
Option contracts (sale)	5,877,296	5,278,243
Total trading instruments	186,466,947	96,483,001
Financial derivatives - total contractual amount	186,466,947	96,483,001

The Group reported no hedging instruments in 2011 and 2010.

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2011		Fair value in 2010	
	Positive	Negative	Positive	Negative
Trading instruments				
Cross currency swaps	490	(682)	540	(1,070)
Currency forwards and swaps	1,375,870	(303,724)	565,389	(416,907)
Interest rate swaps (IRS)	1,255,686	(1,795,629)	315,311	(1,064,069)
Forward rate agreements (FRA)	26,398	(16,200)	619	(93)
Option contracts (purchase)	238,669	-	174,744	-
Option contracts (sale)	-	(238,080)	-	(170,080)
Total trading instruments	2,897,112	(2,354,315)	1,056,603	(1,652,219)
Financial derivatives – total fair amount	2,897,112	(2,354,315)	1,056,603	(1,652,219)

The Group reported no hedging instruments in 2011 and 2010.

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

CZK thousand	Up to 1 year	From 1 – 5 years	Over 5 years	Total
At 31 December 2011				
Trading instruments				
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
Total trading instruments	107,573,787	66,763,993	12,129,167	186,466,947
Total financial derivatives	107,573,787	66,763,993	12,129,167	186,466,947

CZK thousand	Up to 1 year	From 1 – 5 years	Over 5 years	Total
At 31 December 2010				
Trading instruments				
Cross currency swaps	-	57,420	-	57,420
Currency forwards and swaps	41,383,402	1,488,372	-	42,871,774
Interest rate swaps (IRS)	8,608,090	23,355,259	5,009,226	36,972,575
Forward rate agreements (FRA)	6,000,000	-	-	6,000,000
Option contracts (purchase)	3,586,202	1,716,787	-	5,302,989
Option contracts (sale)	3,583,586	1,694,657	-	5,278,243
Total trading instruments	63,161,280	28,312,495	5,009,226	96,483,001
Total financial derivatives	63,161,280	28,312,495	5,009,226	96,483,001

The Group reported no hedging instruments in 2011 and 2010.

(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
31 December 2011						
Trading instruments						
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)	-
Total trading instruments	141,235	774,703	403,015	(223,193)	(1,121,100)	(462,658)
Financial derivatives – total contractual payments	141,235	774,703	403,015	(223,193)	(1,121,100)	(462,658)

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
31 December 2010						
Trading instruments						
Interest rate swaps (IRS)	41,819	209,433	63,701	(132,242)	(696,393)	(241,443)
Forward rate agreements (FRA)	619	-	-	(93)	-	(540)
Total trading instruments	42,438	209,433	63,701	(132,335)	(696,393)	(241,983)
Financial derivatives – total contractual payments	42,438	209,433	63,701	(132,335)	(696,393)	(241,983)

(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
31 December 2011						
Trading instruments						
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)
Total trading instruments	47,743,964	4,544,424	33,064	(46,099,749)	(4,358,382)	(33,064)
Financial derivatives – total contractual payments	47,743,964	4,544,424	33,064	(46,099,749)	(4,358,382)	(33,064)

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
31 December 2010						
Trading instruments						
Cross currency swaps	-	57,420	-	-	(57,420)	-
Currency forwards and swaps	41,383,402	1,488,372	-	(41,243,084)	(1,495,496)	-
Option contracts (purchase)	3,586,202	1,716,787	-	(3,591,276)	(1,490,672)	-
Option contracts (sale)	3,591,276	1,490,672	-	(3,583,586)	(1,694,657)	-
Total trading instruments	48,560,880	4,753,251	-	(48,417,946)	(4,738,245)	-
Financial derivatives – total contractual payments	48,560,880	4,753,251	-	(48,417,946)	(4,738,245)	-

36. OTHER OFF BALANCE SHEET ASSETS - OTHER

(a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2011 and 2010, the Group provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2011	2010
Assets accepted for management	3,725,302	3,523,179
Assets accepted for administration	11,834,040	10,435,620
Assets accepted for custody	-	50
Total	15,559,342	13,958,849

37. 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. 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 segment analysis of receivables from and payables to clients is disclosed in the relevant notes to the unconsolidated financial statements (Notes 18 and 27).

The Group has no client, or a group of related parties, whose income from transactions with the Bank would account for more than 10 percent of total income of the Group.

Profit and loss items by segment (2011)

CZK thousand	Corporate entities	Small and medium-size enterprises	Retail clients	Treasury	Other	Total
31 December 2011						
Net interest income	1,844,170	1,620,091	3,173,364	(293,500)	413,265	6,757,390
Net fee and interest income	661,201	1,191,332	1,249,400	22,461	(1)	3,124,393
Net profit/(loss) from financial operations	(2,422)	-	-	441,998	-	439,576
Movements in provisions	(395,440)	(489,884)	(1,028,183)	-	(55)	(1,913,562)
Other operating expenses	(955,646)	(1,385,757)	(2,840,238)	(177,495)	(189,806)	(5,548,942)
Pre-tax profit	1,151,863	935,782	554,343	(6,536)	223,403	2,858,855
Income tax	-	-	-	-	(635,355)	(635,355)
Profit after tax	1,151,863	935,782	554,343	(6,536)	(411,952)	2,223,500
Reconciliation to the consolidated Statement of comprehensive income						
Share in profits from associates	-	-	-	-	94	94
Reconciled profit after tax	1,151,863	935,782	554,343	(6,536)	(411,858)	2,223,594

Profit and loss items by segment (2010)

CZK thousand	Corporate entities	Small and medium-size enterprises	Retail clients	Treasury	Other	Total
31 December 2010						
Net interest income	1,835,071	1,511,250	3,126,402	245,902	275,860	6,994,485
Net fee and interest income	729,627	1,058,213	992,201	8,215	14	2,788,270
Net profit/(loss) from financial operations	2,805	695	92	(278,759)	80,404	(194,763)
Movements in provisions	(756,206)	(553,530)	(981,318)	-	-	(2,291,054)
Other operating expenses	(933,128)	(1,262,450)	(2,430,932)	(203,444)	(170,369)	(5,000,323)
Pre-tax profit	878,169	754,178	706,445	(228,086)	185,909	2,296,615
Income tax	-	-	-	-	(495,647)	(495,647)
Profit after tax	878,169	754,178	706,445	(228,086)	(309,738)	1,800,968
Reconciliation to the consolidated Statement of comprehensive income						
Share in profits from associates	-	-	-	-	1,917	1,917
Reconciled profit after tax	878,169	754,178	706,445	(228,086)	(307,821)	1,802,885

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.

The profit after tax differs by the amount of the share in income of associates in the amount of CZK 94 thousand and CZK 1,917 thousand for the years ended 31 December 2011 and 2010.

38. FINANCIAL INSTRUMENTS – MARKET RISK

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

(a) Trading

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

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

The Group manages risks associated with its trading activities on the level of individual 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 38 (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 38 (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 35 (d) and 35 (e).

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

CZK thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2011					
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 provided to clients classified as substandard, doubtful or loss. In 2011, the Bank did not record any letters of credit provided to clients that are classified as default.

CZK thousand	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
2010					
Amounts owed to financial institutions	25,149,679	5,509,040	6,028,872	12,910,845	700 922
Amounts owed to customers	127,329,866	115,008,800	5,349,027	3,495,088	3 476 951
Debt securities issued	17,550,990	3,340,497	3,151,291	8,652,382	2 406 820
Subordinated liabilities	4,245,189	47,439	49,171	4,148,579	-
Other liabilities	2,934,410	2,926,803	7,607	-	-
Off-balance sheet items*	18,944,100	18,944,100	-	-	-

*Off-balance sheet items include all irrevocable credit commitments provided to the Bank's clients and also guarantees and letters of credit provided to clients classified as substandard, doubtful or loss.

Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off balance sheet items. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 38 (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 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 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 Bank's 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 recorded either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

Equity Risk

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

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	2011		2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Cash and balances with central banks	3,924,273	3,924,273	3,444,727	3,444,727
Loans and advances to financial institutions	12,277,874	12,266,030	6,805,894	6,804,899
Loans and advances to customers	161,779,388	162,127,640	155,931,680	157,574,002
Securities held to maturity	17,544,075	17,503,964	14,483,575	14,665,000
Liabilities				
Amounts owed to financial institutions	12,350,627	12,352,331	24,476,526	24,516,018
Amounts owed to customers	143,995,309	144,696,573	126,010,052	126,357,992
Debt securities issued	21,457,913	18,388,907	16,263,756	15,671,166
Subordinated liabilities	6,989,731	6,996,520	3,968,706	3,974,940

Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2011		Fair value at 31 Dec 2010	
	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	-	2,897,112	-	1,056,603
Securities at fair value through profit or loss	7,977,726	-	8,762,652	-
Securities available for sale	-	10,938	-	6,877
Total	7,977,726	2,908,050	8,762,652	1,063,480

CZK thousand	Fair value at 31 Dec 2011		Fair value at 31 Dec 2010	
	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	-	2,354,315	-	1,652,219
Total	-	2,354,315	-	1,652,219

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.

The Group holds no financial instruments that would be measured using techniques based on input information not based on data identifiable on the market.

(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).

CZK thousand	At 31 December 2011	Average in 2011	At 31 December 2010	Average in 2010
Total market risk VaR	14,001	17,577	16,533	16,601

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Total interest rate risk VaR	13,996	16,664	16,800	16,454
<i>Interest rate risk VaR – banking book</i>	11,972	13,252	17,181	16,705
<i>Interest rate risk VaR – trading book</i>	8,884	7,587	824	1,171

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Currency risk VaR	899	1,722	1,316	1,424

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 2011	Average in 2011	At 31 December 2010	Average in 2010
Equity risk VaR	168	408	1	115

Stress Testing

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

Operational Risk

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

The 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 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 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 Bank 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.

39. FINANCIAL INSTRUMENTS – CREDIT RISK

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

Credit risks associated with trading and investment activities 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 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 (hereinafter the "Regulation of the Czech National Bank"), and also in accordance with IFRS 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, substandard, 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 a monthly 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 Bank determines provisions for receivables on a monthly basis.

(c) Evaluation of Collateral

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

- Cash;
- Real estate;
- First-class receivables;
- Bank 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, the Group refers to estimates of usual prices supervised by a specialised department of the Group or internal assessments prepared by this department of the Group. The realisable value of collateral is subsequently derived from the determined 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 18c and 18d.

(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 Wiederaufbau (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 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 2011, the Group's portion amounted to EUR 34.5 million. The gradual decrease in the volume of the securitisation portfolio in 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 1 to 5, where 1 represents 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

Rating	Rating	2011	2010
Excellent credit rating	1.0	9,908,601	1,485,783
Very good credit rating	1.5	24,643,374	4,109,812
Good credit rating	2.0	25,801,061	6,107,230
Healthy credit rating	2.5	18,808,758	9,192,514
Acceptable credit rating	3.0	19,689,015	13,577,399
Limit credit rating	3.5	14,015,593	9,550,218
Weak credit rating	4.0	7,246,782	4,980,965
Very weak credit rating /monitored	4.5	6,078,771	2,171,086
Default	5.0	9,698,521	5,178,434
Excellent project profile – very low risk	6.1	13,148,619	12,344,951
Good project profile – low risk	6.2	9,368,313	8,771,941
Acceptable project profile – average risk	6.3	952,305	1,134,315
Bad project profile – increased risk	6.4	658,586	829,696
Default	6.5	1,076,111	98,554
Retail and SME without rating: past due date	-	174,978	8,782,649
Retail and SME without rating: before due date	-	510,002	67,616,133
Total		161,779,388	155,931,680

In 2011, new clients from the Retail and SME segments were allocated internal ratings. These clients are classified into individual rating categories similarly as the clients from the Corporate segment in 2011. In 2011, "Retail and SME without rating: past due date and before due date" include only clients with unallocated internal ratings.

In 2010, "Retail and SME without rating: past due date and before due date" included all clients from the Retail and SME segments. In 2011, the "Retail and SME: past due date" receivables amounted to CZK 9,194,109 thousand and the "Retail and SME: before due date" receivables amounted to CZK 76,332,462 thousand.

(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:

CZK thousand

Rating	Rating	2011	2010
Excellent credit rating	1.0	9,932,193	1,382,064
Very good credit rating	1.5	24,950,587	4,108,478
Good credit rating	2.0	24,902,390	5,959,092
Healthy credit rating	2.5	18,477,635	8,682,961
Acceptable credit rating	3.0	19,234,025	13,107,686
Limit credit rating	3.5	12,869,161	9,114,494
Weak credit rating	4.0	6,378,875	4,504,016
Very weak credit rating /monitored	4.5	2,625,463	1,361,093
Default	5.0	109,230	153,662
Excellent project profile – very low risk	6.1	12,691,700	11,401,668
Good project profile – low risk	6.2	8,545,858	8,228,419
Acceptable project profile – average risk	6.3	869,592	1,107,974
Bad project profile – increased risk	6.4	651,602	318,375
Retail and SME without rating	-	506,197	67,616,133
Total loans undue and individually unimpaired loans to customers to clients		142,744,508	137,046,115

In 2011, new clients from the Retail and SME segments were allocated internal ratings. These clients are classified into individual rating categories similarly as the clients from the Corporate segment in 2011. In 2011, "Retail and SME without rating: past due date and before due date" include only clients with unallocated internal ratings.

In 2010, "Retail and SME without rating: past due date and before due date" included all clients from the Retail and SME segments. In 2011, the "Retail and SME: before due date" receivables amounted to CZK 75,904,940 thousand.

(j) Maximum Exposure to Credit Risk**2011**

CZK thousand	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
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	141,302,751	10,707,529	152,010,280
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	-	-	-
Total	209,420,661	31,063,720	240,484,381	141,302,751	10,708,978	152,011,729

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

2010

CZK thousand	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
Cash and balances with central banks	3,444,727	-	3,444,727	-	-	-
Loans and advances to financial institutions	6,805,895	27,333	6,833,228	-	1,407	1,407
Loans and advances to customers	155,931,680	32,474,987	188,406,667	133,937,105	11,605,495	149,542,600
Positive fair value of financial derivative transactions	1,056,603	-	1,056,603	-	-	-
Securities held to maturity	14,483,575	-	14,483,575	-	-	-
Securities at fair value through profit or loss	8,762,652	-	8,762,652	-	-	-
Securities available for sale	535,983	-	535,983	-	-	-
Other assets	1,477,215	-	1,477,215	-	-	-
Total	192,498,330	32,502,320	225,000,650	133,937,105	11,606,902	149,544,007

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

40. ACQUISITIONS AND DISPOSALS IN THE CONSOLIDATION GROUP

(a) Acquisitions for the Year Ended 31 December 2011

CZK thousand	Fair value as of the acquisition date		
	Viktor Property s.r.o.	RLRE Gamma Property s.r.o.	Total
Assets			
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
Goodwill / (Negative goodwill)	-	-	-
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)

In 2011, the Group implemented no mergers.

(b) Acquisitions for the Year Ended 31 December 2010

In 2010, the Group acquired a 50% equity investment in DEBITUM dluhová agentura a.s and a 49% equity investment in CCRB, a.s. The following table shows the fair values of assets, liabilities, goodwill/negative goodwill in the entities referred to above as of the acquisition date.

CZK thousand	Fair value as of the acquisition date		
	DEBITUM dluhová agentura a.s.	CCRB, a.s.	Total
Assets			
Receivables from financial institutions	2,500	49,000	51,500
Fair value of identifiable net assets	2,500	49,000	51,500
Goodwill / (Negative goodwill)	-	-	-
Cost of investment	(2,500)	(49,000)	(51,500)
Cash and cash equivalent	2,500	49,000	51,500
Cash inflow/(outflow) from the acquisition	-	-	-

In 2010, the Group implemented no mergers.

(c) 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.	
Assets		
Loans and advances to financial institutions		-
Tangible and intangible fixed assets		11,134
Other assets		2,823
Liabilities		
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.

(d) Disposals for the Year Ended 31 December 2010

In 2010, the Group sold the 2.5% equity investment in Aither Property, s.r.o. and PV Čekanice, 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		
	Aither Property, s.r.o.	PV Čekanice, s.r.o.	Total
Assets			
Loans and advances to financial institutions	28	19	47
Tangible and intangible fixed assets	821	812	1,633
Other assets	4	3	7
Liabilities			
Other liabilities	(786)	(829)	(1,615)
Fair value of identifiable net assets	67	5	72
Selling price of the investment	1	1	2
Gain/(loss) from sale	(66)	(4)	(70)
Cash and cash equivalents	(28)	(19)	(47)
Cash inflow/(outflow) resulting from sale	(27)	(18)	(45)

The fair value of the identifiable net assets of the joint ventures represents the proportionate share of the Group.

41. RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

31 December 2011

CZK thousand	Shareholders and controlling entities	Other	Total
Receivables	677,413	256,471	933,884
Positive fair value of financial derivatives	297,026	1,270	298,296
Payables	5,346,248	794,994	6,141,242
Negative fair value of financial derivatives	180,355	7,897	188,252
Subordinated loan	3,032,116	3,701,929	6,734,045
Guarantees issued	49,004	420	49,424
Guarantees received	1,638,920	106,869	1,745,789
Nominal values of financial derivatives - off-balance sheet receivables	45,024,107	460,981	45,485,088
Nominal values of financial derivatives - off-balance sheet payables	45,031,376	303,838	45,335,214
Provided revocable loan commitments	120,158	95,924	216,082
Interest income	9,345	38,323	47,668
Interest expense	(312,140)	(130,724)	(442,864)
Fee and commission income	17,129	5,424	22,553
Fee and commission expense	(6,112)	(23,202)	(29,314)
Net profit or loss on financial operations	302,798	(29,148)	273,650

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:

- 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:

- 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:

- 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.

31 December 2010

CZK thousand	Shareholders and controlling entities	Other	Total
Receivables	1,408,407	232,639	1,641,046
Positive fair value of financial derivatives	31,828	17,071	48,899
Payables	16,595,672	365,905	16,961,577
Negative fair value of financial derivatives	269,420	843	270,263
Subordinated loan	2,937,315	1,031,391	3,968,706
Guarantees issued	15,178	7,480	22,658
Guarantees received	3,010,167	149,636	3,159,803
Nominal values of financial derivatives - off-balance sheet receivables	8,171,758	821,762	8,993,520
Nominal values of financial derivatives - off-balance sheet payables	8,147,040	651,382	8,798,422
Provided revocable loan commitments	97,233	91,600	188,833
Interest income	16,619	6,565	23,184
Interest expense	(385,465)	(33,380)	(418,845)
Fee and commission income	17,587	3,119	20,706
Fee and commission expense	(5,611)	(23,995)	(29,606)
Net profit or loss on financial operations	(182,483)	8,933	(173,550)

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

- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 1,100,379 thousand.

Term deposit:

- Raiffeisenbank ZAO (fellow subsidiary) in the amount of CZK 101,199 thousand.

Credit balances on the current account:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 25,514 thousand.

Provided collateral:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 282,426 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 8,171,758 thousand.

The **payables** are principally composed of the following loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 15,051,261 thousand; and
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 752,981 thousand.

Short-term term deposits:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 324,874 thousand.

Debit balances on the current account:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 233,720 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,228,986 thousand;
- Raiffeisen Malta Bank (fellow subsidiary) in the amount of CZK 1,031,391 thousand;
- Raiffeisenlandesbank Niederösterreich (a company holding an indirect share of the parent company's share capital) in the amount of CZK 725,007 thousand; and
- Raiffeisenlandesbank Oberösterreich AG (a company holding an indirect share of the parent company's share capital) in the amount of CZK 983,322 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 8,147,040 thousand.

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

CZK thousand	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
At 31 December 2010	18,014	9,504	62,229
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	<i>Management bodies</i>	<i>Supervisory bodies</i>	<i>Other</i>
At 31 December 2010	37,251	4,906	36,050
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 32. Remuneration of the members of the Board of Directors is disclosed in Note 14.

42. POST BALANCE SHEET EVENTS

No events that would have a material impact on the consolidated financial statements for the year ended 31 December 2011 occurred subsequent to the balance sheet date..

General Information about the Issuer

Company name:

Raiffeisenbank a.s.

Registered office:

Hvězdova 1716/2b, 140 78 Praha 4

Company registration number: 49240901

Incorporated:

25 June 1993

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

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

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

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

As of 31 December 2011, 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 a:

The bank declares that it is not aware of any conflicts of interest between the obligations of entities in the administrative, management, or supervisory bodies of the bank and its private interests or other obligations.

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 (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 ten committees established by the Board of Directors exist in the company. These are as follows:

Assets and Liabilities Committee	Operational Risk Management Committee
Credit Committee	Project Committee
Non-performing Loans Committee	Real Estate Investment Committee
Pricing and Interest Committee	Marketing Committee
Investment Committee for Asset Management	Top Management Committee
Retail Credit Risk 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. 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 51%, 25% and 24%. 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 the dissolution 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:

			<i>monetary income</i>		<i>natural income</i>
Board	<i>from issuer</i>	<i>total wages for CEO and executive directors</i>	26,041,425	81 %	
		<i>others</i>	6,291,000	19 %	
		<i>totally</i>	32,332,425		871,676
	<i>from entities controlled by the issuer</i>		12,000		0
Supervisory Board	<i>from issuer</i>	<i>total wages for employees</i>	5,907,413	100 %	
		<i>others</i>	0	0 %	
		<i>totally</i>	5,907,413		0
	<i>from entities controlled by the issuer</i>		36,000		0
Other Management	<i>from issuer</i>	<i>total wages for employees</i>	22,425,542	100 %	
		<i>others</i>	0	0 %	
		<i>totally</i>	22,425,542		479,736
	<i>from entities controlled by the issuer</i>		6,000		

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.

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.

The majority shareholder monitors and assesses fulfilment of the financial and non-financial criteria for the flexible wage and also proposes the amount of the flexible wage and approves payment.

The board members have company cars at their disposal for a total purchase price of CZK 7,408,069.

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 ratio of costs to operating revenue, return on risk-weighted capital,
- Non-financial criteria: meeting the goals relating to employee's work performance.
- The supervisory board members have company cars at their disposal for a total purchase price of CZK 626,218.

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 3,997,740.

The principles of remuneration for the top managers of the issuer and the members of the supervisory board are established by the shareholders following agreement with the issuer. An amount equal to 1% of the purchase price of the cars used for private purposes times the number of months used and the value of fuel for private use are included in natural income.

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.

Marion Drosc, Vice-Chairman of the Board of Directors and Deputy CEO

Rudolf Rabiňák, board member and Executive Director of Corporate Banking

Martin Kolouch, board member and Executive Director of IT and Organisation

Jan Kubín, board member and Executive Director of Operations

Alexandr Borecký, board member and Executive Director of Risk Management

Tomáš Görtler, Executive Director of Real Estate and Structured Financing

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

Kurt Bruckner, supervisory board member

Rainer Franz, supervisory board member

Klemens Haller, supervisory board member

Kurt Hütter, supervisory board member

Reinhard Karl, supervisory board member

Edita Čermáková, supervisory board member

Michal Přádka, supervisory board member

Petr Rögner, supervisory board member

Section 118(3) 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.

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.

Section 118(3) letter k:

Information on remuneration received by auditors during the accounting period, shown by individual type of service and separately for the issuer and the consolidated whole:

CZK thousand	2011
Consolidated	
Audit	10,059
Tax consulting	4,103
Other consulting	900
CZK thousand	2011
Individually for RB	
Audit	9,951
Tax consulting	3,296
Other consulting	-

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:

Raiffeisenbank a.s. mortgage bond 4.80/12

ISIN:	CZ0002000946;
Issue date:	16 February 2007;
Class:	mortgage bonds;
Form:	bearer;
Type:	dematerialised;
Total issue volume:	CZK 1,300,000,000;
Par value per security:	CZK 10,000;
Quantity:	130,000;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.80% p.a., payable once a year retrospectively to 16 February;

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at 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., Vodičkova 38, 111 21 Prague 1;

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange;

Bond currency: CZK;

Maturity of bonds: the mortgage bonds are payable in their par value on 16 February 2012.

GARANTINVEST V premium bond VAR/12

ISIN:	CZ0003701245;
Issue date:	21 February 2007;
Class:	bond;
Form:	bearer;
Type:	certificated (collective bond);
Total issue volume:	CZK 100,000,000;
Par value per security:	CZK 10,000;
Quantity:	10,000;

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the S&P BRIC 40 Index share titles. Interest is paid by 21 February 2012 retrospectively. Method of transferring the bonds: the bonds are freely transferrable 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 February 2012.

GARANTINVEST VI premium bond VAR/12

ISIN:	CZ0003701294;
Issue date:	2 April 2007;
Class:	bond;
Form:	bearer;
Type:	certificated (collective bond);
Total issue volume:	CZK 200,000,000;
Par value per security:	CZK 10,000;
Quantity:	20,000;

Interest on bonds and maturity dates for interest or other yield: flexible interest rate according to the volatility of the FTSE EPRA, European Public Real Estate Index share titles. Interest is paid by 2 April 2012 retrospectively.

Method of transferring the bonds: the bonds are freely transferrable 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 2 April 2012.

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 transferrable 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 5.00/12

ISIN:	CZ0002001175;
Issue date:	12 September 2007;
Class:	mortgage bonds;
Form:	bearer;
Type:	dematerialised;
Total issue volume:	CZK 2,000,000,000;
Par value per security:	CZK 10,000;
Quantity:	200,000;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.00% p.a., payable once a year retrospectively to 12 September

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at 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., Vodičkova 38, 111 21 Prague 1

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 September 2012.

Raiffeisenbank a.s. mortgage bond 4.90/12

ISIN:	CZ0002001662;
Issue date:	12 December 2007;
Class:	mortgage bonds;
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 4.90% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at 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 2012.

Raiffeisenbank a.s. mortgage bond 5.10/17

ISIN:	CZ0002001670;
Issue date:	12 December 2007;
Class:	mortgage bonds;
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 bonds;
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 on 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.

GARANTINVEST IX mortgage bond 3.00/12

ISIN:	CZ0002002074;
Issue date:	18 February 2009;
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 3.00% p.a., payable once a year retrospectively to 18 February

Method of transferring the bonds: the bonds are freely transferrable 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 mortgage 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 18 February 2012.

GARANTINVEST X mortgage bond 3.00/12

ISIN:	CZ0002002108;
Issue date:	28 August 2009;
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 3.00% p.a., payable once a year retrospectively to 28 August

Method of transferring the bonds: the mortgage bonds are freely transferrable 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 mortgage 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 28 August 2012.

GARANTINVEST XI mortgage bond 3.00/12

ISIN:	CZ0002002140;
Issue date:	14 October 2009;
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 3.00% p.a., payable once a year retrospectively to 14 October

Method of transferring the bonds: the mortgage bonds are freely transferrable 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 14 October 2012.

GARANTINVEST XII premium bond VAR/12

ISIN:	CZ0003702052;
Issue date:	21 October 2009;
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 according to the volatility of the PX Index share titles. Interest is paid by 21 October 2012 retrospectively.

Method of transferring the bonds: the bonds are freely transferrable 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 21 October 2012.

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 transferrable 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 transferrable 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 transferrable 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 transferrable 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 retrospectively to 19 January

Method of transferring the bonds: the bonds are freely transferrable 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 retrospectively to 9 February

Method of transferring the bonds: the bonds are freely transferrable 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 transferrable 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 transferrable 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 volme:	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 retrospectively to 4 May

Method of transferring the bonds: the bonds are freely transferrable 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 transferrable 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 transferrable 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 retrospectively on 1 July

Method of transferring the bonds: the bonds are freely transferrable 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 transferrable 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 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 2.8% p.a., payable once a year retrospectively on 27 July

Method of transferring the bonds: the bonds are freely transferrable 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 retrospectively to 27 July

Method of transferring the bonds: The bonds are freely transferrable 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 retrospectively 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.

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: EUR 1,000,000,000

Duration of the programme: 30 years

The bond programme with a maximum unpaid bond volume of EUR 1,000,000,000 and a programme duration of 30 years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Czech National Bank, no. 2009/7097/570 on File no. Sp 2009/166/572, dated 15 September 2009, coming into legal force on 16 September 2009.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

Raiffeisenbank a. s. mortgage bond 3.50/16

ISIN:	CZ0002002413;
Issue date:	26 October 2011;
Class:	mortgage bond;
Form:	bearer;
Type:	dematerialised;
Total issue volume:	EUR 10,000,000;
Par value per security:	EUR 100,000;
Quantity:	100;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 3.50% p.a., payable once a year retrospectively to 26 October

Method of transferring the securities: transferability is not restricted; mortgage 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: Luxembourg Stock Exchange

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 26 October 2016.

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 mortgage bonds: CZK 3,000,000,000

Duration of the programme: 5 years

The bond programme with a maximum unpaid mortgage bond volume of CZK 3,000,000,000 and a programme duration of 5 years with maximum maturities of any of the bond issues in the programme of 7 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 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.

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 interest rate according to the 1M PRIBOR minus 0.33% p.a. Interest is paid on the 12th day of each month of the year with the first payment on 12 January 2008 and the last payment on 12 December 2022.

Method of transferring the bonds: the bonds are freely transferrable to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After the ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

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

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 2011 to 31 December 2011

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 the following relations between the Bank and controlling entities and the Bank and entities controlled by the same controlling entities (hereinafter "related parties") exist.

The Report on Related Parties among 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.

Obsah:

1. Controlling entities
2. Other related entities
3. List of contracts
 - 3.1. List of contracts with controlling entities
 - 3.2. List of contracts with other related parties
4. List of other legal acts
 - 4.1. List of other legal acts with controlling entities
 - 4.2. List of other legal acts with other related parties
5. List of other factual measures
 - 5.1. List of measures at the initiative of controlling entities
 - 5.2. List of measures in the interest of other related parties
6. Closing statement of the Board of Directors of Raiffeisenbank a.s.

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 directly 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 indirectly controlling entity is **Raiffeisen CEE Region Holding GmbH**, with its registered office at Am Stadtpark 9, 1030 Vienna, Austria.

Note: As of 29 December 2011, shares representing 51% of the registered capital and voting rights of the Bank were transferred from the former direct shareholder **Raiffeisen Bank International AG** to **Raiffeisen CEE Region Holding GmbH**.

2. Other Related Parties

Czech Republic

Raiffeisen stavební spořitelna a.s. Prague 3, Koněvova 2747/99	Raiffeisen – Leasing, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen – Leasing Real Estate, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Raiffeisen finanční poradenství, s.r.o. Prague 3, Koněvova 2747/99
Real Invest Vodičkova, spol. s r.o. Vodičkova 38, 110 00 Prague 1	Raiffeisen Investment, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
KHD a.s. Karla Engliše 3219/4, 150 00	ZUNO BANK AG, organizační složka Prague 2, Na Rybníčku 1329/5
Raiffeisen Property Management, s.r.o. Prague 1, Vodičkova 1935/38	Hotel Maria Prag Besitz s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
KONEVOVA s.r.o. Prague 3, Koněvova 2747/99, 130 45	

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

RLRE Alpha Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	RLRE HOTEL ELLEN, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Beta Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	RLRE Gamma Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Eta Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Luna Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Jota Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Phoenix Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Epsilon Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Perseus Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Lyra Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Athena Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Raines Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Jardin Property, a.s. Prague 4, Hvězdova 1716/2b, 140 78
Dione Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Green Energie větrný park Bílčice, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Gaia Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Chronos Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Hera Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Metis Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Iris Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Sirius Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Pyrit Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Dionysos Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen FinCorp s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Impuls Tuchoměřice Prague 1, Dlouhá 26, 110 00
Orchideus Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	RLRE Ypsilon Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Artemis Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Viktor Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Holečková Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Appolon Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Euros Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Pontos Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Dike Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Nike Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Hermes Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Rheia Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Kalypso Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Matějská 24, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78

RESIDENCE PARK TŘEBEŠ, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Gama Project CZ, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
UPC Real, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	RLRE Orion Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Investholding B.V. Utrechtsestraat 38 f, 6811LZ Arnhem Netherlands (note: company liquidated in September 2011)	Photon SPV 3 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
CRISTAL PALACE Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Bondy Centrum s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Photon Energie s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	RLRE EDEN INVEST s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
RLRE Carina Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	JIHOČESKÁ EKO-ENERGETIKA s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Michalka – Sun s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	FORZA SOLE s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Exit 90 SPV s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Elektrárna Dynín s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 4 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Photon SPV 8 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 6 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Photon SPV 11 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 10 s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	GS55 Sazovice s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
DBK Energy s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Onyx Energy s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
SOLEK V s.r.o. (former Solar – efekt s.r.o.) Prague 4, Hvězdova 1716/2b, 140 78	RLRE Dorado Property s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Onyx Energy projekt II s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Tyche Property, s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
Selene Property s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	Trojské výhledy s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
MATĚJKOVA s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	VILLA BUBENEČ s.r.o. Prague 4, Hvězdova 1716/2b, 140 78
ALT POHLEDY s.r.o. Prague 4, Hvězdova 1716/2b, 140 78	PZ PROJEKT a.s. Prague 4, Hvězdova 1716/2b, 140 78

Other countries:

Raiffeisen Bank Zrt. Akadémia utca 6, Budapest, Hungary	Raiffeisen Bank Polska S.A. Piekna street 20, Warsaw, Poland
Raiffeisenbank a.d. Resavska St. 22, Belgrade, Serbia and Montenegro	Raiffeisen Bank S.A. Mircea Vodă Blvd. 44, 030669 Bucharest 3, Romania
Raiffeisenbank Austria d.d. Petrinjska street 59, Zagreb, Croatia	Raiffeisen Centrobank AG Tegetthoffstrassel, 1020, Vienna, Austria
Tatra Banka, a.s. Hodžovo námestie 3, 811 06, Bratislava, Slovak Republic	Raiffeisen Krekova Banka d.d. Slomškov trg 18, Maribor, Slovenia
Centralised Raiffeisen International Services and Payments S.R.L. Dimitre Pompei Bld. No. 9-9A, 020335 Bucharest Romania	Raiffeisen–Leasing International GmbH Am Stadtpark 9, 1020 Vienna, Austria
RZB Finance LLC 24 Grassy Plain Street, Bethel, CT 06801, U.S.A.	Raiffeisen-Leasing Bank AG Hollandstrasse 11-13, 1020 Vienna, Austria
Raiffeisen Malta Bank PLC 52, Il Piazzetta, Tower Road, SLM 1607 Sliema, Malta	Raiffeisen International GROUP IT GmbH Hollandstrasse 11+13, 1020 Vienna, Austria

ZUNO BANK AG Am Stadtpark 3, 1030 Vienna, Austria (note: former Raiffeisen International Direct Bank AG)	Eastern European Invest GmbH Am Stadtpark 9, 1030 Vienna, Austria
Regional Card Processing Centre, s.r.o. Hodžovo námestie 3, 811 06 Bratislava, Slovak Republic	ZAO Raiffeisenbank Smolenskaya-Sennaya 28, Moscow, Russia
Raiffeisen Informatik Consulting GmbH Lillienbrunnengasse 7-9, A-1020 Vienna, Austria	

3. List of Contracts

3.1 List of Contracts with Controlling Entities

In the 2011 reporting period, Raiffeisenbank a.s. had relations with the following controlling entities.

Raiffeisen Zentralbank Österreich AG

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

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	5 September 2007	Credit risk participation / payment of contractual fees
Credit Facility Agreement	Raiffeisen Zentralbank Österreich AG	7 December 2007	Interbank loan / payment of contractual fees and interest
Agreement of an indirect participation in Target2	Raiffeisen Zentralbank Österreich AG	6 June 2008	Conditions of the indirect participation in the Target2 system for settlement of EUR payments / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Zentralbank Österreich AG	4 June 2008	Credit risk participation / payment of contractual fees
Margin Pooling SLA	Raiffeisen Zentralbank Österreich AG	24 June 2008	Definition of margin pooling service level / payment of contractual fees
Cash Pool Cross-Border Zero Balancing SLA	Raiffeisen Zentralbank Österreich AG	13 October 2008	Definition of cash pooling service level / payment of contractual fees
Confidentiality Agreement	Raiffeisen Zentralbank Österreich AG	2 April 2010	Confidentiality agreement as part of potential mutual cooperation

Raiffeisen Bank International AG

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Consulting Contract	Raiffeisen International Bank-Holding AG	5 January 2005	Consulting in Risk, Treasury, HR and Controlling / payment of fees according to the Contract
Consulting Contract	Raiffeisen International Bank-Holding AG	2 May 2005	Consulting in retail banking / payment of fees according to the contract
Contract for the Sublease of Non-residential Premises	Raiffeisen International Bank-Holding AG	2 May 2005	Sublease of non-residential premises / payment of rent
Prepayment Agreement	Raiffeisen International Bank-Holding AG	14 March 2008	Participation in the Retail Collections and Application Processing group programme / payment of fees according to the agreement
Prepayment Agreement	Raiffeisen International Bank-Holding AG	14 March 2008	Participation in the Active Credit Portfolio Management group programme / payment of fees according to the agreement
International Group Marketing Agreement	Raiffeisen International Bank-Holding AG	12 March 2008	Coordination and financing of marketing activities in the Raiffeisen group
Contract for the Sublease of Non-residential Premises	Raiffeisen International Bank-Holding AG	1 September 2008	Sublease of non-residential premises / payment of rent
Agreement for the Group Programme „Basel II Retail“	Raiffeisen International Bank-Holding AG	1 January 2009	Agreement on the conditions of participation in the group programme „Basel II Retail“
Agreement for the Group Programme „Basel II“	Raiffeisen International Bank-Holding AG	2 January 2009	Agreement on the conditions of participation in the group programme „Basel II Retail“
Service Agreement	Raiffeisen International Bank-Holding AG	2 January 2009	Agreement on provision of consultancy and advisory services in selected areas / payment of contractual remuneration
International Group Marketing Agreement	Raiffeisen International Bank-Holding AG	12 March 2009	Agreement on cooperation and co-financing in marketing
Sub-licence Agreement for Debt Manager software	Raiffeisen International Bank-Holding AG	16 March 2009	Provision of sublicense for use of software / payment of contractual remuneration
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

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Amendment No. 1 to the Service Agreement of 2 January 2009	Raiffeisen International Bank-Holding AG	4 January 2010	Change of contractual terms
Confidentiality Agreement	Raiffeisen International Bank-Holding AG	29 January 2010	Confidentiality agreement as part of potential mutual cooperation
Sub-licence Agreement for Advice Manager software	Raiffeisen International Bank-Holding AG	3 May 2010	Provision of sublicense for the use of software / payment of contractual remuneration
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 Service Description Core Banking Services (CBS) Midas Support Services	Raiffeisen International Bank-Holding AG	20 September 2010	Change of contractual terms
Amendment No. 1 to Service Description Corporate Network International	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
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

In addition to the contracts referred to above, the Bank and the controlling entities entered into other bank transactions in the course of 2011, 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 2011 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
Contract for the Opening of the Current Investment Account	Raiffeisen stavební spořitelna, a.s.	2 October 2001	Opening and maintenance of an investment account / payment of contractual fees
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 Use of Call Centre	Raiffeisen stavební spořitelna a.s.	12 May 2004	Provisions of call centre services to RSTS / contractual fee
Contract for the Provision of Call Centre Services	Raiffeisen stavební spořitelna a.s.	23 June 2005	Provisions of call centre services to RSTS / contractual fee
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	18 May 2005	Cooperation in the sale of credit cards / contractual fee
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	11 November 2005	Cooperation in the sale of credit cards / contractual fee
Contract for the Payment of Additional Expenses for Mailing Services and Production of POS Material	Raiffeisen stavební spořitelna a.s.	19 October 2005	Payment for the production and sending of advertising leaflets
Amendment No. 1 to the Contract for the Sublease of Non-residential premises	Raiffeisen stavební spořitelna a.s.	23 January 2006	Sublease of non-residential premises / payment of the rent
Contract for the Mediation of Activities in the Form of Mutual Addressing of Clients	Raiffeisen stavební spořitelna a.s.	20 December 2006	Addressing of clients for the purpose of mutual offering of products / mediation commission
Contract for the Purchase or Sale of Securities, Settlement of Transactions with Securities and Administration of Securities	Raiffeisen stavební spořitelna a.s.	2 April 2007	Sale, purchase and settlement of transactions with securities and stock exchange derivatives / payment of contractual fee
Contract for the Cooperation in Advertising and Promotion at Raiffeisen Business Circle	Raiffeisen stavební spořitelna a.s.	16 April 2007	Promotion of RSTS at an event with clients / payment of the contractual fee
Contract for the Cooperation in Addressing of Clients	Raiffeisen stavební spořitelna a.s.	12 Nov 2007	Addressing of clients with the purpose of mutual offering of products/ mediation commission
Contract for the Participation in the Production of a TV Program	Raiffeisen stavební spořitelna a.s.	3 May 2007	Definition of conditions for the participation in the production of a TV program
Amendment No. 1 to the Contract for the Participation in the Production of a TV Program	Raiffeisen stavební spořitelna a.s.	18 January 2008	Definition of conditions for the participation in the production of a TV program
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	15 October 2008	Definition of conditions of cooperation in mutual offering of products
Agreement on Benefit	Raiffeisen stavební spořitelna a.s.	15 October 2008	Definition of conditions of cooperation in mutual offering of products
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
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	1 June 2009	Definition of conditions of cooperation in mutual offering of products

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Amendment No. 1 to the Cooperation Contract of 1 June 2009	Raiffeisen stavební spořitelna a.s.	3 June 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

Raiffeisen – Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Credit Risk Cooperation Contract	Raiffeisen – Leasing, s.r.o.	12 January 2004	Provision of credit risk analyses / payment of fees and costs according to the contract
Treasury Cooperation Contract	Raiffeisen – Leasing, s.r.o.	30 June 2004	Treasury cooperation / payment of
Contract for the Non-exclusive Sales Representation	Raiffeisen – Leasing, s.r.o.	30 Dec 2005	Business representation/payment of contractual commissions
Contract for the Provision of Call Centre Services	Raiffeisen – Leasing, s.r.o.	25 January 2005	Provision of call centre services / payment of contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of computers and office equipment / contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of equipment of an establishment / contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 May 2001	Operating lease of equipment of an establishment / contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	5 October 2001	Operating lease of an IBM server and accessories / contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 February 2002	Operating lease of computers and office equipment / contractual fee
Lease Contract	Raiffeisen – Leasing, s.r.o.	11 February 2002	Operating lease of a set of glass and aluminium structures / contractual fee
Loan Contract	Raiffeisen – Leasing, s.r.o.	28 November 2005	Provision of a loan facility / payment of contractual interest
Confidentiality Agreement	Raiffeisen – Leasing, s.r.o.	1 January 2006	Confidentiality regarding offers of products to customers of the two parties
Advertising and Promotion	Raiffeisen – Leasing, s.r.o.	6 January 2006	Mutual promotion and advertising / payment of costs according to the contract
Cooperation Contract	Raiffeisen – Leasing, s.r.o.	31 March 2006	Mutual offering of products and services to customers of the two parties
Risk Management Cooperation Contract	Raiffeisen – Leasing, s.r.o.	1 August 2006	Provision of credit risk analyses / payment of fees and costs according to the contract
Cooperation and Service Agreement	Raiffeisen – Leasing, s.r.o.	7 September 2006	Provision of system services and support in IT area / payment of the agreed fee
Contract for the Administration of Documents and Provision of Certain Services	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 March 2006	Administration of documents of MB Leasing a.s. / payment of the contractual fee
Bookkeeping Agreement	Raiffeisen – Leasing, s.r.o. MB Leasing a.s.	1 March 2006	Bookkeeping for MB Leasing a.s. / payment of the contractual fee
Contract for the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	26 November 2007	Sublease of non-residential premises / payment of the rent

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Agreement on Non-Exclusive Sales Representation	Raiffeisen – Leasing, s.r.o.	26 June 2008	Agreement on conditions of non-exclusive sales representation / payment of commissions
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
Amendment No. 4 to the Lease Contract of 11 February 2002	Raiffeisen – Leasing, s.r.o.	29 December 2008	Change of the lease end term
Amendment No. 5 to the Lease Contract of 11 May 2001	Raiffeisen – Leasing, s.r.o.	29 December 2008	Change of the lease end term
Amendment No. 1 to the Agreement on Non-Exclusive Sales Representation of 26 June 2008	Raiffeisen – Leasing, s.r.o.	29 April 2009	Change of contractual terms / payment of commissions
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
Amendment No. 1 to the Risk Management Cooperation Contract of 1 August 2006	Raiffeisen – Leasing, s.r.o.	16 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. 5 to the Loan Contract of 28 November 2005	Raiffeisen – Leasing, s.r.o.	30 November 2009	Change of contractual terms
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
Amendment No. 6 to the Loan Contract of 28 November 2005	Raiffeisen – Leasing, s.r.o.	30 November 2009	Change of contractual terms
Amendment No. 1 to the Bank Guarantee Agreement of 12 June 2009	Raiffeisen – Leasing, s.r.o.	30 December 2009	Change of contractual terms
Amendment No. 1 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	12 January 2010	Change of contractual terms
Amendment No. 2 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	8 June 2010	Change of contractual terms
Amendment No. 3 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	31 August 2010	Change of contractual terms
Amendment No. 4 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	24 September 2010	Change of contractual terms
Amendment No. 5 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	1 November 2010	Change of contractual terms
Amendment No. 6 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen – Leasing, s.r.o.	29 December 2010	Change of contractual terms
Amendment No. 2 to the Bank Guarantee Agreement of 12 June 2009	Raiffeisen – Leasing, s.r.o.	7 December 2010	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
Agreement to Assign Receivables	Raiffeisen – Leasing, s.r.o.	15 December 2010	Assignment of receivables / payment of contractual fee
Agreement to Assign Receivables	Raiffeisen – Leasing, s.r.o.	23 December 2010	Assignment of receivables / payment of contractual fee
Cooperation Agreement	Raiffeisen – Leasing, s.r.o. Proveon, a.s.	15 December 2010	Definition of mutual cooperation in data processing

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Agreement to Assign Receivables	Raiffeisen – Leasing, s.r.o.	14 January 2011	Assignment of receivable from a debtor (by a third party) / payment of contractual fee
Agreement to Assign Receivables	Raiffeisen – Leasing, s.r.o.	23 March 2011	Assignment of receivable from a debtor (by a third party) / payment of contractual fee
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
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.
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

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

Legal act	Counterparty	Date concluded	Performance/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./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
Treasury Cooperation Agreement	Raiffeisen – Leasing Real Estate, s.r.o.	30 November 2006	Cooperation in treasury / payment of the fee and costs according to the agreement
Amendment No. 1 to the Escrow Account Agreement of 19 October 2004	Raiffeisen – Leasing Real Estate, s.r.o./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 Aug 2008	Sublease of non-residential premises / payment of rent
Agreement to Transfer Ownership Interest	Raiffeisen – Leasing Real Estate, s.r.o.	15 October 2009	Transfer of 100% ownership interest in Notos Property, s.r.o. / payment of the purchase price
Amendment No. 1 to the Agreement on Sublease of Non-Residential Premises	Raiffeisen – Leasing Real Estate, s.r.o.	1 Dec 2009	Change of contractual conditions
Loan Contract	Raiffeisen – Leasing Real Estate, s.r.o.	26 February 2010	Provision of a loan facility / 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 / 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 / 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
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 / 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 / payment of contractual fees
Amendment No. 1 to the Escrow Account Agreement of 19 October 2004	Raiffeisen – Leasing Real Estate, s.r.o./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 / payment of contractual interest

As of 31 December 2011, Raiffeisenbank a.s. held 74 concluded contracts for the opening and maintenance of a current account with companies controlled indirectly through Raiffeisen – Leasing Real Estate, s.r.o. (see list in Chapter 2), based on which it received standard contractual fees from and paid standard contractual interest to the above companies.

As of 31 December 2011, Raiffeisenbank a.s. held 74 concluded contracts for the use of electronic banking, or authorisation to use electronic banking, with companies indirectly controlled through Raiffeisen – Leasing Real Estate, s.r.o. (see list in Chapter 2), based on which it received standard contractual fees from the above companies.

In the course of 2011, Raiffeisenbank a.s. entered into 7 escrow account agreements including related amendments with Matějská 24, s.r.o. The scope of the said agreements is opening of special accounts, to which the clients Matějská 24, s.r.o. shall deposit funds for the purpose of buying apartment units.

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

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

Raiffeisenbank a.d.

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Loan Contract	Raiffeisenbank 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	Raiffeisenbank a.d.	30 March 2005	Change of contractual relationships until 30 April 2005
Loan Contract	Raiffeisenbank 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
Loan Contract	Tatra Banka, a.s.	17 May 2005	Provision of a loan facility / payment of contractual interest
Amendment No. 1 to the Loan Contract of 17 May 2005	Tatra Banka, a.s.	16 November 2005	Adjustment of rights and obligations
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
Cooperation Agreement	Tatra Banka, a.s.	30 November 2007	Mutual consulting in structured transactions in the Czech Republic and Slovakia / payment of the contractual price
Agreement on Termination of the Loan Contract of 17 May 2005	Tatra Banka, a.s.	30 April 2008	Termination of the loan contract by settlement of all contractual obligations
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
Contract for the Supply of Software and License	Tatra Banka, a.s.	15 December 2009	Provision of debt collecting software / payment of the contractual price
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
Agreement on Payment Card and Personalized PIN	Tatra Banka, a.s.	19 April 2010	Agreement on mutual cooperation in production of payment cards / payment of contractual fees
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

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

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/Counter-performance
Agreement to Open a Nostro Account	Raiffeisen Bank S.A.	19 August 2005	Maintenance of a nostro account / payment of contractual fees

Raiffeisen Centrobank AG

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Agreement on Stock Exchange Analyses	Raiffeisen Centrobank AG	1 May 2005	Provision of stock market analyses of the Prague Stock Exchange / 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 / payment of contractual fees

Raiffeisen Krekova Banka d.d.

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Loan Contract	Raiffeisen Krekova Banka d.d.	3 June 2005	Provision of a loan facility / 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 / 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/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	24 June 2005	Amendment of the contractual relationships
Agreement on Joint Refinancing	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./RLRE Lambda Property s.r.o.	21 October 2005	Agreement on participation in loan refinancing
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./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/RLRE Kappa Property, s.r.o./RLRE Lambda Property, s.r.o.	29 December 2004	Agreement on joint future steps
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/RLRE Kappa Property, s.r.o./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

Raiffeisen International GROUP IT GmbH

Legal act	Counterparty	Date concluded	Performance/Counter-performance
General IT Service Agreement	Raiffeisen International GROUP IT GmbH	27 April 2006	Provision of IT services / payment of contractual price

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

Eastern European Invest GmbH

Legal act	Counterparty	Date concluded	Performance/Counter-performance
Intra-Group Stand-by Facility Contract	Eastern European Invest GmbH	1 August 2007	Inter-bank loan / payment of contractual fees and interest
Amendment to the Intra-Group Stand-by Facility Contract	Eastern European Invest GmbH	11 December 2007	Change of the contractual terms and conditions of the said contract
Agreement on Termination of the Intra-Group Stand-by Facility Contract	Eastern European Invest GmbH	31 December 2009	Termination of the contract

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

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

In addition to contracts concluded in 2011 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. Other Legal Acts

4.1 Other Legal Acts with Controlling Entities

Raiffeisen International Bank-Holding AG

Legal act	Counterparty	Date of conclusion	Performance/ Counter-performance
<i>Resolution of Regular General meeting of Raiffeisenbank a.s. – Payment of Dividends for 2010</i>	<i>Raiffeisen International Bank - Holding AG</i>	<i>28 April 2011</i>	<i>Payment of dividends based on resolution of the regular general meeting</i>

4.2 Other Legal Acts with Other Related Parties

Raiffeisen stavební spořitelna, a.s.

Legal act	Counterparty	Date of conclusion	Performance/ Counter-performance
<i>Resolution of Regular General meeting of Raiffeisen stavební spořitelna, a.s. – Payment of Dividends for 2010</i>	<i>Raiffeisenbank a.s.</i>	<i>20 April 2011</i>	<i>Acceptance of dividends based on resolution of the regular general meeting</i>

5. List of Other Factual Measures

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

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 2011 to 31 December 2011 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 2011 to 31 December 2011.

Given in Prague, on 31 March 2012



Lubor Žalman
Chairman of the Board of Directors
and CEO

Rudolf Rabiňák
Member of the Board of Directors
and Executive Director

Persons Responsible for the Annual Report

We hereby declare that to our best knowledge the information presented in this Annual Report and Consolidated Annual Report represents faithful and fair sight of the financial situation, entrepreneurs activity and business results of the emitent and its consolidated Groupin the reporting period and about an outlook of future financial situation, activity and business results.



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



Karel Soukeník
Head of the Financial Controlling
& Accounting Division

Raiffeisen Bank 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 nearly 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 specialized 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 recognized brands in the region. Following its strategic realignment in 2010, 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 2011 around 56,000 staff served approximately 13.8 million customers in around 2,915 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 centers and operates branches and representative offices in Asia. All in all, RBI employs about 59,000 staff and has total assets of approximately € 147 billion.

RBI operates subsidiary banks in the following CEE markets:

■ Albania	Raiffeisen Bank Sh.a.
■ Belarus	Priorbank, OAO
■ Bosnia and Herzegovina	Raiffeisen Bank d.d. Bosna i Hercegovina
■ Bulgaria	Raiffeisenbank (Bulgaria) EAD
■ Croatia	Raiffeisenbank Austria d.d.
■ Czech Republic	Raiffeisenbank a.s.
■ Hungary	Raiffeisen Bank Zrt.
■ Kosovo	Raiffeisen Bank Kosovo J.S.C.
■ Poland	Raiffeisen Bank Polska S.A.
■ Romania	Raiffeisen Bank S.A.
■ Russia	ZAO Raiffeisenbank
■ Serbia	Raiffeisen banka a.d.
■ Slovakia	Tatra banka, a.s.
■ Slovenia	Raiffeisen Banka d.d.
■ Ukraine	VAT Raiffeisen Bank Aval

As the parent company of these banks, RBI's shareholding in them is at or near to 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.

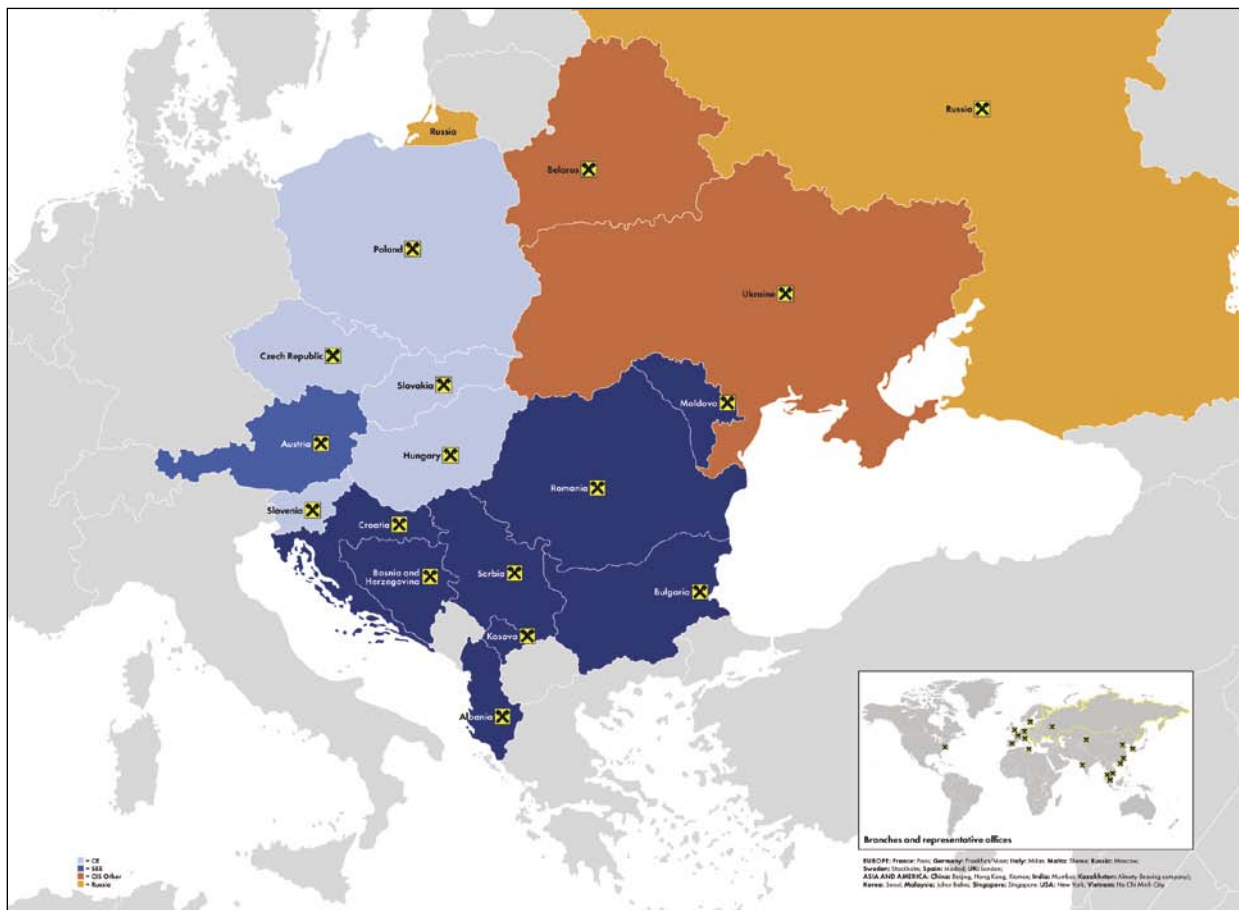
RZB was formed in 1927 as "Genossenschaftliche Zentralbank" (GZB). Raiffeisen gained its first foothold in Central and Eastern Europe back in 1987, when it established its first subsidiary bank in Hungary. Other own subsidiaries have since been established; from 2000 onwards, Raiffeisen's expansion in 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.

125 years of Raiffeisen in Austria

Raiffeisen's strong roots in Austria date back more than 125 years. Raiffeisen's first Austrian credit cooperative was founded in Mühldorf, a village in Lower Austria, in 1886. Local cooperatives soon started working together and, in turn, founded regional cooperatives marking the beginning of the multi-tiered nature of the Raiffeisen organization. This not only helped to strengthen their position in the market, but also enabled better management and risk control. Numerous product and service cooperatives were founded on the back of increasing specialization and market integration. In mid-2011, the Raiffeisen Banking Group Austria (RBG), the country's largest banking group, managed € 83.8 billion in Austrian customer deposits (excluding building society savings), of which around € 50.3 billion was held in savings deposits; with a market share of 32.2 per cent, RBG has continued to expand its role as market leader among Austria's banks. RBG has achieved its strong market position through healthy organic growth.

For more information please refer to www.rbinternational.com and www.rzb.at.

Addresses and Contacts



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 Fax: +381-11-220 7080
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SWIFT/BIC: KREKSI22
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The Raiffeisen Financial Group in the Czech Republic

ZUNO BANK AG



ZUNO BANK AG belongs to the Raiffeisen Bank International group, and the bank's "home base" is the Internet. ZUNO does not have an extensive network of branch offices, only several business sites referred to as ZUNO ZONES. These sites do not handle cash transactions and mainly serve as contact or advisory centres for clients.

The entire ZUNO banking model is based on online banking – customers manage their money from the comforts of their own home. They may take care of all transactions and open all banking products directly through the Internet. Clients never need to visit the bank.

The ZUNO online bank opened on 6 December 2010. The first ZUNO country was Slovakia. The bank has been operating in the Czech Republic since July 2011. Since this time, the bank has attracted a total of 70,000 clients in both countries and approximately CZK 20 billion in deposits.

ZUNO offers Czech clients an account (ÚČET) in several currencies, a savings account (SPOŘENÍ), savings plus (SPOŘENÍ PLUS), and a deposit account (VKLAD) – all services may be managed over the Internet. At the beginning of 2012, the bank will start offering online loans and authorised overdrafts. In the future, ZUNO is considering offering mortgages and services for entrepreneurs. For the time being, though, the bank will only offer retail services.

ZUNO's philosophy is based on simplicity, the best interest rates, and open communication with clients by way of email, Internet chatting, Facebook, its call centre, and other modern methods of communication. The ZUNO call centre is open 24 hours a day, 7 days a week.

ZUNO is an affiliated company of Raiffeisenbank Czech Republic.

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Infoline: 2 456 99 999
www.zuno.cz

Raiffeisen stavební spořitelna a.s.

Raiffeisen stavební spořitelna (RSTS) has been operating on the Czech market since September 1993 (originally under the name AR stavební spořitelna). RSTS was integrated into the Raiffeisen Financial Group in 1998 when Raiffeisen Bausparkasse GmbH increased its stake in the building society to 75 per cent, and the remaining 25 per cent was acquired by Raiffeisenbank a.s. In 2005, the majority shareholder transferred its share to the subsidiary company Raiffeisen Bausparkassen Holding GmbH, which became the integrating link between the savings banks of the Raiffeisen group in Austria and other countries. As of 27 August 2008, following the merger of Raiffeisen stavební spořitelna with the former HYPO stavební spořitelna, the share of Raiffeisenbank a.s. in RSTS was reduced to 10 per cent. The remaining 90 percent is owned by Raiffeisen Bausparkassen Holding GmbH.

Raiffeisen stavební spořitelna is an important financial institution that provides services nationwide. In the Czech Republic, the company operates a business network with more than 250 consultancy locations. It provides financial consultancy services to its clients primarily in the area of cost-effective savings and housing finance. Its main products include construction savings, loans relating to construction savings, bridge loans, and mortgage type loans. Through its subsidiary company Raiffeisen finanční poradenství s.r.o., it also offers insurance services.

In 2011, RSTS focused on the development of its own sales network and team as well as improving customer services. Its system of recruiting and adapting new sales representatives was put into full operation. Thanks to the selection process via the Assessment Center and an innovative system of training, the new RSTS advisors are even better prepared than ever before to provide customers with comprehensive financial advice. The savings bank has also successfully introduced an internal system of definition and supervision of the basic internal level of services for main client processes. Thanks to this as well, RSTS could significantly speed up certain client-related procedures.

In February 2011, RSTS was the winner of a tender and started cooperating with its new business partner Česká pošta s. p. By way of its business network, RSTS also significantly expanded the number of locations where clients can arrange construction savings. In addition, as a part of the joint project "Aqua" with Raiffeisenbank and Vodafone, it successfully launched a pilot project for joint branch offices. These branches now operate in four district towns, and clients may arrange there telecommunications, banking and construction savings services at one location.

Similar to past years, RSTS continued its support of charity and non-profit organisations. This time, it contributed a total of approximately CZK 550,000 to charitable causes. It has directed financial assistance, for example, to the Centre for Early Childhood Care (Středisko pro ranou péči o.p.s. Praha), which, among other things, provides social support for families with children who have serious sight related disabilities, the Klokánek Foundation for Children in Need, Hostivice, or Medical Clowns (občanské sdružení Zdravotní klaun). RSTS has traditionally contributed to the Akord social welfare institution, which provides care for children and youth with mental disorders and multiple impediments.

Raiffeisen stavební spořitelna a.s.

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Raiffeisen – Leasing, s.r.o.



Raiffeisen-Leasing, s.r.o. was founded in 1994, and as a part of the Raiffeisen financial group, specialises in providing leasing services to companies and individuals. The company's partner institutions are Raiffeisenbank a. s. and Raiffeisen-Leasing International GmbH Wien.

Raiffeisen-Leasing, s.r.o. is a universal leasing company offering comprehensive financial products, including supplementary services for firms and private individuals. In providing its services, the company focuses in particular on reliability and the quality of the services provided and on nurturing long-term relationships with its business partners and clients. The company is a member of the Czech Leasing and Financial Association.

In 2011, a rise in the demand for non-banking financial products was visible on the Czech leasing market triggered by moderate economic growth. Raiffeisen-Leasing, s.r.o. in 2011 financed commodities for a total purchase price volume of CZK 2.2 billion.

Raiffeisen-Leasing finances a wide range of commodities, including transport, machinery, equipment and modern hi-tech projects. The company's stable product portfolio includes financial leasing with the option of repurchase, financial leasing with the obligation of repurchase, and instalment plans for financing the majority of commodities and loans as well as consumer loans for financing private and commercial vehicles. As a part of its vendor activities, Raiffeisen – Leasing added to its product portfolio in 2011 the provision of loans for financing various commodities to clients who are drawing down subsidies for acquiring investments or subsidies for interest on national or EU subsidy programmes. A standard product offered by the company is also insurance relating to the financed items. Of the total volume of purchase prices for financed private and commercial vehicles in 2011, 22 per cent was financed via the web application www.financovanivozu.cz. The company was awarded third place in the category of Leasing for its on-line products in the Zlatá koruna 2011 competition. In addition, Raiffeisen-Leasing repeatedly won in the category of Credit Company in the Zlatý Měsíc 2011 survey.

In 2011, Raiffeisen-Leasing changed over to the IFRS accounting standards, used also by Raiffeisenbank and which, as opposed to Czech accounting standards, accounts for the economic fundamentals of leasing transactions in a much more precise manner and realistically shows the financial state of the company. Among other things, Raiffeisen-Leasing in 2011 focused on standardising products and optimising the business network, and it will continue with these activities even in 2012. On the basis of macroeconomic development, the company will concentrate in 2012 primarily on supporting clients who will be capable of generating a sufficient amount of business opportunities and will need to finance their investments, even during the expected economic slowdown. The company will continue to find solutions for financing standard commodities, hi-tech projects, IT technology, as well as projects using renewable resources.

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UNIQA pojišťovna, a.s.

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 21 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 650,000 insurance policies. Annual prescribed premiums in 2011 amounted to CZK 5.5 billion.

UNIQA pojišťovna has closely cooperated with the Raiffeisen Group now 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 2011, the cooperation with Raiffeisenbank was substantially expanded. In February, a new project for the exclusive UNIQA life insurance DIVIDENDA was launched for the bank's clients. During last year, this product had attracted more than 2,700 bank clients and total premiums reached almost CZK 24 million. The transactions associated with Raiffeisen payment cards were also significant. These cards include travel insurance, insurance against theft or misuse of the cards, and for credit cards, also insurance covering delinquent card payments. In addition, clients responded favourably to the optional UNIQA casualty insurance offered with the most popular Raiffeisenbank eKonto since February 2011. As at the end of 2011, 18,000 insurance policies had been concluded with clients.

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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 Morčice	547 243 868
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Frydek - Místek	Ostravská 2129, 738 02 Frydek Místek	558 647 820
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*Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 811
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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
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*Karlovy Vary	Krále Jiřího 39, 360 01 Karlovy Vary	353 167 777
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Praha 1 - Palladium	Náměstí Republiky 1, 110 00 Praha 1	225 376 500
Praha 1 - Spálená	Spálená 16, 110 00 Praha 1	224 948 883
Praha 1 - Mostecká	Mostecká 273/21, 118 00, Praha 1	257 197 956
Praha 1 - Na Příkopě	Na Příkopě 24, 110 00 Praha 1	225 374 011
Praha 1 - Rytířská	Rytířská 22/400, 110 00, Praha 1	296 339 011
Praha 1 - Valentinská	Valentinská 9/57, 110 00, Praha 1	234 702 211
Praha 2 - Jugoslávská	Jugoslávská 21, 120 00 Praha 2	222 517 800
*Praha 2 - Bělehradská	Bělehradská 100, 120 00 Praha 2	221 511 281
*Praha 2 - Karlovo nám.	Karlovo náměstí 10, 120 00 Praha 2	224 900 711
Praha 2 - Hlavní nádraží	Hlavní nádraží, Wilsonova 300/8, 120 00 Praha 2	224 094 911
Praha 2 - Italská	Vinohradská 29, 120 00 Praha 2	234 702 411
Praha 3 - Flora	Chrudimská 7, 130 00 Praha 3	225 376 611

Praha 3 - Nitranská	Nitranská 988/19, 130 00, Praha 3	296 338 011
Praha 3 - Želivského	Želivského 16, 130 00 Praha 3	225 374 611
Praha 3 - Seifertova	Seifertova 29, 130 00 Praha 3	225 282 611
*Praha 4 - Budějovická DBK	Olbrachtova 1946/64, 140 00, Praha 4	234 709 911
*Praha 4 - Budějovická	Olbrachtova 9, 140 21 Praha 4	225 541 011
Praha 4 - Novodvorská	Novodvorská 136, 140 00 Praha 4	241 406 914
Praha 4 - Háje	Arkalycká 4, 140 00 Praha 4	272 653 815
Praha 4 - Pankrác Gemini	Na Pankráci 1724, 140 00 Praha 4	234 261 211
Praha 4 - Pražského povstání	Na Pankráci 79, 14000, Praha 4	234 702 101
Praha 4 - Nám. Bratří Synků	Náměstí Bratří Synků 300/15, 140 00 Praha 4	234 700 912
*Praha 4 - City Tower	City Tower, Hvězdova 2b, 140 00 Praha 4	234 405 130
Praha 5 - Anděl	Lidická 42, 150 00 Praha 5	251 010 811
Praha 5 - Barrandov	Tilleho nám. 792/2, 152 00, Praha 5 - Hlubočepy	234 724 111
Praha 5 - Petřílkova	Petřílkova 2706/30, 158 00, Praha 5	296 334 011
Praha 5 - Zličín	Metropole Zličín, Revnická 1/121, 150 00 Praha 5	226 082 264
Praha 5 - Zlatý Anděl	Nádražní 23, 150 00 Praha 5	251 510 444
*Praha 6 - Dejvická	Dejvická 11, 160 00 Praha 6	233 089 711
Praha 6 - Evropská	Evropská 136, 160 00 Praha 6	234 715 111
Praha 6 - Bělohorská	Bělohorská 71, 169 00 Praha 6	233 356 840
Praha 7 - Komunardů	Komunardů 21, 170 00 Praha 7	724 941 478
Praha 7 - Milady Horákové	Milady Horákové 10, 170 00 Praha 7	233 028 011
Praha 8 - Zenklova	Zenklova 22, 180 00 Praha 8	225 983 511
Praha 8 - Thámova	Thámova 118/17, 186 00, Praha 8	234 720 911
Praha 8 - Ládví	Kyselova 1658, 180 00 Praha 8	283 880 343
Praha 9 - Centrum Černý Most	Chlumecká 765/6, 198 00, Praha 9	281 008 111
Praha 9 - Jandova	Jandova 135/2, 190 00 Praha 9	225 545 511
Praha 9 - Prosecká	Prosecká 64, 190 00 Praha 9	225 983 611
Praha 9 - Letňany	Veselská 663, 199 00 Praha 9	234 261 011
Praha 10 - Vinohradská	Vinohradská 230, 100 00 Praha 10	274 001 779
Praha 10 - Moskevská	Moskevská 43, 100 00 Praha 10	271 078 813
Praha 10 - Štěpáň	Nákupní 389/3, 102 00, Praha 10	234 093 011
Praha 10 - Švehlova	Švehlova 32, 102 00 Praha 10	272 656 215
Praha 10 - Eden	Vršovická 68b, 100 00 Praha 10	225 282 911
Prostějov	Hlaváčkovovo náměstí 3, 796 01 Prostějov	582 400 800
Přerov	Komenského 758/11, 750 02, Přerov	587 800 911
*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	Kvitková 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	Nám. Republiky 42, 591 01 Žďár nad Sázavou	566 652 711

The "*" signed branches offer also Business Centers for SME's.

Mortgage centers:

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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
Praha - Národní	Národní 9, 110 00 Praha 1	221 411 922
Praha - Karlovo nám.	Karlovo nám. 10, 120 00 Praha 2	224 900 726
Praha - Na Příkopě	Na Příkopě 860/24, 110 00 Praha 1	225 374 059
Praha - Jandova	Jandova 135/2, 190 00 Praha 9	225 545 511
Praha - Jalta	Václavské náměstí 43, 110 00 Praha 1	222 925 855
Praha - Budějovická	Olbrachtova 9, 140 21 Praha 4	234 401 012
Praha - Gemini	Na Pankráci 1724, Praha 4, 140 00 Praha 4	234 261 211
Ústí nad Labem	Pařížská 20, 400 01 Ústí nad Labem	475 237 186
Zlín	Kvitková 552, 760 01 Zlín	577 008 042