

ANNUAL REPORT  
2014



**Raiffeisen**  
**BANK**

*Client inspired banking*

# Annual report 2014



**Raiffeisen**  
**BANK**

*Client inspired banking*

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# Survey of Key Data in accord with IFRS

CZK thousand	2014	2013	Change
<b>Income Statement</b>			
Net interest income after provisioning	4,778,502	4,439,908	7.6%
Net commission income	1,966,630	2,197,031	(10.5)%
Net profit on financial operations	1,028,409	1,280,922	(19.7)%
General administrative expenses	(5,227,389)	(6,918,848)	(24.4)%
Profit before tax	2,533,237	1,056,988	139.7%
Profit after tax	2,049,030	914,368	124.1%
Earnings per share	1.91	0.93	105.4%
<b>Balance Sheet</b>			
Loans and advances to banks	29,453,508	19,104,685	54.2%
Loans and advances to customers	170,408,374	155,059,207	9.9%
Deposits from banks	10,582,889	9,959,098	6.3%
Deposits from customers	164,655,562	146,589,575	12.3%
Equity	22,871,660	18,888,180	21.1%
Balance-sheet total	226,028,508	196,686,775	14.9%
<b>Regulatory information</b>			
Risk-weighted assets (credit risk)	112,446,348	118,719,558	(5.3)%
Total own funds requirement	10,369,999	11,076,829	(6.4)%
Total regulatory capital	20,869,679	18,305,020	14.0%
Tier 1 ratio - Basel III (2013 Basel III)	13.3%	10.9%	2.4 PP
Capital adequacy ratio	16.1%	13.2%	2.9 PP
<b>Performance</b>			
Return on average equity (ROAE) before tax	13.4%	5.9%	7.5 PP
Return on average equity (ROAE) after tax	10.9%	5.1%	5.8 PP
Cost/income ratio	58.9%	74.5%	(15.6) PP
Return on average assets (ROAA) before tax	1.2%	0.5%	0.7 PP
Net provisioning ratio	0.7%	0.8%	(0.1) PP
Non-performing loans ratio	6.0%	6.7%	(0.7) PP
Risk/earnings ratio	12.5%	13.7%	(1.2) PP
<b>Resources as of reporting date</b>			
Number of staff	2,618	2,686	(2.5)%
Business outlets	119	123	(3.3)%

Unconsolidated data according to IFRS.

# Introducing Raiffeisenbank a.s.

Since 1993, Raiffeisenbank a.s. (RBCZ) has provided a wide range of banking services to private and corporate clientele in the Czech Republic. Raiffeisenbank serves clients at more than 119 branch offices and client centres and provides services through specialised mortgage centres and private, corporate, and business advisors.

In 2013, Raiffeisenbank celebrated its 20 anniversary on the Czech market. From a bank with two branches and 39 employees in 1993, it has developed during the past 20 years into the fifth largest bank on the Czech market thanks to its successful organic growth, and now manages assets exceeding CZK 200 billion.

The wide range of awards in the Czech Republic and abroad confirms the outstanding services the bank offers. Raiffeisenbank is regularly awarded for the quality of its services and advice. With respect to products, eKonto is traditionally assessed as the best account in the Czech Republic, and Internet banking is also considered to be the best on the market, including smart phone account services.

Raiffeisenbank in the Czech Republic focuses mainly on the active middle class, that is to say, clients who are interested in the management of their finances. In this respect, the bank emphasises the quality of the services it provides and has expanded on its range of products, expert consultation, and long-term financial planning.

Raiffeisenbank's majority shareholder is the Austrian financial institution Raiffeisen Bank International AG (RBI). RBI provides services to corporate and investment clientele in Austria and also serves clients in many countries in Central and Eastern Europe. The group's shares have been listed on the Vienna Stock Exchange since 2005. The majority owner of Raiffeisen Bank International is RZB with approximately 60 per cent; the remainder is in free float.

The Raiffeisen group regularly receives awards from the prestigious journals Euromoney, Global Finance and The Banker for the "Best Bank in Central and Eastern Europe". In addition, the network banks are awarded as the best banks in the specific countries of the region.

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 2014

## January

Raiffeisenbank is traditionally a bank for businesses. Entrepreneurs and business entities are the key target groups of the bank. Hence, immediately at the beginning of the year, we have prepared a new unlimited business account eKonto Živnost. As a part of this account, businesses obtain an unlimited number of transactions or withdrawals from ATMs worldwide. They also get free of charge a fully equipped personal account for easily separating corporate and private finances.

In line with Raiffeisenbank strategy geared to quality advice, financial planning, and a wide range of investment products, an online application for trading on markets has been launched under the name RBroker, which will include an investment web page accessible at <https://investice.rb.cz>.

## February

Friedrich Wilhelm Raiffeisen Private Banking (FWR) is awarded the best private bank in the Czech Republic by the prestigious journal Euromoney. In addition, FWR is also successful in other categories. The brand FWR is very successful on the Czech market. The volume of managed assets is rising by tens of per cent every year. Clients appreciate the scope of consulting and investment services, including a range of products unique to the Czech market.



## April

The general meeting decides to increase the bank's capital, which will allow the bank to continue to expand. The shareholders increase the registered capital by CZK 868.4 million to CZK 11.06 billion.

## July

Additional price improvements. Positive changes have occurred in the new price schedule valid from 1 July, especially for businesses, when the bank gives preferential treatment to business accounts. With another change in the price schedule in December, the bank improves eKonto KOMPLET, offering, for example, one foreign payment free of charge.

## August

Raiffeisenbank concludes with the European Investment Fund (EIF) an agreement on loan guarantees for small and medium-size enterprises. Thanks to this cooperation, the bank offers firms beneficial loans up to CZK 20 million without requiring collateral. The bank has also strengthened its position during the year in the financing of larger projects..

## September

The bank has expanded its line of premium accounts with the new eKonto SMART. Clients can obtain this account free of charge. In addition, it is one of the free accounts that offers superior quality services. Hence, Raiffeisenbank confirms its position in the area of free accounts as a bank geared to quality services and long-term relationships with clients. The bank has also improved the popular eKonto KOMPLET during last year. The new account is accompanied by the new marketing campaign "Artur".



## October

Raiffeisenbank becomes the first Czech bank to successfully issue mortgage bonds in EUR. The issue for EUR 500 million allows the bank to continue in its credit expansion on the Czech market. The interest of foreign investors has significantly exceeded the issue volume. The issue has reached EUR 500 million, i.e. approximately CZK 14 billion. The issue in EUR allows the bank to obtain financing under very beneficial conditions and also in a volume that could not be obtained in Czech crowns.

## November

Raiffeisenbank was the first Czech bank to launch web pages on which businesses will be able to obtain money for development of its business ideas thanks to small investors. The crowdfunding platform "Odstartovano.cz" will help even businesses that could not obtain a standard loan from a bank secure initial capital. The bank has prepared the new platform as a part of its innovative process which was recently placed in the Top3 innovators among large firms in the Czech Republic in the competition Best Innovator 2014.



## December

Investment support also in a mobile application. Raiffeisenbank continues to expand its account services via smart phones. In its application Mobile eKonto, considered to be the best on the Czech market, Raiffeisenbank is one of the first banks to introduce active investment management – sale and purchase of mutual funds or a portfolio overview.

Raiffeisen Capital...nagement (EUR)	
<b>Raiffeisen fond dluhopisových př...</b>	
Aktuální hodnota	100 243,20 CZK
Investovaná část..	100 000,00 CZK
<div style="display: flex; justify-content: space-around;"> <span>Jednorázový nákup</span> <span>Pravidelný nákup</span> </div>	
Raiffeisen investi...společnost (CZK)	
<b>Raiffeisen fond dluhopisové stab...</b>	
Aktuální hodnota	150 224,37 CZK
Investovaná část..	150 000,00 CZK
Raiffeisen investi...společnost (CZK)	

Mario Drosc decides at the end of 2014 to terminate his position as CEO and chairman of the Board of Directors of Raiffeisenbank. Igor Vida becomes the new CEO and chairman of the Board of Directors starting in April 2015. He was for many years the CEO of the Slovak Tatra Banka, which belongs to the Raiffeisen group.

# Board of Directors' Statement

For all banks, 2014 was in particular a year of continued extremely low interest rates. If I could mention one factor last year that affected the bank as well as its competitors, it would have to be the low interest-rate environment.

Despite the strong headwind, Raiffeisenbank has had a very successful year that is reflected in a rise in the number of clients, an increase in lending and deposits, and also the growing satisfaction of our clients. I am very happy that we managed to sell a record number of certain products, such as accounts, consumer loans, or investments. We have deepened our relationships with our clients in corporate and private banking.

In addition, the bank continues to increase its liquidity and capital, and is equipped with the highest level of capital in the history of the bank. This helps us to continue in upcoming years with respect to loan expansion. Last but not least, we have returned to a profit of more than CZK 2 billion, thanks to stable revenues (despite the adverse development of interest rates) and a decline in costs. The bank also has its risk costs under control.

In 2014, Raiffeisenbank again strengthened its position as a bank focusing on quality services and long-term relationships with clients. The record sale of products, especially in the second half of 2014, fills us with optimism with respect to the outlook for 2015 and beyond.

## Awards in 2014

The bank also received a wide range of awards last year. It pleases me that they have come from areas in which the bank is specialised and wants to be a leader on the Czech market.

Our private brand Friedrich Wilhelm Raiffeisen was awarded by the prestigious journal Euromoney for the best private bank in the Czech Republic. In addition, the bank received first place in other categories: Best Relationship with Clients and Best Bank for Very Wealthy Clients.



For the fourth time in a row, we were awarded the bank with the best mortgage sales in the study Market Vision, which focuses on quality sales. In addition, our application for smart phones Mobilní eKonto is considered to be the best financial application on the market. It is in these areas that we would like to stand out and where we would like to differentiate ourselves: quality of services, long-term relationships with clients, and added value.

And the list would not be complete without the successful bank account eKonto. In August, we launched a new free account eKonto SMART. This account immediately began collecting awards among the top accounts on the Czech market. The business eKonto ŽIVNOST has had similar success among business accounts.

## Record product sales in retail

We have had a wide range of success in retail banking last year. The autumn launch of the new account eKonto SMART became a big hit. It offers clients superior services, and clients may get the account for free after complying with a minimum of terms. The SMART account turned out to hit the mark. Immediately after the launch, we registered a large increase in clients, and in the autumn months, we opened a record number of new accounts each month. In relation to the account, I must also mention the successful smart phone application Mobilní eKonto, which we improved even more during the year, offering, among other things, investment opportunities. In fact, some of the direct banking users have already stopped using Internet banking and now only access their account through their mobile phone – such clients are more active, use more services, and are practically always connected to their bank.

We have not only done well with deposits, but have also been very successful in private lending, where we have registered strong sales in consumer loans and credit cards. There was also a sharp rise in interest with respect to mortgages at the end of the year.

Investments are a chapter by themselves. Established in mid-2013, Raiffeisen investiční společnost has had a very successful start. In 2014, RIS was one of the fastest growing investment companies on the Czech market. After a year and a half, the volume of managed assets reached more than CZK 5 billion. At the end of the year, the company was successfully merged with several funds managed by the affiliated company RaiffeisenCapital Management. These funds were transferred to RIS, which created another sharp rise in the volume of managed assets.

Further, we have strengthened the position of the bank relating to entrepreneurs by improving our business accounts. We are glad that the connection of Raiffeisenbank and entrepreneurs last year took on an even more important role, and we remain a key player in this area.



## Bank for businesses: Advisory services and growth in lending

We have focused on quality advice even in corporate banking. We have more intensely developed our advisory concept in which we assist financial directors with the operation of their firms. In addition, we have noticed higher demand for loans from firms, and we are prepared for additional loan expansion. In cooperation with the European Investment Fund, we will now be able to offer advantageous loans up to CZK 20 million without collateral.

During the year, we have also strengthened our position in real estate financing. We have managed to finance the construction for a wide range of interesting projects on the residential and commercial markets. Successful transactions include the construction of the office project River Garden II/III or the shopping centre Galerie Teplice.

We have confirmed our traditionally strong position in export financing or the financing of mergers and acquisitions with a number of completed transactions. The private bank Friedrich Wilhelm Raiffeisen has also quickly found its strong position on the market. Even last year, FWR brought clients new investment opportunities and was one of the fastest growing segments of the bank, managing to increase the volume of assets by tens of per cent. The above-mentioned award for the best private bank in the Czech Republic was a great success.

The greatest successes in treasury and market trading include the launch of the RBroker application for on-line market trading, a part of which is an information investment portal. At the end of the year, we became the first bank that managed to successfully place its mortgage bonds on foreign markets. The mortgage bond issue in euros under very advantageous market conditions was very attractive for investors and allows us to continue with lending expansion in future years. The bank has subscribed bonds for EUR 500 million.

## 2015: Bank for smart investing, loans and entrepreneurs

In 2015, we do not plan to make any changes to our strategy. We will continue to strengthen the bank's position geared to the active middle class and entrepreneurs. We would like to continue developing our concept of advisory services and financial planning. We will strengthen our position in investment products, and we want to be a bank for smart savings and investment. In addition, we have very ambitious goals in household and business lending. We will continue to strengthen our position in consumer financing and mortgages. And we want to strengthen even more Raiffeisenbank's association as a bank for entrepreneurs.

Raiffeisenbank in the Czech Republic is and will remain very stable and has strong growth ambitions. Capital and liquidity now are the strongest in the bank's history, and we would like to take advantage of this in 2015 for additional expansion. The strong sales success during the second half of 2014 fills us with optimism, and we believe that these sales will continue in 2015 and will also be reflected in the bank's revenues. However, the growth strategy must continue to be in combination with cost discipline.

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

We would not have achieved this rapid growth and all of the success on the Czech market without the support of our shareholders. Even during the turbulent developments last year, they have increased the capital of Raiffeisenbank in the Czech Republic so that we could continue to strengthen our position.

The bank is in excellent condition with respect to liquidity and capital. It has a strong and positive brand on the market and wonderful people. We will build on this during 2015. Additional strengthening of our position cannot occur without the immeasurable efforts of all of our colleagues. I appreciate their energy, ideas, and cooperation, which helps to constantly improve our bank. Thank you for everything you have done for our clients. They are the reason why we are all here.

Thus, in closing, I would like to thank all of our clients (and we have acquired many last year) for choosing us and for the confidence they have invested in Raiffeisenbank. We will make every effort, not only this year, to live up to this confidence and to continue to strengthen our long-term relationship.

On behalf of the Board of Directors  
ing. Rudolf Rabiňák  
Deputy CEO, Board Member Raiffeisenbank a.s.

# Corporate Social Responsibility Report

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

In 2014, the bank continues to implement the values and principles that one of the first responsible bankers, Friedrich Wilhelm Raiffeisen, established. It makes every effort to achieve long-term growth and to actively contribute to the sustainable development of our company.

The social responsibility of Raiffeisenbank a.s. is always present in the everyday operations of the bank and in the conduct of the employees themselves. It is the main objective and focal point for its corporate values, vision, and the bank's long-term strategy. It strives to provide products and services above the ordinary standards of the banking industry. The specific CSR activities exceed the main business of Raiffeisenbank with reference to the strategic document National CSR Action Plan in the Czech Republic from 2014.

The key areas in 2014 are:

- Responsible business and innovation
- Community and social services
- Education and development
- The environment

As a part of the Raiffeisen Bank International AG (RBI) group, the bank publishes every year the RZB Group Sustainability Report.

## Community and Social Services



### Dobrý anděl

Raiffeisenbank is a banking partner of the endowment fund DOBRÝ ANDEĚL (Good Angel). The endowment assists families with children in situations where a member of the family suffers from cancer. Not only do the families have to deal with the diagnosis and the demanding treatment, but they often also experience financial difficulties. Good angels help to increase their monthly income in a transparent, consistent manner, and primarily during difficult times. The entire branch network of Raiffeisenbank is involved in the assistance. The bank has set up internal processes for engagement and actively offers the opportunity to become a Good Angel to all clients and employees. In addition, the bank waives all fees for electronic payments and covers the costs for marketing. As at 31 December 2014, 143 employees, 301 clients, and 13 corporate clients were Good Angels. The total amount of all contributions in 2014 was close to CZK 800,000.



### Pomozte dětem

Through the charity collection POMOZTE DĚTEM (Help the Children), the bank each year assists children who are threatened in various ways or disadvantaged by life in a negative environment or away from their parents, who have various types of disability, who are abused, neglected, or have behavioural or development problems. The bank's employees have traditionally contributed to the collection as a part of the project A Hour for the Chicken or their participation in the collection's grant committee. Overall, employees and the bank, which matches the contributions from employees, contributed about CZK 1 million.



### Natural Disasters

Natural disasters causing a wave of solidarity also have an impact on Raiffeisenbank. In 2014, the employees and the bank have voluntarily contributed CZK 130,000 to the ČČK account to assist the victims of floods in the Balkans.

## Innovation and other Projects

### Koalice pro transparentní podnikání

Raiffeisenbank is a member of the Coalition for Transparent Business, whose objective is to cultivate the business environment in the Czech Republic. Raiffeisenbank joined the coalition as one of the first banks, shares its ethical values, and thus contributes to a transparent environment in the area of public contracts in the Czech Republic..



### Zelený úvěr

Raiffeisenbank is the only bank in the Czech Republic in cooperation with the European Investment Bank to offer specialised, preferential loans for ecological projects. The "Green Loan" is intended for medium-size firms with a maximum of 250 employees, which may obtain advantageous terms thanks to cooperation with the EIB. The advantage of the Green Loan is that the bank may provide a grant along with the loan, which can be used as a loan earmarked for projects geared to improving the energy efficiency of firms. The grant may be provided up to 14% of the loan amount.



### Czech Innovation

The bank is one of the founding members of the initiative Czech Innovation, where the forces of the private sector, universities, and the government are brought together to help support and develop innovation and innovative culture in the Czech Republic. The initiative supports in particular small and medium-size enterprises and university students. Raiffeisenbank is a partner in the category Promising Innovation as a part of the festival Czech Innovation. The winner of the festival for 2013 was a unique type of light-permeable concrete referred to as LiCrete.



### Odstartováno.cz

Raiffeisenbank was the first bank in 2014 to launch an Internet platform for new entrepreneurs to acquire money for the development of its business ideas thanks to the help of small investors. The crowd-funding platform odstartovano.cz helps to acquire initial capital even for entrepreneurs that cannot obtain a standard loan from banks.



### Poradna při finanční tísni

Raiffeisenbank is a partner for Poradna při finanční tísni (Debt Advisory Centre) which is the only nation-wide organisation offering debt advice. The unique international non-commercial cooperation between large retail banks operating long-term on the Czech market commenced in 2008 with the idea that joint support for debt advice can be good for realising the differences between the banking and non-banking sectors in a comprehensive approach to clients.



### Do práce na kole

The bank's employees were first involved in the competition Do práce na kole (Cycling to Work), the Auto\*Mat initiative, in 2014. During the month of May, 33 employees from Prague and Olomouc left their cars in the garage and cycled to work.



### Tátové vítání

In 2014, the bank was awarded the designation Tátové vítání (Dads Included). The balance between the employees' professional and personal lives is very important to the bank. Raiffeisenbank systematically works on creating an attractive environment and conditions for all employees.

## Oblast vzdělávání a rozvoje



### Junior Achievement

One of the most important partners that the bank works with is Junior Achievement. For more than 10 years, the bank has been a partner in the competition for the Best Student Organisation. Representatives of the bank are members of the evaluation committee and actively assist students and the independent institutions in further developing the competition. Thanks to the competition, students obtain valuable experience with the real business environment, learn how to resolve problems, and acquire jobs. For many students, their student company helps motivate them in their future professional careers.

In EDUCATION AND DEVELOPMENT, the bank cooperated with a wide range of institutions and schools. It would like to contribute to changing the education and cultural development of a new generation so that children are raised as individuals who also have practical financial knowledge. In 2014, the bank became a partner of the project Mentoring for new teachers at basic schools with the company **Business Leaders Forum**. The bank supported the economic programmes at basic and secondary schools for the non-profit organisation **Junior Achievement**. It also supported the development of an on-line application for mapping the knowledge of students with the organisation **EDUin**, **Nadační fond Kamarádi vzdělávání** of the Czech Banking Association, or the Practical Basic School Ružinovská in Prague.

THANK YOU, GOOD ANGELS

143 employees

301 clients

13 corporate clients

WE HELP CHILDREN

WE SUPPORT NEW TEACHERS AND STUDENT DEVELOPMENT

# 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 or in accordance with Sections 446-447 of the Act on Commercial Corporations, the Articles of Association of Raiffeisenbank a.s., and the company's 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 the International Accounting Standards.
- 3) The financial statements were audited by "Deloitte Audit s.r.o.". In the opinion of the auditor, the financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.
- 4) The Supervisory Board examined the annual financial statements and the Report on Related Parties for the year 2014, including the proposed distribution of earnings, accepted the results of the audit of the financial statements for 2014, and recommended that the General Meeting approve them without comments..

# Executive and Supervisory Bodies

## Board of Directors

### Chairman of the Board of Directors

#### Mario Drosc

born: 13 December 1968

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

Chairman of the Board of Directors and CEO since 1 January 2013. Member of the Board of Directors of Raiffeisenbank a.s. originally responsible for retail banking starting in 2006, then Vice-Chairman of the Board of Directors responsible for trade. He joined the Board of Directors of Raiffeisenbank from the Slovak bank VÚB, where he held the position of member of the board of directors responsible for retail banking. Prior to this, he worked at Komerční banka and at McKinsey&Company, among others.

Note: Mario Drosc resigned from the position of Member (Chairman) of the Board of Directors as at 31 December 2014.



**Chairman of the Steering Committee**  
**Chairman of the Real Estate Investment Committee**

## Members of the Board of Directors

#### Rudolf Rabiňák

born: 21 February 1958

residing at: K Tuchoměřicům 146, 164 00 Prague 6

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

Note: Rudolf Rabiňák was appointed Vice-Chairman of the Board of Directors as at 1 January 2015.

**Chairman of the Corporate Product Committee**

#### František Ježek

born: 5 April 1972

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

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

**Chairman of the Credit Committee**  
**Chairman of the Committee for Operations Risk Management**  
**Chairman of the Non-performing Loans Committee**  
**Chairman of the Retail Risk Management Committee**

#### Milan Hain

born: 27 November 1962

residing at: Suchá 10, Bratislava, Slovakia

Member of the Board of Directors responsible for IT since 1 January 2013. Prior to joining Raiffeisenbank, he held various IT management positions at Slovak telecommunications companies, such as Slovak Telecom. Prior to this, he worked in various management positions at Všeobecná úverová banka.

#### Jan Pudil

born: 20 December 1969

residing at: Koterská 36/1579, 140 00 Prague 4

Executive Director for Treasury and Investment Banking since October 2010. Since 1 October 2013, member of the Board of Directors responsible for Treasury and Investment Banking. Prior to joining Raiffeisenbank, he worked eight years in London at BNP Paribas S.A., the last four years of which he was in the position of Head of EMEA, FX and Linear Rates Trading.

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

## Vladimír Kreidl

born: 23 April 1974

residing at: U Starého židovského hřbitova 17, 150 00 Prague 5  
Member of Board of Directors responsible for Retail Banking since 1 October 2013. Prior to joining Raiffeisenbank, he worked at McKinsey&Company starting from 2001, since 2008 as a partner. From 1995 to 2000, he worked at Patria Finance, a.s., eventually as a partner.

**Chairman of the Pricing and Interest Committee**  
**Chairman of the Retail Marketing Committee**

## Miloš Matula

born: 1.10.1976

residing at: Samoty 18, Líšeň, 628 00 Brno  
Member of Board of Directors responsible for Operations since 1 January 2014. Prior to joining Raiffeisenbank a.s., he worked from 2009 as a member of the Board of Directors of ZUNO BANK AG. From 2007 to 2009, we worked at the parent company Raiffeisen Bank International AG in the position of Head of Service Excellence.

# Supervisory Board

## Herbert Stepic

residing at: Hertlgasse 1, 1160 Vienna, Austria  
born: 31 December 1946

In 1995, he was appointed Managing Director in Raiffeisen Zentralbank Österreich AG. He has worked in the Raiffeisen Zentralbank Österreich AG Group since 1973. From 2001 to 2013, he was the CEO of Raiffeisen Bank International AG. Note: Herbert Stepic resigned from the position of Member of the Supervisory Board as at 28 April 2014.

## Peter Lennkh

residing at: Pierronggasse 5, AT-1140 Vienna, Austria  
born: 10 June 1963

Member of the Supervisory Board since October 2013. Prior to this, he was a member of the Supervisory Board of Raiffeisenbank a.s. from 2005 to 2007. In 1988, he joined Raiffeisen Zentralbank AG, and since that time, he has worked in various positions in the group. Since 1 January 2005, he is a member of the Board of Directors of Raiffeisen Bank International AG, now responsible for Corporate Banking.

## Aris Bogdaneris

residing at: Lainzer Strasse 77, 1130 Vienna, Austria  
born: 26 October 1963

He started his career in 1988 at Citibank in Toronto, Canada. From 1992, he worked for ABN AMRO Corporate Finance in Budapest and Warsaw as an investment banker focusing on Central and Eastern Europe. At the beginning of 1995, he was employed at the headquarters of General Electric in the USA and was involved in various projects in the USA, Asia and Europe. In 1998, he became the Executive Director for operations at Budapest Bank (100% subsidiary of GE Capital), where he was then appointed as deputy CEO and member of the Board of Directors responsible for retail banking. In 2004, he became a member of the Board of Directors of Raiffeisen Bank International AG.

## Kurt Bruckner

residing at: Pressgasse 31/31, 1040 Vienna, Austria  
born: 4 February 1955

He has worked at Raiffeisen Zentralbank AG since 1984 in various managerial positions relating to credit risk management. Since 2004, he has been working at Raiffeisen International in the position of Head of Risk Management - Corporates and IRLGs. Note: Kurt Bruckner resigned from the position of Member of the Supervisory Board as at 28 April 2014.

## Peter Novák

residing at: Brezová 27, 90023 Viničné, Slovakia  
born: 16 February 1970

Member of the Supervisory Board since May 2012. He has more than 18 years of experience in IT, Operations and shared service centres in the banking industry and telecommunications, of which eight of these years in senior management positions. Since 2007, he has been working at Tatrabanka a.s. as a member of the Board of Directors responsible for IT and operations. Since 2011, he has been working at Raiffeisen Bank International, Vienna, in the position of Managing Director, International Operations and IT. Note: Peter Novák resigned from his position as member of the Supervisory Board as at 28 April 2014.

## Reinhard Schwendtbauer

residing at: Lukasweg 23, AT-4060 Leonding, Austria  
born: 11 September 1972

Member of the Supervisory Board since April 2013. Since 1997, he has worked at Raiffeisenlandesbank Oberösterreich as the Head of the Secretariat of the Board of Directors. From 1999 to 2000, he worked at the Federal Ministry of Agriculture and Forestry. From 2001 to 2012, he was managing partner and shareholder in Finadvice Österreich, Linz. Since April 2012, he is a member of the Board of Directors of Raiffeisenlandesbank Oberösterreich Linz.

## Petr Rögner

residing at: Lucemburská 10, 130 00 Prague 3 - Vinohrady, Czech Republic

born: 15 March 1951

Member of the Supervisory Board of Raiffeisenbank a.s. since 12 May 2011. He has worked at Raiffeisenbank a.s. since 2002 and currently works in the position of quality management specialist. He worked in the past at Citibank a.s. in the position of Head of the Cash Management Department

## Michal Přádka

residing at: Starodvorská 525, Krmelín, 739 24, Czech Republic

born: 6 January 1977

Member of the Supervisory Board of Raiffeisenbank a.s. since 12 May 2011. He has worked at Raiffeisenbank a.s. since 2007 in the position of Regional Director – North Moravia. He worked in the past at eBanka, a.s. in the position of Division Director Ostrava.

## Tomáš Jabůrek

residing at: K Dubinám 327/17, Prague 4, Czech Republic

born: 23 January 1977

Member of the Supervisory Board since May 2012. From 1999, he worked at eBanka, a.s. in IT, in the end as Director of IT administration and operations. Since 2007, He has worked at Raiffeisenbank a.s. in the position of Director of the IT Delivery Department.

Note: Tomáš Jabůrek resigned from the position of member of the Supervisory Board as at 1 July 2014.

## Karl Sevelda

residing at: Am Heumarkt 39/1, Vienna, Austria

born: 31 January 1950

Member of the Supervisory Board since April 2014. In June 2014, he was appointed Chairman of the Supervisory Board. Karl studied at Vienna University of Economics (Wirtschaftsuniversität Wien). From 1998 to 2010, he worked at Raiffeisen Zentralbank AG as a member of the Board of Directors responsible for Corporate Banking. Since 2010, he is a member of the Board of Directors of Raiffeisen Bank International AG and deputy CEO. Since June 2013, he is the Chairman of the Board of Directors and CEO of Raiffeisen Bank International AG.

## Johann Strobl

residing at: Walbersdorf, Hauptstrasse 37, Austria

born: 18 September 1959

Member of the Supervisory Board since April 2014. From 1989, Johann worked at Bank Austria Creditanstalt, and from 2004, in the position of member of the Board of the Directors responsible for risk management and finance. In 2007, he became a member of the Board of Directors of Raiffeisen Zentralbank AG responsible for risk management. Starting in 2010, he is a member of the Board of Directors of Raiffeisen Bank International AG responsible for risk management, and from June 2013, also the deputy CEO.

## Klemens Breuer

residing at: Am Stadtpark 9, 1030, Vienna, Austria

born: 16 December 1967

Member of the Supervisory Board from April 2014. Starting in 1995, he worked at Deutsche Bank AG in the area of treasury and money markets. Since April 2012, he is a member of the Board of Directors of Raiffeisen Bank International AG responsible for global markets.

## Martin Grüll

residing at: Mödling, Dr. Hanns Schürff Gasse 21, 2340, Austria

born: 25 October 1959

Member of the Supervisory Board since July 2014. From 1982 to 1998, he worked at Raiffeisen Zentralbank, ultimately in the position Head of International Corporate Banking (Senior Vice President). From 1998 to 2004, he worked at Bank Austria Creditanstalt, in the end, as Group Executive Manager – Central and Eastern Europe. Since 2005, he has been a member of the Board of Directors and CFO at Raiffeisen Bank International.

# Report of the Supervisory Board

Ladies and Gentlemen,

At the beginning of 2014, Raiffeisen Bank International carried out a capital increase with gross proceeds of €2.78 billion. RZB participated in the capital increase, in addition to numerous institutional and private investors, and remained the majority shareholder of RBI. The capital increase enabled RBI to fully repay the participation capital held by the Republic of Austria and private investors and significantly improve its common equity tier 1 ratio (on a Basel III fully-loaded basis). The rest of the year was mainly impacted by the geopolitical and financial situation in Ukraine and Russia, which led to higher loan loss provisions, as did defaults of individual large customers in Asia. Significant one-off charges were also booked during the year, the largest item thereof being goodwill impairments. Further one-off effects included the write-down of deferred tax assets and costs resulting from legislation changes in Hungary. These factors contributed to the € 493 million consolidated loss incurred in 2014, which was the first negative result in RBI's history. Apart from the costs caused by the Hungarian legislation, these one-offs had no impact on fully-loaded tier 1 common equity, and without them RBI would have reported a significantly positive net profit.

In February 2015, RBI resolved to take a number of steps to increase its capital buffer. The measures are intended to facilitate an improvement in the common equity tier 1 ratio (fully loaded) to 12 per cent by the end of 2017, compared to 10 per cent at the end of 2014. The planned steps include the sale or rescaling of units as well as reductions in total risk-weighted assets (RWA) in select markets, in particular in those which generate low returns, have high capital consumption or are of limited strategic fit. The implementation of these measures will result in an aggregate gross RWA reduction of approximately € 16 billion by the end of 2017 (total RWA as at 31 December 2014: € 68.7 billion). This reduction is expected to be partially offset by growth in other business areas.

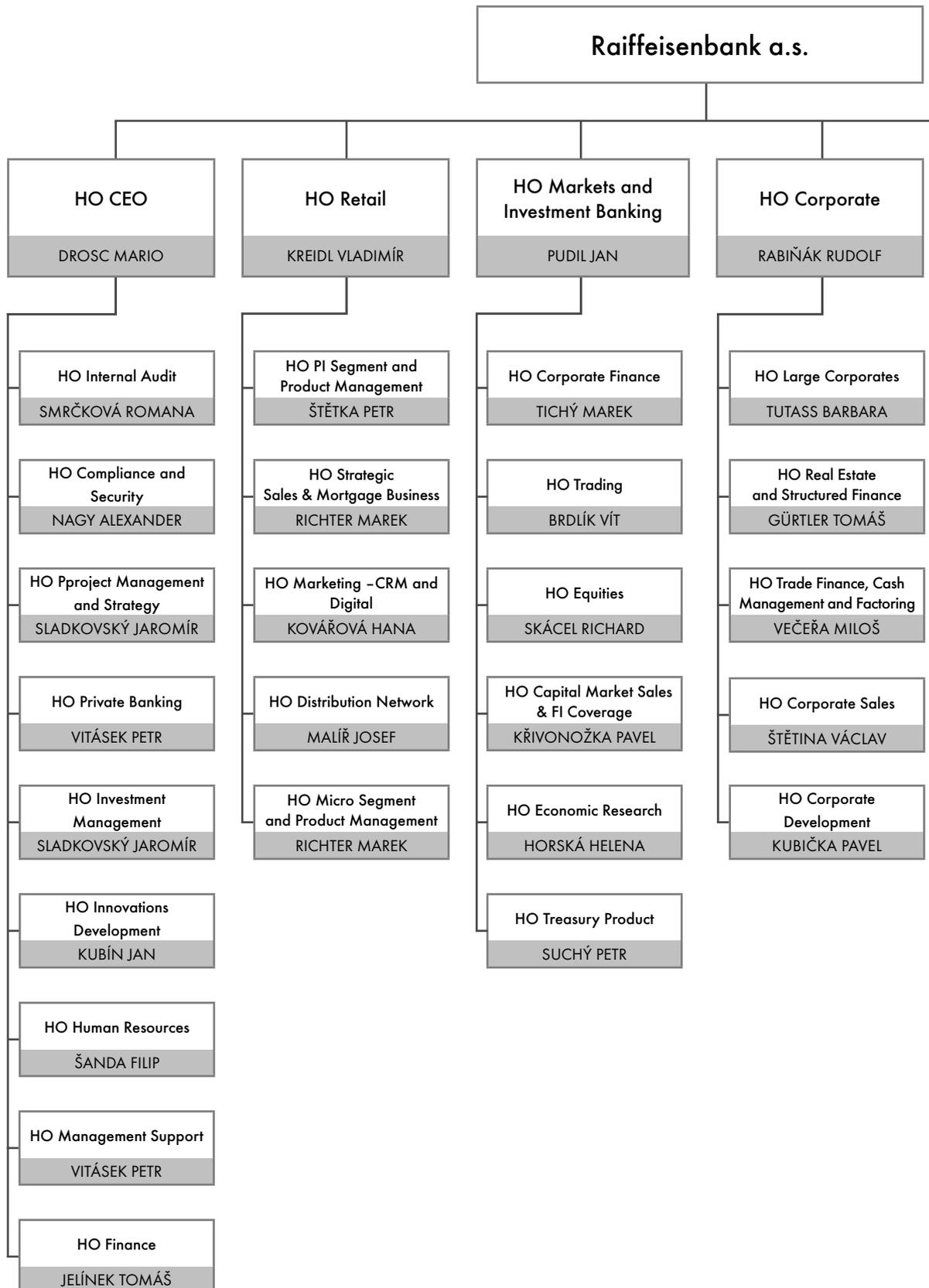
As far as Raiffeisenbank in the Czech Republic is concerned, I'd like to stress once again, that these measures will not affect Czech market significantly. RBI's trust in the Czech market has been confirmed by another capital increase of Raiffeisenbank last year. That enables the bank to continue its growth strategy. Raiffeisenbank has been very successful in the Czech market last year, even though it has to challenge a difficult environment of record low interest rates. The bank achieved record sales in a large range of products: current account, investments, loans or mortgages. The bank reached many successes in both corporate and private banking also. A lot of new and unique products have been brought to the market and the bank further strengthened its position as a bank focused on high-quality advisory, long-term finance planning, smart investments and service for entrepreneurs and corporate clients. Raiffeisenbank increased its position on the Czech market significantly and came back to a profit of over CZK 2 billion last year.

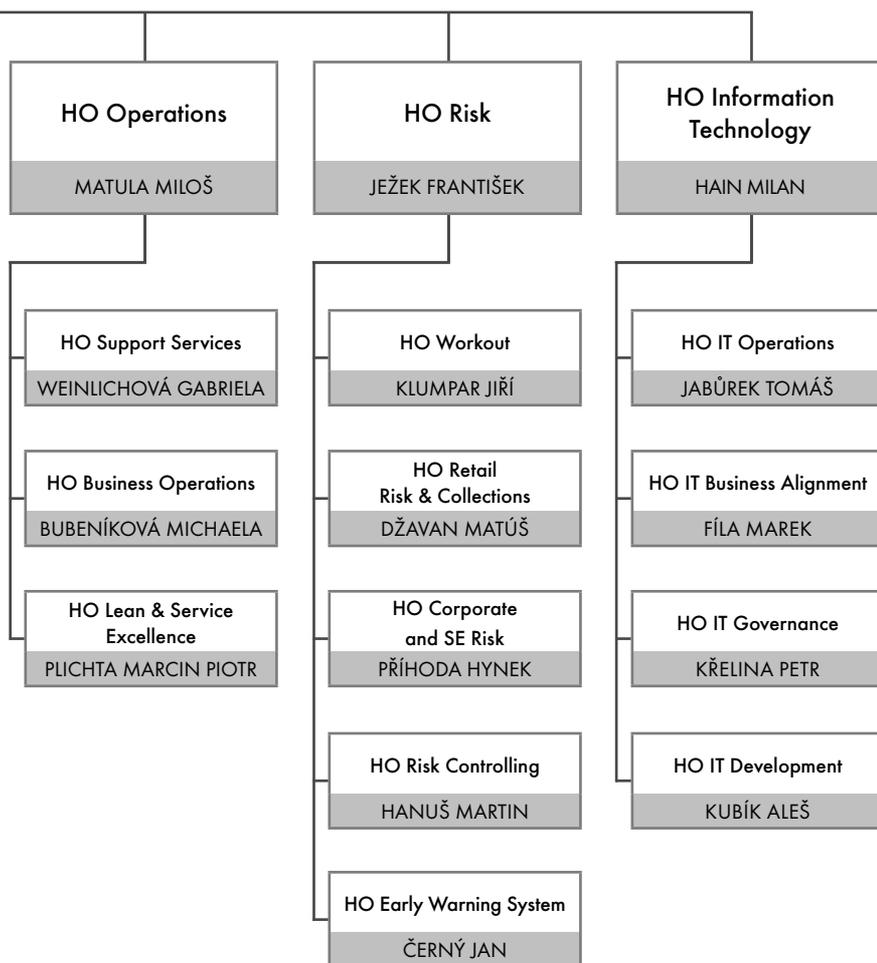
I would like to take this opportunity to thank all employees of Raiffeisenbank for their hard work and constant efforts to serve our customers and bring benefits to the entire Raiffeisen Group.

On behalf of the Supervisory Board,

Karl Sevelda  
Chairman of the Supervisory Board

# Organisational Chart





# Economic development

## 2014 – Unexpected situation abroad

In 2014, the key world economies were affected by unforeseen political events. The escalating Russian-Ukrainian conflict prompted the United States and the European Union to adopt economic sanctions against Russia at the end of July and during the first half of September 2014. In turn, Russia responded with retaliation. The western sanctions and the decline in the oil prices at the end of the year dealt Russia a big blow. The Russian economy started to rapidly slow down. The Russian rouble lost 44% of its value against the US dollar. The Russian central bank gradually abandoned foreign exchange controls, and due to a sharp weakening of the rouble in the second half of December, it was forced to increase the key interest rate by 6.5 percentage points to 17%. The Russian-Ukrainian conflict also shook the confidence of European firms (especially German). Growth of the key European economies in Q4 2014 was restrained; investments in the Eurozone continued to dwindle. On the contrary, the US economy was flourishing. Unemployment dropped quickly, and job vacancies increased significantly. As the US and EU economies diverged, their monetary policies swung in the opposite direction. At the end of October, the US Federal Reserve announced the end of the quantitative easing that started in November 2008. In contrast, the European Central Bank (ECB) began once again to ease monetary policy due to deflation worries. The deposit rate fell to -0.2%, and newly targeted long-term refinancing transactions were approved. However, little interest in them forced the ECB to proceed with purchasing covered bonds and asset backed securities (ABS). Although the quality control of bank assets in the Eurozone and stress tests were above expectations (though the stress test worked with the global crisis of confidence and not with the more risky deflation scenario), bank lending in the Eurozone did not increase in any significant manner. Hence, there was speculation at the end of the year that the ECB would also begin to purchase government bonds in 2015. Even the Japanese central bank (BoJ) decided for quantitative easing at the end of October 2014. The reason for this was the fear that the 2% inflation target would not be reached in two years and weaker performance of the economy after increasing sales tax. The Bank of England (BoE) did not increase interest rates either, despite robust economic growth. After a temporary weakening due to tension prior to the Scottish referendum, the British pound strengthened once again at the end of the year. The US dollar was even stronger against the euro, increasing more than 13%. The Japanese yen lost almost 13% against the dollar. A sharp drop in oil prices on world markets to under USD 60 per barrel also brought down yields on US and European government bonds. On the contrary, the stock markets have grown in the USA and Europe.

## The Czech economy spurs on cautious optimism

Despite the worsening external environment, the Czech economy grew at a rate of roughly 2% year-on-year in current prices. It is very likely that the Czech economy has exceeded the 2008 maximum at the end of 2014 and reached a new historical high. Fortunately for everyone, economic expansion has been widely distributed: not only consumption has risen, but also investment. However, geopolitical risks have dampened Czech export growth. The intervention against the Czech crown in November 2013 helped to start up the economy through export growth at the beginning of 2014 and later by stimulating the confidence of consumers and firms. Households began to spend and use financial reserves that were put aside during the recession. Their confidence exceeded the pre-crisis level and now is around the maximum from April 2007. The construction industry is slowly recuperating from the long and deep recession. While construction performance at the beginning of 2014 was still half of what it was before the crisis, at the end of the year, this gap narrowed to 1/5. Favourable weather and renewed government contracts, primarily in infrastructure, brought building production out of the negative figures.

## Public finances benefit from economic growth; government bond yields at lowest level

The recovering economy filled up the government and public coffers well above expectations. This was seen in particular with VAT, but also income tax. In addition to incomes, expenditures also rose, including investment expenditures (especially at the end of the year). The state budget deficit for 2014 was CZK 78 billion in contrast to the approved deficit of CZK 112 billion. In comparison with 2013, the deficit is CZK 3.5 billion lower despite an average wage increase in the public sector of 3.5% in November 2014. However, the entire state budget deficit in 2014 will most likely increase against 2013 (1.3% of GDP). It will, nevertheless, safety remain below 2% of GDP. Economic recovery provided more space for reducing the government's consumption expenditures and transfers. The present government has other priorities (especially starting up growth, and among other things, also improving the income situation of selected social groups) – it does not consider the renewed increase in the structural balance to be a problem. Despite slightly expansive fiscal policy, Czech government bond yields have fallen to a new historical minimum due to low inflation and a decline in German bonds.

Economic Development					
	2010	2011	2012	2013	2014
GDP per capita, PPS	20,564	21,581	21,805	21,919	<b>22,472</b>
GDP, % change	2.1	2.0	-0.7	-0.7	<b>2.0*</b>
Industrial output, % yoy	8.6	5.9	-0.8	-0.1	<b>4.9</b>
ILO general rate of unemployment, % avg	7.3	6.7	7.0	7	<b>6.1</b>
CPI, % change, avg	1.5	1.9	3.3	1.4	<b>0.4</b>
Trade balance, % of GDP	3.1	4.8	7.6	8.6	<b>10.6</b>
Current account balance, % of GDP	-3.7	-2.6	-1.3	-1.4	<b>0.3</b>
Net foreign direct investment, % of GDP	2.4	1.2	3.0	0.8	<b>9.1</b>
Budget balance, % of GDP	-4.4	-2.9	-4.0	-1.3	<b>-1.5</b>
Public debt, % of GDP	38.2	41.0	45.5	45.7	<b>43.9</b>
Official FX reserves, EUR bn eop	31.8	31.1	34.0	40.8	<b>44.9</b>
Import cover, months	3.8	3.5	3.5	4.5	<b>4.5</b>

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

## Labour market shows improvement

The number of unemployed during the year declined hand in hand with economic recovery. The number of unemployed persons registered at the labour offices decreased from more than 600,000 to a half million. Opportunities on the labour market significantly increased. According to the number of new vacancies, the condition of the labour market was the best since 2009. After several very modest years, the average wage also rose in the economy. Thanks to very low inflation, average real income for an employee increased by more than 2%. The last time real wages rose at a similar rate was in 2009.

## Inflation remained low

Consumer fears relating to the impact of the weak crown on the prices of consumer goods did not pan out in the end. On average, the prices of consumer goods increased only by 0.4%, the lowest since 2003. Although inflation in 2014 slowly rose, it again returned to just below zero at the end of the year due to a drop in oil prices and low imported inflation from Europe. In comparison to 2013, there was a decline of 0.7%.

## No major fluctuations in the Czech crown during 2014

The crown was extremely stable during the first half of 2014. It remained in a narrow band of 27.30 to 27.60 crowns to the euro and fluctuated around a level of 20 crowns against the dollar. However, during August, it weakened to 28 crowns to the euro. One reason for this was the new CNB forecast indicating slower increases in inflation. Another primary reason was escalation of the Russian-Ukrainian conflict, which led to adopting additional sanctions against Russia. The crown exchange rate also followed more than ever the news relating to economic growth and inflation. The lower the inflation and the slower the growth, the weaker the crown would be. Nevertheless, after a short August episode, the crown exchange rate vis-à-vis the euro stabilised between the level of 27.60 and 27.80, and the crown continued to lose ground against the significantly strengthening US dollar.

Helena Horská  
Chief Economist, Raiffeisenbank a.s.

# Raiffeisenbank's market position

For the Czech banking sector, 2014 was a relatively calm year, though not without complications. The moderate economic recovery has not yet had much of an effect on lending on the financial market, and even the persistently low interest rate environment is no longer an incentive for businesses to finance their activities through bank loans. A prolonged period of economic uncertainty with all of the effects on unemployment and low wage growth compels residents to save more and to take a more responsible approach to indebtedness. Hence, the main interest of residents was mortgages, which was also reflected in the strong competition on the mortgage market with respect to new transactions and the consolidation of existing loans. However, despite all of these restrictions, the banking sector as a whole has remained stable and profitable over the long run and has kept a strong position with respect to capital and liquidity.

In 2014, Raiffeisenbank had very favourable results, and its position on the market remains firm and stable as the fifth strongest bank with a 4.2% share in all assets. Client interest in the bank was confirmed by the inflow of deposits, which increased in 2014 by more than 12%, and hence Raiffeisenbank now manages 4.8% of all deposits in the Czech banking sector. The bank has also been successful in lending, and thanks to more than 9% growth in overall lending, it has increased its market share to 6.4%.

The bank's deposit structure has remained balanced over the long term. Legal entities contributed approximately 53% to overall deposits, and the volume of their deposits increased during 2014 by 6%. The non-financial sector is a strong group of clients with a 41% share in total deposits.

The volume of corporate deposits rose year-on-year by 7.4%, hence the bank held around an 8% market share. The mentioned interest in savings was reflected in a significant rise of almost 20% in deposits from individual clients, and so the bank's market share increased to 4%. In addition, in the segment of private individuals – entrepreneurs, efforts from the previous year to save funds for the future were still present, and their deposits managed by the bank increased in 2014 by more than 31%. Thus, the bank's share rose to a final 5.4%.

Even the bank's lending structure in 2014 had not significantly changed, and hence the core client group is still legal entities with a 54% share in total loans. The more than 12% rise in the volume of loans granted to legal entities increased the bank's market share in this segment to 6.2%. Non-financial corporations increased the volume of granted loans in 2014 by 3.9%, which means a rise in the bank's market share to 8.5%. In addition, the bank's loans granted to individual clients exceeded the market rate with its 5.8% growth, and hence the bank's market share slightly increased to a final 6.7%. In the area of mortgages, the bank increased its portfolio by 6.6% and now manages 7.1% of all mortgages on the Czech banking market. Consumer loans granted by the bank also continued with their growth trend from the previous year, increasing by another 3.1%. Hence, the bank's share on the consumer loan market reached 9.3% at the end of 2014. In addition, in the private individual – entrepreneur segment, the bank provided more loans than in the previous year, specifically 2.5% more, and its market share jumped to 5.7%.



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



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

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

### Report on the Unconsolidated Financial Statements

Based upon our audit, we issued the following audit report dated 3 March 2015 on the unconsolidated financial statements which are included in this annual report on pages 24 to 88:

"We have audited the accompanying unconsolidated financial statements of Raiffeisenbank a.s., which comprise the statement of financial position as at 31 December 2014, 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 at 31 December 2014, 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 7 April 2015 on the consolidated financial statements which are included in this annual report on pages 89 to 165:

"We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s. which comprise the statement of financial position as of 31 December 2014, 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.

Deloitte refers to one or more of Co-örcle Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/cz/about](http://www.deloitte.com/cz/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

## Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2014, 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 2014 which is included in this annual report on pages 168 to 198. 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 2014 contains material factual misstatements.

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

The related party transactions report was prepared in accordance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives.

## Report on the Annual Report

We have also audited the annual report of the Company as of 31 December 2014 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 28 April 2015

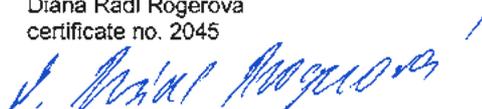
Audit firm:

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



Statutory auditor:

Diana Rádl Rogerová  
certificate no. 2045



# Raiffeisenbank a.s.

Unconsolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2014

## Components of the Financial Statements:

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

These financial statements were prepared by the Bank and approved by the Board of Directors of the Bank on 3 May 2015.

## Chief Financial Officer of the reporting entity



Tomáš Jelínek  
Chief Financial Officer

## Statutory body of the reporting entity



Rudolf Rabiňák  
Vice-Chairman of the Board



František Ježek  
Member of the Board

## Statement of Comprehensive Income For the Year Ended 31 December 2014

CZK thousand	Note	2014	2013
Interest income and similar income	5	6,830,054	7,211,906
Interest expense and similar expense	5	(942,158)	(1,497,342)
<b>Net interest income</b>		<b>5,887,896</b>	<b>5,714,564</b>
Change in provisions for credit risks	6	(1,109,394)	(1,274,656)
<b>Net interest income after provisions for credit risks</b>		<b>4,778,502</b>	<b>4,439,908</b>
Fee and commission income	7	2,627,445	2,786,133
Fee and commission expense	7	(660,815)	(589,102)
<b>Net fee and commission income</b>		<b>1,966,630</b>	<b>2,197,031</b>
Net profit on financial operations	8	1,028,409	1,280,922
Dividend income	9	54,400	73,692
Losses from the impairment of equity investments	21	(18,011)	(34,967)
General administrative expenses	10	(5,227,389)	(6,918,848)
Other operating (expenses)/income, net	12	(49,304)	19,250
<b>Profit before tax</b>		<b>2,533,237</b>	<b>1,056,988</b>
Income tax expense	13	(484,207)	(142,620)
<b>Net profit for the year attributable to the Bank's shareholders</b>		<b>2,049,030</b>	<b>914,368</b>
<b>Other comprehensive income</b>			
<b>Items that can be reclassified to income (or expenses) in the future:</b>			
Gains/(losses) from remeasurement of securities available for sale		-	-
Tax on profit associated with components of other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,049,030</b>	<b>914,368</b>

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

## Statement of Financial Position As of 31 December 2014

CZK thousand	Note	2014	2013
<b>ASSETS</b>			
Cash and balances with central banks	14	4,265,725	3,836,447
Securities at fair value through profit or loss	15	6,904,538	4,943,961
Positive fair value of financial derivative transactions	33	4,281,326	2,874,670
Securities available for sale	15	517,011	517,011
Loans and advances to financial institutions	16	29,453,508	19,104,685
Loans and advances to customers	17	170,408,374	155,059,207
Provisions for loans and advances	18	(6,598,109)	(6,546,643)
Fair value remeasurement of portfolio-remeasured items (amounts due from customers)	17	387,011	(42,912)
Income tax receivable	13	-	321,885
Deferred tax asset	19	-	125,472
Securities held to maturity	15	12,420,499	12,410,743
Other assets	20	748,753	745,764
Equity investments	21	629,092	532,008
Intangible fixed assets	22	1,778,679	1,851,460
Property and equipment	23	832,101	953,017
<b>Total assets</b>		<b>226,028,508</b>	<b>196,686,775</b>
<b>LIABILITIES AND EQUITY</b>			
Amounts owed to financial institutions	24	10,582,889	9,959,098
Amounts owed to customers	25	164,655,562	146,589,575
<i>of which: change in the fair value of hedged items</i>	25	225,631	69,397
Fair value re-measurement of portfolio-re-measured items (amounts owed to customers)	25	1,081,067	-
Negative fair value of financial derivative transactions	33	2,770,759	2,164,364
Deferred tax liability		52,329	-
Debt securities issued	26	16,802,321	12,043,515
Provisions	27	501,090	470,553
Other liabilities	28	2,465,966	2,368,601
Subordinated liabilities and bonds	29	4,244,865	4,202,889
<b>Total liabilities</b>		<b>203,156,848</b>	<b>177,798,595</b>
<b>EQUITY</b>			
Share capital	30	11,060,800	10,192,400
Reserve fund		693,561	647,842
Gains and losses from revaluation		220,852	220,852
Retained earnings		6,912,967	6,912,718
Other capital instruments	30	1,934,450	-
Profit for the period		2,049,030	914,368
<b>Total equity</b>		<b>22,871,660</b>	<b>18,888,180</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>226,028,508</b>	<b>196,686,775</b>

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

## Statement of Changes in Equity For the Year Ended 31 December 2014

(CZK thousand)	Share capital	Reserve fund	Gains and losses from revaluation	Retained earnings	Other capital instruments	Profit for the period	Total equity
<b>At 1 January 2013</b>	<b>9,357,000</b>	<b>549,184</b>	<b>220,852</b>	<b>6,050,815</b>	<b>-</b>	<b>1,973,161</b>	<b>18,151,012</b>
Share capital increase	835,400	-	-	-	-	-	835,400
Dividends	-	-	-	-	-	(1,012,600)	(1,012,600)
Allocation to reserve funds	-	98,658	-	-	-	(98,658)	-
Allocation to retained earnings	-	-	-	861,903	-	(861,903)	-
Net profit for the period	-	-	-	-	-	914,368	914,368
Other comprehensive income, net	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>914,368</b>	<b>914,368</b>
<b>At 31 December 2013</b>	<b>10,192,400</b>	<b>647,842</b>	<b>220,852</b>	<b>6,912,718</b>	<b>-</b>	<b>914,368</b>	<b>18,888,180</b>
Share capital increase	868,400	-	-	-	1,934,450	-	2,802,850
Dividends	-	-	-	-	-	(868,400)	(868,400)
Allocation to reserve funds	-	45,719	-	-	-	(45,719)	-
Allocation to retained earnings	-	-	-	249	-	(249)	-
Net profit for the period	-	-	-	-	-	2,049,030	2,049,030
Other comprehensive income, net	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,049,030</b>	<b>2,049,030</b>
<b>At 31 December 2014</b>	<b>11,060,800</b>	<b>693,561</b>	<b>220,852</b>	<b>6,912,967</b>	<b>1,934,450</b>	<b>2,049,030</b>	<b>22,871,660</b>

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

## Cash Flow Statement for the Year Ended 31 December 2014

(CZK thousand)	2014	2013
<b>Profit before tax</b>	<b>2,533,237</b>	<b>1,056,988</b>
<b>Adjustments for non-cash transactions</b>		
Creation of provisions for credit risks	1,109,394	1,274,656
Depreciation and amortisation	558,106	549,655
Loss from the impairment of intangible assets	40,625	1,474,201
Loss from the impairment of equity investments	18,011	34,967
Creation of other provisions	3,590	(321,007)
Change in fair values of financial derivatives	(800,261)	(620,951)
Unrealised loss/(gain) on revaluation of securities	(78,488)	107,554
Gain on the sale of tangible and intangible assets	2,481	11,429
Change in the revaluation of hedged items upon a fair value hedge	807,378	(67,230)
Revaluation of foreign currency positions	816,586	1,187,049
Other non-cash changes	(1,689,037)	(1,447,647)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>3,321,622</b>	<b>3,239,664</b>
<b>Cash flows from operating activities</b>		
<i>(Increase)/decrease in operating assets</i>		
Minimum reserve deposits with the CNB	(612,820)	1,176,411
Loans and advances to financial institutions	(9,974,644)	(4,512,305)
Loans and advances to customers	(14,864,677)	(3,942,535)
Securities at fair value through profit or loss and securities available for sale	(1,944,132)	6,425,862
Other assets	2,989	349,442
<i>Increase/(decrease) in operating liabilities</i>		
Amounts owed to financial institutions	560,392	3,165,438
Amounts owed to customers	16,857,740	448,953
Other liabilities	97,365	(606,734)
<b>Net cash flow from operating activities before income tax</b>	<b>(6,556,165)</b>	<b>5,744,196</b>
Income taxes paid	15,642	(299,623)
<b>Net cash flow from operating activities</b>	<b>(6,540,523)</b>	<b>5,444,573</b>
<b>Cash flows from investing activities</b>		
Purchase of equity investments/ addition to equity investments	(115,095)	(241,238)
Purchase of property and equipment and intangible assets	(372,917)	(673,461)
Income from the sale of fixed assets	5,156	10,937
Net decrease in securities held to maturity	-	1,565,330
Dividends received	54,400	73,692
<b>Net cash flow from investing activities</b>	<b>(428,456)</b>	<b>735,260</b>
<b>Cash flows from financing activities</b>		
Share capital increase	868,400	835,400
Dividends paid	(868,400)	(1,012,600)
Increase in other capital instruments	1,934,450	-
Bonds in issue	4,787,485	(5,900,313)
Subordinated liabilities and bonds	(1,217)	(186,838)
<b>Net cash flow from financing activities</b>	<b>6,720,718</b>	<b>(6,264,351)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(248,261)</b>	<b>(84,518)</b>
<b>Cash and cash equivalents at the beginning of the year (Note 31)</b>	<b>3,838,075</b>	<b>3,922,593</b>
<b>Cash and cash equivalents at the end of the year (Note 31)</b>	<b>3,589,814</b>	<b>3,838,075</b>

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

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# 1. CORPORATE DETAILS

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

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

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

## 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.

During the year ended 31 December 2014, 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. However, the actual future results may differ from these estimates.

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

Interest income and expense are recognised in the income statement and 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 and equity investments 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).

Other operating expenses that do not directly relate to banking activities are reported in “*Other operating (expenses)/income, net*”.

### (e) Taxation

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

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

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

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

## (f) Financial Assets and Liabilities

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

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

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

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

For financial assets and liabilities at fair value through profit or loss, the Bank uses the trade date accounting where the trade date is the date when the entity undertakes to buy or sell the financial asset.

The substance of trade date accounting is as follows:

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

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

The 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 portfolio of loans and receivables additionally includes debt securities measured at amortised cost and fulfilling the criteria of IAS 39 for being included in the "Loans and receivables" portfolio. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation, if any, of discount or premium. The amortised cost is calculated using the effective interest rate method. An integral part of the effective interest rate are fees and the related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks).

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

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

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

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

### Restructuring of Loans and Receivables from Customers

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

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

### Securities

Securities held by the Bank are categorised into portfolios in accordance with the Bank's intent on the acquisition of the securities and pursuant to the Bank's security investment strategy. In accordance with its intent, the Bank allocates securities into several portfolios - the portfolio of "Securities at fair value through profit or loss", the portfolio of "Securities available for sale" and the portfolio of "Securities held to maturity" and newly the portfolio of "Loans and receivables" since 2014. The principal difference between the portfolios relates to the approach to measurement and presentation in the financial statements.

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

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

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 from bonds held for trading and securities at fair value through profit or loss is reported in the statement of comprehensive income in "Net profit on financial operations".

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

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

#### Securities Available for Sale

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

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

## 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 36 c *"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 or similar expense"* as appropriate.

## Debt Securities Issued

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

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

## Financial Derivative Instruments

In the normal course of business, the Bank enters into contracts for derivative financial instruments. Financial derivatives include foreign currency and interest rate swaps, cross currency swaps, currency forwards, forward rate agreements, foreign currency, interest rate and commodity options (both purchased and sold), and other derivative financial instruments. The Bank uses various types of derivative instruments in respect of both its trading and hedging activities of currency and interest rate positions. The Bank internally includes all types of derivatives in the banking or trading portfolios. The banking portfolio additionally includes financial derivatives used as hedging instruments in fair value hedging.

All financial derivative instruments are initially recognised at fair value in the statement of financial position and are subsequently remeasured and stated at fair value. Fair values are reported in the statement of financial position as *"Positive fair value of financial derivative transactions"* and *"Negative fair value of financial derivative transactions"*.

The interest income and expenses relating to financial derivatives in the banking portfolio (economic hedging), or financial derivatives used as hedging instruments in fair value hedges, are reported in the statement of comprehensive income as *"Interest income and similar income"* or *"Interest expense and similar expense"* on a net basis. In respect of financial derivatives in the trading portfolio, the relating interest income and interest expenses are reported in *"Net profit on financial operations"*.

Realised and unrealised gains and losses are recognised in the statement of comprehensive income line “*Net profit on financial operations*”, the only exception being unrealised gains and losses on cash flow hedges which are recognised in equity. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions.

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

## Hedge Accounting

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

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

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

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

Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the statement of comprehensive income in the line “*Net profit on financial operations*”, interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the statement of comprehensive income line “*Interest income and similar income*” or “*Interest expense and similar expense*”, respectively, in the net value on the same line as the relevant interest income or expense from the hedged item. A change in the fair value of the hedged item in relation to the fair value hedge of term deposits is recognised as part of the carrying amount of the hedged item in the statement of financial position and in the line “*Net profit on financial operations*” in the statement of comprehensive income. In respect of the fair value hedge of the mortgage loan portfolio and the current and savings bank accounts portfolio, the change in the fair value of hedged items is reported in the statement of financial position as “*Fair value remeasurement of portfolio-remeasured items*” and “*Net profit on financial operations*” in the statement of comprehensive income.

Through the above approach, the Bank hedges against the interest rate risk of financial liabilities (term deposits with a fixed interest rate and the current and savings bank accounts portfolio) and, newly since 2013, the interest rate risk of financial assets (portfolio of mortgages with fixed interest rates). The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Bank discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through statement of comprehensive income over the period to the maturity of the hedged item.

### 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 and bonds*" 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 and bonds*" 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 reported in the statement of comprehensive income in the separate line "*Impairment losses from equity investments*".

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 and regularly tested for impairment.

## (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 (except for core banking systems)	4 years	25 %
Buildings	30 years	3.33 %
Other (cars, furniture and fixtures, office equipment and computers)	4 - 10 years	10 - 20 %

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

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

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

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

Low value tangible assets with a cost lower than CZK 20,000 and low value intangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition.

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. Impairment of assets, if any, is reported in the statement of comprehensive income as "General administrative expenses". The Bank regularly reviews the anticipated future benefit from intangible assets; if no benefit can be expected, the relevant intangible assets are derecognised from the statement on financial position. The loss resulting from the derecognition is included in the statement of comprehensive income line "General administrative expenses".

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

## (i) Provisions

The Bank recognises a provision when, and only when:

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

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

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

### Provision for Payroll Bonuses

The Bank accounts for long-term employee bonuses (quarterly and annual bonuses). The recognition, use and release of the provision for payroll bonuses is reported in the statement of comprehensive income as "General administrative expenses".

### Other Provisions

The recognition, use and release of other provisions relating to banking activities (for unused holidays, legal disputes, etc.) is recorded in "General administrative expenses". If the provision does not relate to banking activities, the recognition, use and release of other reserves is recorded in "Other operating income/(expenses), net". Other provisions include the provision for income tax payable when the estimated tax liability exceeds the prepayments made to the taxation authority.

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

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

### (k) Segment Reporting

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

The basis for determining reportable segments is a report that the Bank prepares for the Board of Directors, or for the meeting of the Top Managers Committee (TMC) which is considered to be the 'chief operating decision maker', i.e. a person/group of persons that allocates resources and assesses 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 on hand, deposits with central banks, deposits with other banks and treasury bills with a contractual maturity of three months or less 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 2014

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

In the year ended 31 December 2014, 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

During the year ended 31 December 2014, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- IFRS 10 – Consolidated Financial Statements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

- IFRS 11 – Joint Arrangements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

- IFRS 12 – Disclosure of Interests in Other Entities, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

- IAS 27 (revised in 2011) – Separate Financial Statements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

- IAS 28 (revised in 2011) – Investments in Associates and Joint Ventures, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);

The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 10, IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” - Investment Entities adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014);

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

- Amendments to IAS 32 “Financial Instruments: Presentation” - Offsetting Financial Assets and Financial Liabilities adopted by the EU on 13 December 2013 (effective for annual periods beginning on or after 1 January 2014).

Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of “currently has a legally enforceable right of set-off”; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; and (d) the unit of account for applying the offsetting requirements.

- Amendments to IAS 36 “Impairment of Assets” - Recoverable Amount Disclosures for Non-Financial Assets adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” - Novation of Derivatives and Continuation of Hedge Accounting adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

The adoption of these amendments resulted in no changes in the Bank’s accounting policies.

### **(c) Standards and Interpretations in Issue but Not Yet Effective**

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

- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015);
- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015);
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015); and
- IFRIC 21 “Levies” adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

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

## Standards and Interpretations issued by the IASB, but not yet adopted by the European Union

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by the IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as of the financial statements approval date (effective dates listed below are for IFRS issued by IASB):

- IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2018);
- IFRS 14 “Regulatory Deferral Accounts” (effective for annual periods beginning on or after 1 January 2016);
- IFRS 15 “Revenue from Contracts with Customers” (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 11 “Joint Arrangements” - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 “Presentation of Financial Statements” - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 27 “Separate Financial Statements” - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016); and
- Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

Given that the European Union deferred the adoption of IFRS 9 to the period when the standard is completed and able to entirely replace IAS 39, the Bank has not yet assessed the potential impact of its adoption. The Bank anticipates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the financial statements of the Bank prepared as of 31 December 2014, including comparative information.

## 5. NET INTEREST INCOME

CZK thousand	2014	2013
<b>Interest income arising from</b>		
Loans and advances to financial institutions	27,765	43,696
Loans and advances, and loan commitments to customers	6,424,741	6,919,041
Fixed income securities	210,215	242,029
Financial derivatives in the banking portfolio, net	167,333	7,140
<b>Total</b>	<b>6,830,054</b>	<b>7,211,906</b>
<b>Interest expense arising from</b>		
Deposits from financial institutions	(42,677)	(38,313)
Deposits from customers	(435,553)	(869,631)
Securities issued	(328,753)	(459,906)
Subordinated liabilities	(135,175)	(129,492)
<b>Total interest expense and similar expense</b>	<b>(942,158)</b>	<b>(1,497,342)</b>
<b>Net interest income</b>	<b>5,887,896</b>	<b>5,714,564</b>

In "Interest income arising from loans and advances, and loan commitments to customers", the Bank reports net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans of CZK (221,675) thousand (2013: CZK (4,537) thousand).

"Interest expense arising from deposits from customers" includes net interest income from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of CZK 290,113 thousand (2013: CZK 50,969 thousand).

Interest income additionally includes interest from impaired assets (primarily loans and advances to customers) of CZK 256,152 thousand (2013: CZK 300,238 thousand), of which default interest amounts to CZK 44,661 thousand (2013: CZK 102,903 thousand).

## 6. CHANGES IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2014	2013
<b>Changes in loan loss provisions</b>		
Charge for provisions	(2,977,261)	(3,979,635)
Release of provisions	1,886,093	2,485,268
Use of provisions	1,080,858	1,390,686
Nominal value of assigned and written off receivables	(1,081,760)	(1,394,675)
<i>of which: direct write-off of receivables</i>	(902)	(3,989)
Recoveries	9,623	10,765
<b>Total changes in loan loss provisions</b>	<b>(1,082,447)</b>	<b>(1,487,591)</b>
<b>Provisions for off balance sheet credit risk exposures</b>		
Charge for provisions	(51,956)	(25,009)
Release of provisions	25,009	237,944
<b>Total change in provisions for off-balance sheet risks</b>	<b>(26,947)</b>	<b>212,935</b>
<b>Change in provisions for credit risks</b>	<b>(1,109,394)</b>	<b>(1,274,656)</b>

## 7. NET FEE AND COMMISSION INCOME

CZK thousand	2014	2013
<b>Fee and commission income arising from</b>		
Payment transactions	1,865,377	1,860,211
Provided loans and guarantees	501,161	577,794
Securities transactions	123,567	128,445
Financial operations	9,904	12,141
Mediation of the Bank's products sale	55,182	81,454
Other banking services	72,254	126,088
<b>Total fee and commission income</b>	<b>2,627,445</b>	<b>2,786,133</b>
<b>Fee and commission expense arising from</b>		
Payment transactions	(528,443)	(463,569)
Receiving of loans and guarantees	(61,313)	(38,875)
Securities transactions	(10,821)	(12,680)
Securitisation	(5,932)	(15,856)
Financial operations	(4,977)	(4,667)
Mediation of the sale of the Bank's products	(9,690)	(14,714)
Other banking services	(39,639)	(38,741)
<b>Total fee and commission expense</b>	<b>(660,815)</b>	<b>(589,102)</b>
<b>Net fee and commission income</b>	<b>1,966,630</b>	<b>2,197,031</b>

## 8. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2014	2013
<b>Interest rate derivatives</b>	<b>(153,972)</b>	<b>134,672</b>
<b>Commodity derivatives</b>	<b>1,236</b>	<b>692</b>
<b>Equity derivatives</b>	<b>-</b>	<b>1</b>
<b>Profit/loss from foreign currency transactions</b>	<b>947,453</b>	<b>1,171,145</b>
<i>of which: Customer foreign currency result</i>	945,532	1,037,428
<i>FX proprietary P/L</i>	1,921	133,717
<b>Profit/loss from transactions with securities</b>	<b>161,176</b>	<b>(13,821)</b>
<i>of which: Portfolio of securities available for sale</i>	-	-
<i>Portfolio of securities held for trading</i>	160,585	3,126
<i>Portfolio of securities at fair value through profit or loss</i>	4,002	(8,163)
<i>Own issue</i>	(3,411)	(8,784)
<b>Profit/(loss) from the sale of equity investments (Note 21)</b>	<b>-</b>	<b>3,871</b>
<b>Change in the fair value of the hedged items in the fair value hedging</b>	<b>(803,554)</b>	<b>36,737</b>
<b>Change in the fair value of hedging derivatives in the fair value hedging</b>	<b>876,070</b>	<b>(52,375)</b>
<b>Total</b>	<b>1,028,409</b>	<b>1,280,922</b>

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

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

## 9. DIVIDEND INCOME

"Income from other shares and participation interest" amounted to CZK 54,400 thousand (2013: CZK 73,692 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. of CZK 36,000 thousand (2013: CZK 60,000 thousand) and dividend from Raiffeisen-Leasing, s.r.o. of CZK 18,400 thousand (2013: CZK 11,800 thousand).

## 10. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2014	2013
<b>Payroll costs (Note 11)</b>	<b>(2,580,965)</b>	<b>(2,828,323)</b>
<b>Administrative expenses:</b>	<b>(2,047,693)</b>	<b>(2,066,669)</b>
Rental, repairs and other office management expenses	(604,548)	(621,833)
Advertising costs	(348,824)	(276,009)
Costs of legal and advisory services	(288,772)	(399,336)
Of which: Audit	(6,097)	(7,063)
Tax advisory	(2,405)	(1,809)
IT support costs	(307,098)	(267,247)
Deposit and transaction insurance	(224,305)	(205,434)
Telecommunication, postal and other services	(111,965)	(123,082)
Security costs	(39,321)	(42,289)
Training costs	(26,578)	(35,066)
Office equipment	(34,311)	(36,887)
Travel costs	(21,059)	(22,730)
Fuel	(19,565)	(19,636)
Other administrative expenses	(21,347)	(17,120)
<b>Depreciation and amortisation of fixed assets (Notes 22 and 23)</b>	<b>(558,106)</b>	<b>(549,655)</b>
<b>Impairment loss related to intangible assets (Note 22)</b>	<b>(40,625)</b>	<b>(1,474,201)</b>
<b>Total</b>	<b>(5,227,389)</b>	<b>(6,918,848)</b>

"Deposit and transaction insurance" includes the costs of the payment to the Deposit Insurance Fund (henceforth the "FPV").

## 11. PAYROLL COSTS

CZK thousand	2014	2013
Wages and salaries	(1,905,207)	(2,092,273)
Social security and health insurance	(592,809)	(630,702)
Other staff costs	(82,949)	(105,348)
<b>Total</b>	<b>(2,580,965)</b>	<b>(2,828,323)</b>
<b>Of which wages and salaries paid to:</b>		
Members of the Board of Directors	(75,031)	(52,336)
Members of the Supervisory Board	(4,753)	(6,781)
Other members of management	(93,160)	(106,010)
<b>Total</b>	<b>(172,944)</b>	<b>(165,127)</b>

The average number of the Bank's employees as of 31 December 2014 and 2013 was as follows:

	2014	2013
Employees	2,612	2,821
Members of the Board of Directors	7	6
Members of the Supervisory Board	9	9
Other members of management	24	26

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

## 12. OTHER OPERATING (EXPENSES)/INCOME, NET

CZK thousand	2014	2013
Change in operating provisions	(46,385)	19,971
Gain/(loss) from disposal of in-/tangible fixed assets	2,481	(11,429)
Other	(5,400)	10,708
<b>Total</b>	<b>(49,304)</b>	<b>19,250</b>

## 13. INCOME TAX

### (a) Income Tax Expense

CZK thousand	2014	2013
Current income tax payable	(332,000)	(181,000)
Tax overpayment/(additional payments) from the previous period	25,594	58,073
Deferred income tax credit	(177,801)	(19,693)
<b>Total income tax</b>	<b>(484,207)</b>	<b>(142,620)</b>

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

CZK thousand	2014	2013
<b>Pre-tax profit (general tax base)</b>	<b>2,533,237</b>	<b>1,056,988</b>
Total pre-tax profit	2,533,237	1,056,988
<b>Tax calculated at the tax rate for the general tax base - 19% (2013: 19%)</b>	<b>(481,315)</b>	<b>(200,828)</b>
Non-taxable income (tax effect)	484,812	572,173
Non-tax deductible expenses (tax effect)	(336,259)	(552,996)
Tax relief and credit	762	651
<b>Tax liability for the period</b>	<b>(332,000)</b>	<b>(181,000)</b>
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	25,594	58,073
Deferred tax	(177,801)	(19,693)
<b>Total income tax</b>	<b>(484,207)</b>	<b>(142,620)</b>
<b>Effective tax rate</b>	<b>19.11%</b>	<b>13.49%</b>

The significant amount of non-tax deductible expenses is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables and represents temporary difference in deferred tax calculation.

The low effective tax rate in 2013 and the difference as compared with the rate applicable to the general tax base is due to the refund of the tax paid for 2012 when the Bank used the possibility of deducting incurred research and development costs from the tax base.

## (b) Income Tax Provision/Receivable

CZK thousand	2014	2013
Tax calculated at the tax rate for the general tax base - 19 % (2013: 19%)	(332,000)	(181,000)
<b>Tax liability for the period</b>	<b>(332,000)</b>	<b>(181,000)</b>
Advances paid for current income tax	329,583	502,885
<b>Total income tax provision</b>	<b>(2,417)</b>	<b>321,885</b>

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

## 14. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2014	2013
Cash on hand and other cash equivalents	2,766,661	2,787,325
Balances with central banks	331,345	494,223
Statutory minimum reserves maintained with the CNB	1,167,719	554,899
<b>Total</b>	<b>4,265,725</b>	<b>3,836,447</b>

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

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

## 15. SECURITIES

### (a) Portfolio Classification of Securities

CZK thousand	2014	2013
<b>Securities held to maturity (debt securities)</b>	<b>12,420,499</b>	<b>12,410,743</b>
<b>Securities at fair value through profit or loss</b>	<b>6,904,538</b>	<b>4,943,961</b>
<b>of which: Securities held for trading</b>	<b>6,900,015</b>	<b>4,815,582</b>
- Debt securities	6,900,015	4,815,582
- Shares and participation certificates	-	-
<b>of which: Securities designated as FVTPL on initial recognition</b>	<b>4,523</b>	<b>128,379</b>
- Debt securities	4,523	128,334
- Shares and participation certificates	-	45
<b>Securities available for sale (shares and participation certificates)</b>	<b>517,011</b>	<b>517,011</b>
<b>Total</b>	<b>19,842,048</b>	<b>17,871,715</b>
<i>of which: repayable within one year</i>	<i>3,796,270</i>	<i>835,727</i>
<i>repayable in more than one year</i>	<i>16,045,778</i>	<i>17,035,988</i>

“Securities held to maturity” primarily include Czech government bonds that can be used for the refinancing with the Czech National Bank.

“Securities at fair value through profit or loss” includes government bonds and treasury bills of CZK 6,680,925 thousand (2013: CZK 3,025,290 thousand) which may be used for refinancing with the Czech National Bank.

“Securities available for sale” includes the Bank’s investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 516,106 thousand (2013: CZK 516,106 thousand) and other minority investments of the Bank.

According to its investment strategy, the Bank holds most of newly acquired securities in the “Securities held for trading” portfolio.

## (b) Securities Pledged as Collateral

As of 31 December 2014, the Bank provided no pledge of securities as collateral as part of repurchase and similar transactions with other banks and clients. As of 31 December 2013, the Bank pledged securities in the amount of CZK 897,654 thousand as collateral as part of repurchase and similar transactions with other banks and clients.

## 16. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2014	2013
Placements with financial institutions	491,808	556,527
Term deposits with banks	8,087,377	13,306,435
Loans and other advances to financial institutions	19,085,191	5,118,866
Received loans	49,511	122,857
Debt securities	1,739,621	-
<b>Total</b>	<b>29,453,508</b>	<b>19,104,685</b>
<i>of which: repayable within one year</i>	27,711,900	19,100,385
<i>repayable in more than one year</i>	1,741,608	4,300

“Loans and other advances to financial institutions” includes reverse repurchase transactions. As part of the reverse repurchase transactions (primarily with the Czech National Bank), the Bank provided loans in the aggregate amount of CZK 19,085,191 thousand (2013: CZK 5,118,866 thousand). Reverse repurchase transactions are collateralised by securities (primarily by treasury bills issued by the Czech National Bank) with the fair value of CZK 18,710,227 thousand (2013: CZK 5,021,917 thousand).

In 2014, the Bank started to newly include the securities that comply with the criteria of IAS 39 in the portfolio of loans and receivables.

## 17. LOANS AND ADVANCES TO CUSTOMERS

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

CZK thousand	2014	2013
Overdrafts	6,926,780	7,021,043
Term loans	96,157,830	85,515,165
Mortgage loans	64,801,885	61,793,424
Debt securities	1,344,396	-
Other	1,177,483	729,575
<b>Total</b>	<b>170,408,374</b>	<b>155,059,207</b>
<i>of which: repayable at request</i>	6,926,780	7,021,043
<i>repayable within one year</i>	47,899,133	46,569,581
<i>repayable in more than one year</i>	115,582,461	101,468,583

The Bank applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans. The amount of the remeasurement of hedged items as of 31 December 2014 was CZK 387,011 thousand (2013: CZK (42,912) thousand).

In 2014, the Bank started to newly include the securities that comply with the criteria of IAS 39 in the portfolio of loans and receivables.

## (b) Reverse repurchase transactions

Within reverse repurchase transactions, the Bank advanced loans in the aggregate amount of CZK 75,067 thousand (2013: CZK 260 thousand) under reverse repurchase transactions. Reverse repurchase transactions are collateralised by securities with the fair value of CZK 105,494 thousand (2013: CZK 270 thousand).

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

CZK thousand	2014	2013
Government sector	1,048,242	749,194
Loans to corporate entities	87,738,780	77,019,124
Loans to private individuals	76,562,382	72,413,009
Small and medium size enterprises (SME)	5,058,970	4,877,880
<b>Total</b>	<b>170,408,374</b>	<b>155,059,207</b>

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

CZK thousand	2014	2013
Czech Republic	161,171,753	147,749,307
Slovakia	1,516,772	1,495,223
Other EU member countries	4,617,998	3,354,685
Other	3,101,851	2,459,992
<b>Total</b>	<b>170,408,374</b>	<b>155,059,207</b>

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

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

CZK thousand Overdue in days	Overdue loans and receivables		Nominal value of collateral	
	2014	2013	2014	2013
1 - 30	3,363,296	3,986,355	2,867,965	3,504,797
31 - 90	355,703	474,723	253,088	337,231

The data for 2013 were adjusted.

Although the nominal value of collateral does not fully cover the amount of receivables in the "1 - 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	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
<b>2014</b>							
<b>Amounts due from customers</b>							
- without default	156,443,853	3,363,296	355,703	-	-	-	<b>160,162,852</b>
- with default	3,478,533	503,692	471,583	768,921	760,711	4,262,082	<b>10,245,522</b>
<b>Gross</b>	<b>159,922,386</b>	<b>3,866,988</b>	<b>827,286</b>	<b>768,921</b>	<b>760,711</b>	<b>4,262,082</b>	<b>170,408,374</b>
Provisions	(1,547,390)	(196,085)	(212,775)	(289,791)	(544,850)	(3,807,108)	<b>(6,597,999)</b>
<b>Net</b>	<b>158,374,996</b>	<b>3,670,903</b>	<b>614,511</b>	<b>479,130</b>	<b>215,861</b>	<b>454,864</b>	<b>163,810,265</b>
<b>2013</b>							
<b>Amounts due from customers</b>							
- without default	140,171,338	3,986,355	474,723	-	-	-	<b>144,632,415</b>
- with default	3,152,546	1,343,130	561,460	584,756	1,204,129	3,580,772	<b>10,426,792</b>
<b>Gross</b>	<b>143,323,884</b>	<b>5,329,485</b>	<b>1,036,182</b>	<b>584,756</b>	<b>1,204,129</b>	<b>3,580,772</b>	<b>155,059,207</b>
Provisions	(1,423,362)	(570,480)	(327,624)	(228,800)	(886,212)	(3,110,165)	<b>(6,546,643)</b>
<b>Net</b>	<b>141,900,522</b>	<b>4,759,005</b>	<b>708,558</b>	<b>355,956</b>	<b>317,917</b>	<b>470,606</b>	<b>148,512,564</b>

The data for 2013 were adjusted.

The definition of amounts due with default and without default is provided in Note 37(a).

**(g) Securitisation**

Since March 2006, the Bank has carried out a synthetic securitisation of the Corporate Banking loans portfolio. The original maturity of the transaction was in March 2016. As of 1 August 2013, the Bank prematurely terminated the transaction. Two default events remained from the transaction which continue to be included in the securitisation. As of 31 December 2014, the volume of the loan portfolio included in the securitisation (the two cases above) was CZK 29,853 thousand (2013: the volume of the loan portfolio included in securitisation amounted to CZK 29,532 thousand).

**(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 7,830,010 thousand as of 31 December 2014 (2013: CZK 8,076,950 thousand), of which the proportion of the Bank amounted to CZK 3,265,821 thousand (2013: CZK 3,420,852 thousand) and the proportion of other syndicate members amounted to CZK 4,564,189 thousand (2013: CZK 4,656,098 thousand).

As of 31 December 2014, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 6,420,153 thousand (2013: CZK 6,745,196 thousand), of which the proportion of the Bank was CZK 2,483,761 thousand (2013: CZK 2,668,972 thousand) and the proportion of other syndicate members was CZK 3,936,392 thousand (2013: CZK 4,076,224 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

2014	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	72,282	310,001	42,667	439,485	9,432	27,097	211,772	1,113,186
Mining and Quarrying	-	-	-	-	-	11,105	-	-	35,621	46,726
Manufacturing	138,255	968	359,558	4,666,430	1,961,331	6,980,483	391,801	1,384,392	3,070,300	18,953,518
Electricity, Gas and Water Supply	192,323	-	18,647	136,853	1,430,265	1,072,842	19,555	3,664,379	1,465,639	8,000,503
Construction	9,026	-	91,952	1,657,355	1,077,637	1,429,120	220,915	88,484	828,666	5,403,155
Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods	55,261	-	519,175	3,879,866	818,564	4,467,168	530,644	260,597	3,111,298	13,642,573
Hotels and Restaurants	26,970	-	10,562	2,305,849	10,020	161,390	3,600	7,164	150,705	2,676,260
Transport, Storage and Communication	3,227	-	19,852	439,949	14,458	954,861	2,573	41,717	2,474,292	3,950,929
Financial Intermediation	100,991	-	2,295,933	671,858	1,791,815	553,296	10,970	2,672	5,819,580	11,247,115
Real Estate	431,681	1,333,952	188,004	14,171,413	1,840,392	2,826,702	938,616	89,335	3,748,929	25,569,024
Public Administration and Defence; Compulsory Social Security	2,848	926,081	-	92,321	49,744	9,164	-	-	18,075	1,098,233
Education	3,200	-	260	13,016	-	10,465	-	-	93,646	120,587
Health and Social Work	1,060	350,905	1,462	104,135	-	158,737	-	-	46,795	663,094
Other Community, Social and Personal Service Activities	13,978	-	23,488	353,143	176,244	338,380	1,453	132,891	321,512	1,361,089
Private Households with Employed Persons	13,978	-	23,488	353,143	176,244	338,380	1,453	132,891	321,512	1,361,089
Private Households with Unemployed Persons	3,492,967	-	-	63,616,643	-	1,760	8,198	-	9,442,814	76,562,382
<b>Total</b>	<b>4,472,237</b>	<b>2,611,906</b>	<b>3,601,175</b>	<b>92,418,832</b>	<b>9,213,137</b>	<b>19,414,958</b>	<b>2,137,757</b>	<b>5,698,728</b>	<b>30,839,644</b>	<b>170,408,374</b>

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



## 18. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

CZK thousand	2014	2013
<b>Clients</b>		
<b>Balance at 1 January</b>	<b>(6,546,533)</b>	<b>(6,381,987)</b>
Charge for provisions	(2,977,261)	(3,979,635)
Release of provisions	1,886,093	2,485,268
Usage of provisions for the write-off and assignment of receivables	1,080,858	1,390,686
FX gains from provisions denominated in a foreign currency	(41,156)	(60,865)
<b>Balance at 31 December</b>	<b>(6,597,999)</b>	<b>(6,546,533)</b>
<b>Banks</b>		
Balance at 1 January	(110)	(110)
<b>Balance at 31 December</b>	<b>(110)</b>	<b>(110)</b>
<b>Total</b>	<b>(6,598,109)</b>	<b>(6,546,643)</b>

## 19. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2014).

Deferred income tax assets are as follows:

CZK thousand	2014	2013
Unpaid interest on loans of non-residents	54,283	195,054
Unpaid social security and health insurance	61,576	60,537
Unused holiday	4,002	4,084
Other provisions	26,674	24,917
<b>Total deferred tax asset</b>	<b>146,535</b>	<b>284,592</b>

Deferred income tax liabilities are as follows:

CZK thousand	2014	2013
Differences between accounting and tax carrying amounts of tangible and intangible assets	(198,808)	(159,064)
Amount on the valuation difference in equity from revaluation of securities available for sales	(56)	(56)
<b>Total deferred tax liability</b>	<b>(198,864)</b>	<b>(159,120)</b>

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

CZK thousand	2014	2013
Balance at 1 January	284,592	465,898
Movement for the year - income/(expense)	(138,057)	(181,306)
<b>Total deferred tax asset</b>	<b>146,535</b>	<b>284,592</b>
Balance at 1 January	(159,120)	(320,733)
Movement for the year - (expense)/income	(39,744)	161,613
<b>Total deferred tax liability</b>	<b>(198,864)</b>	<b>(159,120)</b>
<b>Net deferred tax (liability)/asset</b>	<b>(52,329)</b>	<b>125,472</b>

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

CZK thousand	2014	2013
Basis for deferred tax (liability)/asset	(275,418)	660,381
Deferred tax (liability)/asset	(52,329)	125,472
Recognition of a year-on-year difference due to temporary differences in profit or loss (Note 13)	(177,801)	(19,692)
Recognition of a year-on-year difference due to temporary differences in equity	-	-
<b>Total year-on-year difference for recognition</b>	<b>(177,801)</b>	<b>(19,692)</b>

## 20. OTHER ASSETS

CZK thousand	2014	2013
Indirect tax receivables	20,265	13,852
Receivables arising from non-banking activities	442,402	469,890
Deferred expenses and accrued income	11,629	9,599
Receivables from securities trading	18,434	4,288
Settlement of cash transactions with other banks	137,524	113,912
Other	118,499	134,223
<b>Total</b>	<b>748,753</b>	<b>745,764</b>

## 21. EQUITY INVESTMENTS

### (a) Equity Investments

CZK thousand	2014	2013
<b>Balance at 1 January</b>	<b>532,008</b>	<b>325,737</b>
Acquisition/addition to equity investments	115,095	292,738
Sale of equity investments	-	(51,500)
Recognition of the allowance for equity investments	(18,011)	(34,967)
<b>Balance at 31 December</b>	<b>629,092</b>	<b>532,008</b>

In 2014, the Bank increased the capital in Czech Real Estate Fund B.V. and, together with the other shareholder, the share capital in Raiffeisen-Leasing, s.r.o.

The Bank regularly tests equity investments for impairment. The test highlighted the impairment of the equity investment in Raiffeisen penzijní společnost a.s., in liquidation of CZK 18,011 thousand (2013: CZK 34,967 thousand) and recognised the relevant allowance.

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

<b>CZK thousand</b>	<b>Registered office</b>	<b>Equity</b>	<b>Of which Share capital</b>	<b>Share of share capital</b>	<b>Share of voting power</b>	<b>Carrying amount</b>
<b>Name</b>						
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	105,760	499	20%	20%	85,934
Raiffeisen-Leasing, s.r.o.	Hvězdova 1716/2b, Praha 4	989,912	440,000	50%	50%	220,188
Raiffeisen-Leasing Real Estate, s.r.o.	Hvězdova 1716/2b, Praha 4	233,752	10,000	50%	50%	169,988
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	40,854	40,000	100%	100%	40,000
Raiffeisen penzijní společnost a.s., in liquidation	Praha 4, Hvězdova 1716/2b	223,904	325,000	51%	51%	112,772
Transaction System Servis s.r.o.	Praha 4, Hvězdova 1716/2b	97	200	100%	100%	210
<b>Total at 31 December 2014</b>						<b>629,092</b>
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	76,772	453	20%	20%	55,839
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	37,431	40,000	100%	100%	40,000
Raiffeisen penzijní společnost a.s., in liquidation	Praha 4, Hvězdova 1716/2b	240,302	325,000	51%	51%	130,783
Transaction System Servis s.r.o.	Praha 4, Hvězdova 1716/2b	100	200	100%	100%	210
<b>Total at 31 December 2013</b>						<b>226,832</b>

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

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

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

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

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

- ~~€~~ease of movable and immovable assets;
- ~~€~~valuation of immovable assets;
- ~~€~~agency activities related to trade and services;
- ~~€~~ccounting advisory, bookkeeping, tax records; and
- ~~€~~rovision of loans and credits from own resources.

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

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

- Lease of movable and immovable assets;
- Valuation of immovable assets; and
- Provision of loans and credits from own resources.

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

In 2013, the Bank purchased a 50% equity investment in Raiffeisen-Leasing Real Estate, s.r.o. In 2013, the Bank included the equity investments in Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate, s.r.o. in the portfolio of equity investments with significant influence as the controlling influence was exercised by the other shareholder Raiffeisen-Leasing International Gesellschaft GmbH. In 2014, following agreement with the other shareholder of Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate, s.r.o., the internal guidelines of these entities changed with effect from 1 April 2014. The Bank may newly appoint a majority in the Advisory Board (the principal advisory and supervisory body of the entities) and it is treated as the controlling entity under IFRS, it treats these entities as subsidiaries and consolidates them in full. In the previous reporting period, the Bank reported these entities as associates.

**Raiffeisen investiční společnost a.s.**

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

**Raiffeisen penzijní společnost a.s., in liquidation**

- In 2013 and at the beginning of 2014, the entity mediated pension insurance. The entity held a licence for the provision of additional pension insurance under the second and third pension pillars.

On 17 June 2014, the client portfolio of additional pension insurance policies of Raiffeisen penzijní společnost was transferred to Penzijní společnost České pojišťovny. During July 2014, the management and the Supervisory Board of the Bank decided to discontinue the activities of Raiffeisen penzijní společnost a.s. As of 1 September 2014, the entity was placed into liquidation.

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

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

- Development of the banking system

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

CZK thousand	Registered office	Equity	Of which Share capital	Share of share capital	Share of voting power	Carrying amount
Name						
Raiffeisen-Leasing, s.r.o.	Hvězdova 1716/2b, Praha 4	794,612	270,000	50%	50%	135,188
Raiffeisen-Leasing Real Estate, s.r.o.	Hvězdova 1716/2b, Praha 4	127,261	10,000	50%	50%	169,988
<b>Total at 31 December 2013</b>						<b>305,176</b>

During 2014, there was a change in control in Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate, s.r.o. The Bank newly reports these entities in the category of entities with controlling influence (subsidiaries). For detailed information please refer to Note 21(b).

## 22. INTANGIBLE FIXED ASSETS

CZK thousand	Software	Intangible assets under constructio	Total
<b>Cost</b>			
1 January 2013	2,559,882	2,487,911	5,047,793
Additions	483,253	46,537	529,790
Disposals	(3,989)	(1,474,201)	(1,478,190)
Other changes (transfers)	544,304	(544,304)	-
<b>31 December 2013</b>	<b>3,583,450</b>	<b>515,943</b>	<b>4,099,393</b>
Additions	23,217	242,004	265,221
Disposals	(5,008)	(40,625)	(45,633)
Other changes (transfers)	543,363	(543,363)	-
<b>31 December 2014</b>	<b>4,145,022</b>	<b>173,959</b>	<b>4,318,981</b>
<b>Accumulated amortisation</b>			
1 January 2013	(1,963,155)	-	(1,963,155)
Additions - annual amortisation charges	(288,767)	-	(288,767)
Disposals	3,989	-	3,989
<b>31 December 2013</b>	<b>(2,247,933)</b>	<b>-</b>	<b>(2,247,933)</b>
Additions - annual amortisation charges	(295,373)	-	(295,373)
Disposals	3,004	-	3,004
<b>31 December 2014</b>	<b>(2,540,302)</b>	<b>-</b>	<b>(2,540,302)</b>
<b>Net book value</b>			
<b>31 December 2013</b>	<b>1,335,517</b>	<b>515,943</b>	<b>1,851,460</b>
<b>31 December 2014</b>	<b>1,604,720</b>	<b>173,959</b>	<b>1,778,679</b>

Additions to software represent the putting into use of technical improvements on data warehouses and communication tools between the Bank's core systems and the CRM system. Internal costs (primarily staff costs and rental costs) which are required to generate these assets are capitalised. In 2014, internal costs of CZK 46,867 thousand (2013: CZK 44,879 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.

Disposals of intangible assets under construction in 2013 include the derecognition of an intangible asset under construction in the new banking system development project. In December 2013, the Supervisory Board approved the resolution of the Bank's management on the interruption of the new banking system development project. The Bank no longer anticipates that there would be economic or other benefits arising from this investment; for this reason, it derecognised this intangible asset under construction in line with IAS 38 and reported the relating loss for 2013 in the statement of comprehensive income as "General administrative expenses" (refer to Note 10).

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

## 23. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
<b>Cost</b>					
1 January 2013	924,525	267,203	1,144,316	68,883	<b>2,404,927</b>
Additions	51,866	6,037	66,172	19,597	<b>143,672</b>
Disposals	(23,038)	(44,561)	(149,323)	-	<b>(216,922)</b>
Other changes (transfers)	19,916	1,052	24,763	(45,731)	-
<b>31 December 2013</b>	<b>973,269</b>	<b>229,731</b>	<b>1,085,928</b>	<b>42,749</b>	<b>2,331,677</b>
Additions	45,118	7,223	70,486	31,736	<b>154,563</b>
Disposals	(41,020)	(21,412)	(78,868)	(6)	<b>(141,306)</b>
Other changes (transfers)	3,951	79	31,251	(35,281)	-
<b>31 December 2014</b>	<b>981,318</b>	<b>215,621</b>	<b>1,108,797</b>	<b>39,198</b>	<b>2,344,934</b>
<b>Accumulated depreciation</b>					
1 January 2013	(466,680)	(172,231)	(680,198)	-	<b>(1,319,109)</b>
Additions	(84,481)	(26,169)	(150,238)	-	<b>(260,888)</b>
Disposals	11,093	44,397	145,847	-	<b>201,337</b>
<b>31 December 2013</b>	<b>(540,068)</b>	<b>(154,003)</b>	<b>(684,589)</b>	-	<b>(1,378,660)</b>
Additions	(87,899)	(22,632)	(152,202)	-	<b>(262,733)</b>
Disposals	34,317	19,421	74,822	-	<b>128,560</b>
<b>31 December 2014</b>	<b>(593,650)</b>	<b>(157,214)</b>	<b>(761,969)</b>	-	<b>(1,512,833)</b>
<b>Net book value</b>					
<b>31 December 2013</b>	<b>433,201</b>	<b>75,728</b>	<b>401,339</b>	<b>42,749</b>	<b>953,017</b>
<b>31 December 2014</b>	<b>387,668</b>	<b>58,407</b>	<b>346,828</b>	<b>39,198</b>	<b>832,101</b>

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

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

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2014 and 2013.

## 24. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2014	2013
Repayable on demand	2 122 558	2 234 282
<b>Term deposits of banks</b>	<b>8,460,331</b>	<b>7,724,816</b>
Within 3 months	3,353,847	2,349,436
From 3 months to 1 year	271,515	323,043
From 1 to 5 years	2,163,902	1,875,050
Over 5 years	2,671,067	3,177,287
<b>Total</b>	<b>10,582,889</b>	<b>9,959,098</b>

## 25. AMOUNTS OWED TO CUSTOMERS

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

CZK thousand	2014	2013
Repayable on demand	155,652,818	126,056,236
Term deposits with maturity at accrued amount	8,735,984	20,452,427
Change in the fair values of hedged items in the fair value hedging	225,631	69,397
Other	41,129	11,515
<b>Total</b>	<b>164,655,562</b>	<b>146,589,575</b>
<i>of which: repayable within one year</i>	160,717,571	140,960,575
<i>repayable in more than one year</i>	3,937,991	5,629,000

The Bank uses hedge accounting upon the fair value hedge of term deposits.

Since 2014, the Bank has applied hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items amounts to CZK 1,081,067 thousand as of 31 December 2014.

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

CZK thousand	2014	2013
Public sector	1,205,291	2,052,445
Deposits from corporate clients	64,470,390	67,114,466
Deposits to private individuals	78,240,563	60,321,223
Small and medium size enterprises (SME)	20,556,686	16,921,121
Other	182,632	180,320
<b>Total</b>	<b>164,655,562</b>	<b>146,589,575</b>

### (c) Repurchase Transactions

As of 31 December 2014, the Bank received CZK 0 from clients as part of repurchase transactions (2013: CZK 900,014 thousand collateralised by securities of CZK 897,654 thousand).

## 26. DEBT SECURITIES ISSUED

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

CZK thousand	2014	2013
Deposit certificates and depository bills of exchange	122,492	392,504
Bonds in issue - unsecured	1,266,599	2,118,820
Mortgage bonds	15,413,230	9,532,191
<b>Total</b>	<b>16,802,321</b>	<b>12,043,515</b>
<i>of which: repayable within one year</i>	741,805	3,931,256
<i>repayable in more than one year</i>	16,060,516	8,112,259

The subordinated debt securities issued are disclosed in Note 29.

### (b) Analysis of Mortgage Bonds

CZK thousand							
Date of issue	Maturity	ISIN	Cur-rency	Nominal value		Net carrying value	
				2014	2013	2014	2013
14.11.2007	14.11.2014	CZ0002001316	CZK	-	500,000	-	506,676
12.12.2007	12.12.2017	CZ0002001670	CZK	3,427,800	2,427,800	3,656,925	2,559,898
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	520,002	525,732
20.12.2007	20.12.2017	CZ0002001928	CZK	1,918,500	1,418,500	2,084,227	1,545,283
19.1.2011	19.1.2014	CZ0002002272	CZK	-	131,000	-	134,504
9.2.2011	9.2.2014	CZ0002002280	CZK	-	567,810	-	582,188
4.5.2011	4.5.2016	CZ0002002314	CZK	499,560	500,000	511,093	511,807
27.7.2011	27.7.2016	CZ0002002363	CZK	500,000	499,800	507,392	507,326
27.7.2011	27.7.2014	CZ0002002371	CZK	-	1,406,120	-	1,423,315
26.9.2011	26.9.2016	CZ0002002405	CZK	930,000	930,000	940,988	943,078
11.1.2012	11.1.2017	CZ0002002439	CZK	283,480	284,400	291,421	292,384
5.12.2012	5.12.2017	XS0861195369	EUR	-	-	-	-
5.11.2014	5.11.2019	XS1132335248	EUR	6,931,250	-	6,901,182	-
5.12.2012	5.12.2017	XS0861195369	EUR	-	-	-	-
<b>Celkem</b>				<b>14,990,590</b>	<b>9,165,430</b>	<b>15,413,230</b>	<b>9,532,191</b>

In December 2012, the Bank issued mortgage bonds of EUR 500,000 thousand. The Bank repurchased the entire issue. In November 2014, the Bank placed another mortgage bonds issue of EUR 500,000 thousand. From this issue, the Bank sold mortgage bonds to investors of EUR 250,000 thousand. These are issues under the bond programme of the Bank with the total amount of EUR 5,000,000 thousand and comply with the conditions for money market transactions with the European Central Bank.

As of 31 December 2014, the Bank held issued mortgage bonds totalling EUR 750,000 thousand (as of 31 December 2013: EUR 500,000 thousand), of which EUR 599,212 thousand (as of 31 December 2013: EUR 348,173 thousand) may be used as part of repurchase transactions with the European Central Bank and EUR 150,788 thousand (as of 31 December 2013: EUR 151,827 thousand) is used as collateral for received loans from the European Investment Bank - refer to Note 32 (c).

## 27. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for unused holiday	Provision for payroll bonuses	Other provisions	Total
<b>1 January 2013</b>	<b>13,900</b>	<b>237,944</b>	<b>47,851</b>	<b>681,795</b>	<b>23,005</b>	<b>1,004,495</b>
Charge for provisions	300	25,009	19,516	96,056	49,917	190,798
Use of provisions	-	-	(45,870)	(287,906)	(28,232)	(362,008)
Release of redundant provisions	(8,800)	(237,944)	-	(101,636)	(14,352)	(362,732)
Foreign exchange rate differences	-	-	-	-	-	-
<b>31 December 2013</b>	<b>5,400</b>	<b>25,009</b>	<b>21,497</b>	<b>388,309</b>	<b>30,338</b>	<b>470,553</b>
Charge for provisions	10,800	51,956	21,065	331,458	50,498	465,777
Use of provisions	(1,040)	-	(21,497)	(202,272)	-	(224,809)
Release of redundant provisions	(360)	(25,009)	-	(185,136)	-	(210,505)
Foreign exchange rate differences	-	-	-	-	74	74
<b>31 December 2014</b>	<b>14,800</b>	<b>51,956</b>	<b>21,065</b>	<b>332,359</b>	<b>80,910</b>	<b>501,090</b>

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

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

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

In the years ended 31 December 2014 and 2013, the Bank recognised no provision for restructuring.

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

## 28. OTHER LIABILITIES

CZK thousand	2014	2013
Liabilities arising from non-banking activities	449,641	416,485
Estimated payables for payroll costs	213,772	211,200
Accrued expenses and deferred income	50,012	44,959
Liabilities from securities trading	9,699	2,968
Settlement and suspense clearing account	1,017,675	864,580
Other	725,167	828,409
<b>Total</b>	<b>2,465,966</b>	<b>2,368,601</b>

## 29. SUBORDINATED LIABILITIES AND BONDS

### (a) Subordinated Loan

CZK thousand	2014	2013
Raiffeisen Bank International AG (parent company)	3,991,233	3,948,646
<b>Total</b>	<b>3,991,233</b>	<b>3,948,646</b>
<i>of which: repayable within one year</i>	52,698	52,728
<i>repayable in more than one year</i>	3,938,535	3,895,918

### (b) Issue of Subordinated Bonds

CZK thousand							
Date of issue	Date of maturity	ISIN	Cur-rency	Nominal value		Net book value	
				2014	2013	2014	2013
21.9.2011	21.9.2016	CZ0003702953	CZK	125,000	125,000	127,608	128,160
21.9.2011	21.9.2018	CZ0003702961	CZK	125,000	125,000	126,024	126,083
<b>Total</b>				<b>250,000</b>	<b>250,000</b>	<b>253,632</b>	<b>254,243</b>

## 30. EQUITY

### (a) Share Capital

The Bank's shareholder structure as of 31 December 2013:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen CEE Region Holding GmbH	Austria	764,430	7,644,300	75
RB Prag Beteiligungs GmbH	Austria	254,810	2,548,100	25
<b>Total</b>		<b>1,019,240</b>	<b>10,192,400</b>	<b>100</b>

On 28 April 2014, the General Meeting of the Bank approved the following allocation of the profit generated in 2013:

Net profit for 2013	914,368
Approved allocation:	,
Allocation to statutory reserve funds	45,719
Allocation to retained earnings	249
Dividends paid to shareholders*	868,400
<i>of which: Raiffeisen CEE Region Holding GmbH</i>	651,300
<i>RB Prag Beteiligungs GmbH</i>	217,100

\* Dividends were paid on 14 May 2014 according to the shareholder structure effective as of 31 December 2013.

On 22 May 2014, the share capital of the Bank was increased by CZK 868,400 thousand (an issue of 86,840 shares) from CZK 10,192,400 thousand to CZK 11,060,800 thousand. The aggregate nominal value of all the shares was fully paid. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital did not impact the shareholder structure, i.e. all existing shareholders participated in the increase in the share capital in a proportionate manner according to the amount of the investment in the share capital and voting rights.

The shareholder structure and the nominal value of their investments as of 31 December 2014 is as follows:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen CEE Region Holding GmbH	Austria	829,560	8,295,600	75
RB Prag Beteiligungs GmbH	Austria	276,520	2,765,200	25
<b>Total</b>		<b>1,106,080</b>	<b>11,060,800</b>	<b>100</b>

\* Direct investment in the share capital.

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

## (b) Other Capital Instruments

In December 2014, the Bank issued subordinated unsecured AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Bank's Tier 1 capital. The issue amounted to CZK 1,934,450 thousand. The Czech National Bank approved the inclusion of AT1 certificates in the Bank's Tier 1 capital.

## 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	2014	2013
Cash and balances with central banks (Note 14)	4,265,725	3,836,447
Statutory minimum reserves (Note 14)	(1,167,719)	(554,899)
Placements in other financial institutions (Note 16)	491,808	556,527
<b>Total cash and cash equivalents</b>	<b>3,589,814</b>	<b>3,838,075</b>

## 32. CONTINGENT LIABILITIES

### (a) Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2014. 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 14,800 thousand (2013: CZK 5,400 thousand).

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

CZK thousand	2014	2013
<b>Banks</b>		
Provided commitments (irrevocable)	47,172	1,043,439
Guarantee issued	117,050	209,681
Letters of credit issued	48,555	100,705
<b>Total</b>	<b>212,777</b>	<b>1,353,825</b>
<b>Customers</b>		
Provided commitments (irrevocable)	20,971,528	20,626,696
Guarantee issued	14,129,126	13,854,226
Letters of credit issued	652,791	585,943
<b>Total</b>	<b>35,753,445</b>	<b>35,066,865</b>
<b>Total</b>	<b>35,966,222</b>	<b>36,420,690</b>

In addition, the Bank provides the clients with revocable credit commitments and guarantee commitments.

### (c) Refinancing Agreements

During 2011 and 2012, the Bank received loan of EUR 100,000 thousand from EIB. During 2013, the Bank received another EUR 100,000 thousand and concurrently makes regular repayments relating to the first loan. As of 31 December 2014, the Bank used the loan with the nominal amount of CZK 5,173,079 thousand (2013: CZK 5,384,665 thousand). The loans from EIB is collateralised by own issued mortgage bonds - refer to Note 26(b), and by guarantee from Raiffeisen Bank International AG.

### 33. FINANCIAL DERIVATIVES

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

CZK thousand	Contractual amounts (nominal value)	
	2014	2013
<b>Financial derivatives (non-hedging)</b>		
Cross currency swaps	16,077,963	570,087
Currency forwards and swaps	29,210,364	33,258,492
Interest rate swaps (IRS)	87,331,415	124,799,686
Forward rate agreements (FRA)	2,000,000	17,000,000
Option contracts (purchase)	8,022,368	14,304,185
Option contracts (sale)	8,022,368	14,301,405
<b>Total trading instruments</b>	<b>150,664,478</b>	<b>204,233,855</b>
<b>Hedging derivatives</b>		
Interest rate swaps (IRS)	113,140,391	17,619,000
<b>Total hedging derivatives</b>	<b>113,140,391</b>	<b>17,619,000</b>
<b>Financial derivatives - total contractual amount</b>	<b>263,804,869</b>	<b>221,852,855</b>

The Bank applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans provided to clients and hedge accounting upon a fair value hedge of term deposits. Starting from 2014, it has applied hedge accounting upon a fair value hedge of the current and savings accounts portfolio.

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

CZK thousand	Fair value in 2014		Fair value in 2013	
	Positive	Negative	Positive	Negative
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	88,517	(77,807)	19,270	(16,654)
Currency forwards and swaps	579,453	(93,715)	549,609	(178,818)
Interest rate swaps (IRS)	1,375,166	(1,287,013)	1,663,581	(1,412,303)
Forward rate agreements (FRA)	-	(36)	3,567	(5,865)
Option contracts (purchase)	292,456	-	450,855	-
Option contracts (sale)	-	(292,457)	-	(457,028)
<b>Total trading instruments</b>	<b>2,335,592</b>	<b>(1,751,028)</b>	<b>2,686,882</b>	<b>(2,070,668)</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	1,945,734	(1,019,731)	187,788	(93,696)
<b>Total hedging derivatives</b>	<b>1,945,734</b>	<b>(1,019,731)</b>	<b>187,788</b>	<b>(93,696)</b>
<b>Financial derivatives - total fair value</b>	<b>4,281,326</b>	<b>(2,770,759)</b>	<b>2,874,670</b>	<b>(2,164,364)</b>

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

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2014</b>				
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	5,230,658	8,086,073	2,761,232	16,077,963
Currency forwards and swaps	27,393,797	1,816,567	-	29,210,364
Interest rate swaps (IRS)*	25,754,783	38,592,278	22,984,354	87,331,415
Forward rate agreements (FRA)	2,000,000	-	-	2,000,000
Option contracts (purchase)	3,031,252	4,991,116	-	8,022,368
Option contracts (sale)	3,031,252	4,991,116	-	8,022,368
<b>Total trading instruments</b>	<b>66,441,742</b>	<b>58,477,150</b>	<b>25,745,586</b>	<b>150,664,478</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	13,254,950	70,155,354	29,730,087	113,140,391
<b>Total hedging derivatives</b>	<b>13,254,950</b>	<b>70,155,354</b>	<b>29,730,087</b>	<b>113,140,391</b>
<b>Total financial derivatives</b>	<b>79,696,692</b>	<b>128,632,504</b>	<b>55,475,673</b>	<b>263,804,869</b>

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

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2013</b>				
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	-	570,087	-	570,087
Currency forwards and swaps	29,665,104	3,593,388	-	33,258,492
Interest rate swaps (IRS)*	30,834,925	72,790,917	21,173,844	124,799,686
Forward rate agreements (FRA)	13,000,000	4,000,000	-	17,000,000
Option contracts (purchase)	10,481,087	3,805,525	17,573	14,304,185
Option contracts (sale)	10,478,307	3,805,525	17,573	14,301,405
<b>Total trading instruments</b>	<b>94,459,423</b>	<b>88,565,442</b>	<b>21,208,990</b>	<b>204,233,855</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	2,000,000	12,925,000	2,694,000	17,619,000
<b>Total hedging derivatives</b>	<b>2,000,000</b>	<b>12,925,000</b>	<b>2,694,000</b>	<b>17,619,000</b>
<b>Total financial derivatives</b>	<b>96,459,423</b>	<b>101,490,442</b>	<b>23,902,990</b>	<b>221,852,855</b>

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

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2014</b>						
<b>Financial derivatives (non-hedging)</b>						
Interest rate swaps (IRS)	137,296	537,555	700,314	(129,943)	(484,717)	(672,352)
Forward rate agreements (FRA)	-	-	-	(36)	-	-
Option contracts (purchase)	-	34,071	-	-	-	-
Option contracts (sale)	-	-	-	-	(34,071)	-
<b>Total trading instruments</b>	<b>137,296</b>	<b>571,626</b>	<b>700,314</b>	<b>(129,979)</b>	<b>(518,788)</b>	<b>(672,352)</b>
<b>Hedging derivatives</b>						
Interest rate swaps (IRS)	14,974	495,025	1,435,737	(61,793)	(807,685)	(150,255)
<b>Total hedging derivatives</b>	<b>14,974</b>	<b>495,025</b>	<b>1,435,737</b>	<b>(61,793)</b>	<b>(807,685)</b>	<b>(150,255)</b>
<b>Financial derivatives – total contractual payments</b>	<b>152,270</b>	<b>1,066,651</b>	<b>2,136,051</b>	<b>(191,772)</b>	<b>(1,326,473)</b>	<b>(822,607)</b>

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2013</b>						
<b>Financial derivatives (non-hedging)</b>						
Interest rate swaps (IRS)	140,156	1,112,993	410,432	(171,713)	(776,284)	(464,306)
Forward rate agreements (FRA)	2,430	1,137	-	(5,272)	(593)	-
Option contracts (purchase)	450	37,516	185	-	-	-
Option contracts (sale)	-	-	-	(6,624)	(37,516)	(185)
<b>Total trading instruments</b>	<b>143,036</b>	<b>1,151,646</b>	<b>410,617</b>	<b>(183,609)</b>	<b>(814,393)</b>	<b>(464,491)</b>
<b>Hedging derivatives</b>						
Interest rate swaps (IRS)	-	16,226	171,562	(1,229)	(92,467)	-
<b>Total hedging derivatives</b>	<b>-</b>	<b>16,226</b>	<b>171,562</b>	<b>(1,229)</b>	<b>(92,467)</b>	<b>-</b>
<b>Financial derivatives – total contractual payments</b>	<b>143,036</b>	<b>1,167,872</b>	<b>582,179</b>	<b>(184,838)</b>	<b>(906,860)</b>	<b>(464,491)</b>

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2014</b>						
<b>Trading instruments</b>						
Cross currency swaps	5,230,658	8,086,073	2,761,232	(5,220,060)	(8,079,356)	(2,744,300)
Currency forwards and swaps	27,393,797	1,816,567	-	(26,971,986)	(1,734,968)	-
Option contracts (purchase)	3,031,252	2,229,907	-	(2,965,942)	(2,211,485)	-
Option contracts (sale)	2,966,414	2,211,013	-	(3,031,252)	(2,229,907)	-
<b>Total trading instruments</b>	<b>38,622,121</b>	<b>14,343,560</b>	<b>2,761,232</b>	<b>(38,189,240)</b>	<b>(14,255,716)</b>	<b>(2,744,300)</b>
<b>Financial derivatives - total contractual payments</b>	<b>38,622,121</b>	<b>14,343,560</b>	<b>2,761,232</b>	<b>(38,189,240)</b>	<b>(14,255,716)</b>	<b>(2,744,300)</b>

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2013</b>						
<b>Financial derivatives (non-hedging)</b>						
Cross currency swaps	-	570,087	-	-	(570,087)	-
Currency forwards and swaps	29,665,104	3,593,388	-	(29,388,013)	(3,477,061)	-
Option contracts (purchase)	10,481,088	975,045	-	(10,415,621)	(925,076)	-
Option contracts (sale)	10,415,621	925,076	-	(10,478,307)	(975,045)	-
<b>Total financial derivatives (non-hedging)</b>	<b>50,561,813</b>	<b>6,063,596</b>	<b>-</b>	<b>(50,281,941)</b>	<b>(5,947,269)</b>	<b>-</b>
<b>Financial derivatives - total contractual payments</b>	<b>50,561,813</b>	<b>6,063,596</b>	<b>-</b>	<b>(50,281,941)</b>	<b>(5,947,269)</b>	<b>-</b>

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

In the years ended 31 December 2014 and 2013, the Bank provided no assets for management, administration and custody.

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

CZK thousand	2014	2013
Assets accepted for management	4,306,665	4,124,750
Assets accepted for administration	23,054,094	19,399,090
<b>Total</b>	<b>27,360,759</b>	<b>23,523,840</b>

## 35. SEGMENT ANALYSIS

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

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The Retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Bank's own employees.

The Treasury segment includes interbank transactions, trading with financial instruments 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, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other profit and loss items are not monitored by segment.

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

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

## Selected items by segment (2014)

At 31 December 2014	Corporate entities	Retail clients	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
<b>CZK thousand</b>						
<b>Profit and loss account:</b>						
Net interest income	2,164,023	3,475,058	220,398	82,817	(54,400)	<b>5,887,896</b>
Net fee and commission income	1,120,411	1,826,665	(12,203)	(15,620)	(952,623)	<b>1,966,630</b>
Net profit/(loss) from financial operations	57,230	1,331	17,225	(18,011)	970,634	<b>1,028,409</b>
Movements in provisions	(397,064)	(712,330)	-	-	-	<b>(1,109,394)</b>
Other operating expenses	(1,465,494)	(3,632,009)	(129,543)	(49,647)	-	<b>(5,276,693)</b>
Dividend income	-	-	-	-	54,400	<b>54,400</b>
Losses from impairment of equity investments	-	-	-	-	(18,011)	<b>(18,011)</b>
<b>Profit before tax</b>	<b>1,479,106</b>	<b>958,715</b>	<b>95,877</b>	<b>(461)</b>	-	<b>2,533,237</b>
Income tax	(282,719)	(183,250)	(18,326)	88	-	<b>(484,207)</b>
<b>Profit after tax</b>	<b>1,196,387</b>	<b>775,465</b>	<b>77,551</b>	<b>(373)</b>	-	<b>2,049,030</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>85,852,914</b>	<b>77,962,211</b>	<b>54,554,066</b>	<b>7,659,317</b>	-	<b>226,028,508</b>
<b>Total liabilities</b>	<b>75,370,392</b>	<b>95,474,390</b>	<b>24,039,522</b>	<b>10,321,574</b>	<b>(2,049,030)</b>	<b>203,156,848</b>

## Selected items by segment (2013)

At 31 December 2013	Corporate entities	Retail clients	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
<b>CZK thousand</b>						
<b>Profit and loss account:</b>						
Net interest income	2,399,775	3,299,021	(99,485)	176,634	(61,381)	<b>5,714,564</b>
Net fee and commission income	1,333,909	1,966,180	(13,107)	(29,795)	(1,060,156)	<b>2,197,031</b>
Net profit/(loss) from financial operations	67,017	1,201	190,342	(60,450)	1,082,812	<b>1,280,922</b>
Movements in provisions	(433,980)	(840,640)	(36)	-	-	<b>(1,274,656)</b>
Other operating expenses	(2,106,095)	(4,399,197)	(276,875)	(117,431)	-	<b>(6,899,598)</b>
Dividend income	-	-	-	-	73,692	<b>73,692</b>
Losses from impairment of equity investments	-	-	-	-	(34,967)	<b>(34,967)</b>
<b>Profit before tax</b>	<b>1,260,626</b>	<b>26,565</b>	<b>(199,161)</b>	<b>(31,042)</b>	-	<b>1,056,988</b>
Income tax	(170,097)	(3,584)	26,872	4,189	-	<b>(142,620)</b>
<b>Profit after tax</b>	<b>1,090,529</b>	<b>22,981</b>	<b>(172,289)</b>	<b>(26,853)</b>	-	<b>914,368</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>77,151,647</b>	<b>73,101,598</b>	<b>38,411,744</b>	<b>8,021,786</b>	-	<b>196,686,775</b>
<b>Total liabilities</b>	<b>69,353,782</b>	<b>81,468,138</b>	<b>19,906,770</b>	<b>7,984,273</b>	<b>(914,368)</b>	<b>177,798,595</b>

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

The difference in "Net interest income" arises primarily from the different presentation of the dividend income, and expense fees of synthetic securitisation.

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 income and expenses from foreign currency transactions.

"Other operating expenses" includes "Other operating income/(expenses), 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 difference in liabilities arises from the different presentation of the profit for the reporting period.

## **36. FINANCIAL INSTRUMENTS – MARKET RISK**

The Bank is exposed 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 liquidity position of the Bank is regularly monitored by the Czech National Bank.

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)

2014 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	10,594,992	5,480,401	279,622	2,163,902	2,671,067
Amounts owed to customers	165,470,922	158,869,817	2,126,586	1,567,244	2,907,275
Debt securities issued	17,486,484	323,248	622,530	16,540,706	-
Subordinated liabilities and bonds	4,257,708	57,299	5,938	1,421,972	2,772,500
Other liabilities	2,392,538	2,392,538	-	-	-
Off-balance sheet items	21,066,815	21,031,783	15,885	19,147	-
2013 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	10,455,816	4,508,283	124,568	-	5,822,965
Amounts owed to customers	147,561,502	131,473,988	9,752,448	2,824,626	3,510,440
Debt securities issued	13,022,701	566,435	3,463,664	8,992,602	-
Subordinated liabilities and bonds	5,325,287	63,177	96,302	2,026,978	3,138,830
Other liabilities	2,368,600	2,368,600	-	-	-
Off-balance sheet items	20,762,029	20,685,067	70,111	6,851	-

Off-balance sheet items include all irrevocable credit commitments provided to the Bank's clients and guarantees and letters of credit provided to clients classified as default.

### Foreign Currency Risk

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

### Interest Rate Risk

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

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

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

### Equity Risk

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

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

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

### **i) Cash and balances with central banks**

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

### **ii) Loans and advances to financial institutions**

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

### **iii) Loans and advances to customers**

Fair values of loans with variable interest rates which are frequently remeasured or loans with the final maturity within one year, and the change of the credit risk is insignificant, in principle approximate their carrying amounts. Fair values of loans with fixed interest rates are estimated based on the discounted cash flows using the interest rate common for loans with similar conditions and due dates and provided to debtors with similar risk rating, including the impact of collateral (the discounted rate technique according to IFRS 13). Fair values of default loans are estimated based on the discounted cash flows including 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 a fixed interest rate are estimated based on the discounting of cash flows using market interest rates and reflecting the Bank's liquidity costs.

### **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 where the fair value is estimated based on the discounting of cash flows using market interest rates and reflecting the Bank's liquidity costs.

### **vii) Subordinated liabilities and bonds**

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 estimated amounts and fair values of financial assets and liabilities that are not reported at fair value in the statement of financial position:

2014	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>(CZK thousand)</b>						
<b>Assets</b>						
Cash and balances with central banks	-	4,265,725	-	4,265,725	4,265,725	-
Loans and advances to financial institutions	-	-	29,453,508	29,453,508	29,453,508	-
Loans and advances to customers *	-	-	167,557,615	167,557,615	163,810,265	3,747,350
Securities held to maturity	12,797,325	-	-	12,797,325	12,420,499	376,826
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	10,148,132	10,148,132	10,582,889	(434,757)
Amounts owed to customers	-	-	164,846,826	164,846,826	164,655,562	191,264
Debt securities issued	-	-	17,260,355	17,260,355	16,802,321	458,034
Subordinated liabilities	-	-	4,550,252	4,550,252	4,244,865	305,387

\*including allowances

2013	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>(CZK thousand)</b>						
<b>Assets</b>						
Cash and balances with central banks	-	3,836,447	-	3,836,447	3,836,447	-
Loans and advances to financial institutions	-	-	19,104,685	19,104,685	19,104,685	-
Loans and advances to customers *	-	-	153,880,737	153,880,737	148,512,564	5,368,173
Securities held to maturity	12,819,444	-	-	12,819,444	12,410,743	408,701
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	10,029,298	10,029,298	10,025,158	4,140
Amounts owed to customers	-	-	147,223,184	147,223,184	146,523,515	699,669
Debt securities issued	-	-	12,595,596	12,595,596	12,043,515	552,081
Subordinated liabilities	-	-	4,203,468	4,203,468	4,202,889	579

\*including allowances

## Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2014			Fair value at 31 Dec 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	4,281,326	-	-	2,874,670	-
Securities at fair value through profit or loss	4,317,524	2,499,178	87,836	2,537,048	629,054	1,777,859
Securities available for sale	-	905	-	-	905	-
<b>Total</b>	<b>4,317,524</b>	<b>6,781,409</b>	<b>87,836</b>	<b>2,537,048</b>	<b>3,504,629</b>	<b>1,777,859</b>

CZK thousand	Fair value at 31 Dec 2014			Fair value at 31 Dec 2013	
	Level 1	Level 2	Level 3	Level 1	Level 2
Negative fair values of financial derivative instruments	-	2,770,759	-	-	2,164,364
<b>Total</b>	<b>-</b>	<b>2,770,759</b>	<b>-</b>	<b>-</b>	<b>2,164,364</b>

Securities available for sale of CZK 516,106 thousand, not included in the above table, are measured at cost due to the impossibility to reliably determine their fair value and the Bank performs regular impairment testing.

Level 1 category is the category of financial instruments measured at fair value quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based in prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rate and currency rates by individual contracts. The discount factor is derived from market rates. For securities at fair value through profit or loss, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information not based on the data observable on the market (Level 3 instruments).

2014		
CZK thousand	Securities at fair value through profit or loss	Total
<b>Balance at the beginning of the period</b>	<b>1,777,859</b>	<b>1,777,859</b>
Transfer to Level 3	-	-
Purchases	-	-
Comprehensive income/(loss)	-	-
- in the income statement	144,523	<b>144,523</b>
Sales/settlement	(1,834,546)	<b>(1,834,546)</b>
Transfer from Level 3	-	-
<b>Balance at the end of the period</b>	<b>87,836</b>	<b>87,836</b>

2013		
CZK thousand	Securities at fair value through profit or loss	Total
<b>Balance at the beginning of the period</b>	-	-
Transfer to Level 3	141,752	<b>141,752</b>
Purchases	3,000,000	<b>3,000,000</b>
Comprehensive income/(loss)	-	-
- in the income statement	(11,684)	<b>(11,684)</b>
Sales/settlement	(1,352,209)	<b>(1,352,209)</b>
Transfer from Level 3	-	-
<b>Balance at the end of the period</b>	<b>1,777,859</b>	<b>1,777,859</b>

At the beginning of 2013, the Bank had no financial instruments remeasured at fair value that would fall into the category of the Level 3 financial instruments.

The Bank measures securities at fair value through profit or loss using the technique of discounted future cash flows. In respect of securities that fall into the Level 3 category, the Bank uses the discount factor for the calculation that is derived from the internal price for liquidity that is determined by the Bank and concurrently reflects the credit risk of the security issuer. The price of the Bank for liquidity and credit risk of the security issuer are inputs that are not observable from the data available on the market. The price of the Bank for liquidity determined in the calculation is based on the resolution of the Bank's ALCO Committee and reflects the level of available sources of financing of the Bank and their price. In the event of a negative development of the Bank's liquidity position or changes in the interbank market, the price for liquidity may increase and consequently the price of the financial instrument may decline. The credit risk of the issuer is determined on the basis of the rating of the securities issuer in the Bank's rating scale. If the issuer was attributed a worse rating, the price of the financial instrument could decline by 0-10%.

## (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 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Total market risk VaR</b>	<b>10,723</b>	<b>16,447</b>	<b>61,489</b>	<b>27,397</b>

### Interest Rate Risk

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

CZK thousand	At 31 December 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Total interest rate risk VaR</b>	<b>11,223</b>	<b>16,063</b>	<b>61,186</b>	<b>26,969</b>
Interest rate risk VaR - banking book	10,096	15,543	27,235	28,179
Interest rate risk VaR - trading book	1,204	7,582	40,148	19,935

### 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 2014	Average in 2014	At 31 December 2013	Average in 2013
Currency risk VaR	1,587	2,056	1,877	2,372

### Equity Risk

Market risks arising from the Bank's equity trading activities are managed using the Value at Risk method. At the end of 2013, the Bank suspended trading with equity instruments in the banking portfolio.

CZK thousand	At 31 December 2014	Average in 2014	At 31 December 2013	Average in 2013
Equity risk VaR	-	-	-	838

### Stress Testing

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

### Operational Risk

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

The basic principal is the responsibility of each employee for the identification and escalation of the operational risk which is within his/her responsibility and for timely and accurate reporting of incidents. The Bank has a central operational risk management function in place, which is responsible for the setting of the methodology, measurements or analyses and which provides methodical support to managers.

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

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

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

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

### Capital Management

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

The Bank additionally manages its capital to ensure that the Bank, 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 CNB's Decree No. 163/2014 dated 30 July 2014, on the Activities of Banks, Savings Banks and Credit Cooperatives and Securities Traders (Decree of the Czech National Bank), as amended, and also in accordance with IFRS IAS 39 and internal regulations.

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

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

### (b) Provisioning for Receivables

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

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

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

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

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

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

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

### (c) Evaluation of Collateral

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

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

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

## (d) Credit Risk Measurement Methods

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

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

## (e) Concentration of Credit Risk

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

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

## (f) Recovery of Receivables

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

## (g) Securitisation

Since March 2006, the Bank undertook a synthetic securitisation of its loan portfolio from the Corporate Banking segment. During the year ended 31 December 2013, the Bank prematurely terminated this securitisation (refer to Note 17 g). The substance of the transaction involves transferring part of the credit risk to the investor which was 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 the 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 was supposed to mature in 2016. The total volume was 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.

## (h) Portfolio Quality

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group.

For retail clients, the rating is in the interval from 0.5 to 5, where 5 represents default. The rating in the interval from 6.1 to 6.5 is used for project financing where 6.5 represents default. For corporate clients, the Bank uses rating in the interval between 1 to 10 where 10 represents default. The corporate rating is additionally used for retail clients that have corporate products and are treated as corporate clients in terms of risks. The Bank uses rating in the interval from A1 to D, where D is default, for financial institutions and public sector institutions.

CZK thousand	Rating	2014	2013
<b>Retail clients:</b>			
Highly excellent credit rating	0.5	12,092,577	6,452,209
Excellent credit rating	1.0	20,291,783	17,497,743
Very good credit rating	1.5	15,609,279	15,927,876
Good credit rating	2.0	10,428,435	11,774,348
Healthy credit rating	2.5	7,280,709	7,820,055
Acceptable credit rating	3.0	4,341,016	4,891,325
Limit credit rating	3.5	2,538,231	2,971,673
Weak credit rating	4.0	1,464,445	1,801,788
Very weak credit rating /monitored	4.5	1,670,391	2,223,841
Default	5.0	4,943,063	4,896,948
<b>Project financing:</b>			
Excellent project profile - very low risk	6,1	23,029,319	17,462,719
Good project profile - low risk	6,2	1,843,083	3,669,336
Acceptable project profile - average risk	6,3	212,278	395,527
Bad project profile - high risk	6,4	237,576	121,464
Default	6,5	859,801	1,283,946
<b>Corporate clients:</b>			
Highly excellent credit rating	1	1,349,051	801,683
Excellent credit rating	2	1,157,732	2,097,721
Very good credit rating	3	1,205,011	2,305,892
Good credit rating	4	4,416,046	3,465,322
Healthy credit rating	5	12,215,117	7,977,750
Acceptable credit rating	6	18,300,554	14,294,487
Limit credit rating	7	9,160,228	10,584,380
Weak credit rating	8	2,487,965	4,140,133
Very weak credit rating /monitored	9	574,769	2,048,938
Default	10	4,073,477	3,875,462
<b>Financial institutions and public sector institutions:</b>			
Very good credit rating	A3	4,426,445	786,081
Good credit rating	B1	94,675	604,673
Healthy credit rating	B2	1,653,883	944,803
Acceptable credit rating	B3	2,034,041	1,266,878
Limit credit rating	B4	91,477	57,651
Weak credit rating	B5	215,888	156,404
Very weak credit rating /monitored	C	-	2,422
No rating: before due date		83,818	410,500
No rating: past due date		26,211	47,233
<b>Total</b>		<b>170,408,374</b>	<b>155,059,207</b>

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

According to individual rating categories, the Bank has the following undue and unimpaired financial assets according to its rating:

CZK thousand	Rating	2014	2013
<b>Retail clients:</b>			
Highly excellent credit rating	0.5	12,082,936	6,439,502
Excellent credit rating	1.0	20,267,594	17,471,877
Very good credit rating	1.5	15,548,038	15,880,877
Good credit rating	2.0	10,337,892	11,710,927
Healthy credit rating	2.5	7,139,293	7,658,700
Acceptable credit rating	3.0	4,155,321	4,730,807
Limit credit rating	3.5	2,297,905	2,725,717
Weak credit rating	4.0	1,122,562	1,408,049
Very weak credit rating /monitored	4.5	475,904	618,650
Default	5.0	7,003	10,048
<b>Project financing:</b>			
Excellent project profile - very low risk	6.1	22,102,756	16,277,171
Good project profile - low risk	6.2	1,832,588	3,657,195
Acceptable project profile - average risk	6.3	166,154	381,117
Bad project profile - high risk	6.4	145,238	121,464
Default	6.5	-	2,393
<b>Corporate clients:</b>			
Highly excellent credit rating	1	1,349,051	801,683
Excellent credit rating	2	1,157,732	2,097,720
Very good credit rating	3	1,197,328	2,293,412
Good credit rating	4	4,415,478	3,461,696
Healthy credit rating	5	12,099,473	7,902,949
Acceptable credit rating	6	18,121,571	14,081,675
Limit credit rating	7	8,963,755	10,384,030
Weak credit rating	8	2,396,067	3,856,696
Very weak credit rating /monitored	9	459,904	1,992,160
Default	10	3,501	-
<b>Financial institutions and public sector institutions:</b>			
Very good credit rating	A3	4,426,445	786,081
Good credit rating	B1	94,674	604,673
Healthy credit rating	B2	1,653,883	944,803
Acceptable credit rating	B3	2,034,041	1,266,878
Limit credit rating	B4	91,477	57,651
Weak credit rating	B5	215,888	156,404
Very weak credit rating /monitored	C	-	2,422
No rating		82,401	385,911
<b>Total</b>		<b>156,443,853</b>	<b>140,171,338</b>

The data for 2013 were adjusted.

## (j) Maximum Exposure to Credit Risk

2014	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
CZK thousand						
Cash and balances with central banks	4,265,725	-	4,265,725	-	-	-
Loans and advances to financial institutions*	29,453,398	212,777	29,666,175	18,710,227	-	18,710,227
Loans and advances to customers*	163,810,375	35,701,489	199,511,864	137,038,076	19,099,175	156,137,251
Positive fair value of financial derivative transactions	4,281,326	-	4,281,326	-	-	-
Securities held to maturity	12,420,499	-	12,420,499	-	-	-
Securities at fair value through profit or loss	6,904,538	-	6,904,538	-	-	-
Securities available for sale	517,011	-	517,011	-	-	-
Income tax receivable	-	-	-	-	-	-
Other assets	748,753	-	748,753	-	-	-

\* including allowances

2013	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
CZK thousand						
Cash and balances with central banks	3,836,447	-	3,836,447	-	-	-
Loans and advances to financial institutions*	19,104,575	1,353,825	20,458,510	5,111,306	1,540	5,112,846
Loans and advances to customers*	148,512,674	35,041,856	190,126,072	132,984,174	19,370,557	152,354,731
Positive fair value of financial derivative transactions	2,874,670	-	2,874,670	-	-	-
Securities held to maturity	12,410,743	-	12,410,743	-	-	-
Securities at fair value through profit or loss	4,943,961	-	4,943,961	-	-	-
Securities available for sale	517,011	-	517,011	-	-	-
Income tax receivable	321,885	-	321,885	-	-	-
Other assets	745,763	-	745,763	-	-	-

\* including allowances

The data for 2013 were adjusted.

### (k) Offset of Financial Assets and Financial Liabilities

The following table shows the impact of master netting agreements on assets and liabilities that are not offset in the statement of financial position.

2014	Amount of an asset/liability reported in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Relevant amount not offset in the statement of financial position			Total
			Net amount reported in the statement of financial position	Financial instrument	Received cash collateral	
CZK thousand						
<b>Assets</b>						
Positive values of financial derivatives	2,626,843	-	2,626,843	1,975,586	454,413	196,845
Loans and advances to financial institutions	19,160,258	-	19,160,258	18,785,088	-	375,171
<b>Total assets</b>	<b>21,787,101</b>	<b>-</b>	<b>21,787,101</b>	<b>20,760,674</b>	<b>454,413</b>	<b>572,016</b>
<b>Liabilities</b>						
Negative values of financial derivatives	1,312,694	-	1,312,694	704,254	441,127	167,313
Amounts owed to customers	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,312,694</b>	<b>-</b>	<b>1,312,694</b>	<b>704,254</b>	<b>441,127</b>	<b>167,313</b>

2013	Amount of an asset/liability reported in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Relevant amount not offset in the statement of financial position			Total
			Net amount reported in the statement of financial position	Financial instrument	Received cash collateral	
CZK thousand						
<b>Assets</b>						
Positive values of financial derivatives	1,690,302	-	1,690,302	1,269,464	268,217	152,621
Loans and advances to financial institutions	5,119,126	-	5,119,126	5,021,799	-	97,326
<b>Total assets</b>	<b>6,809,428</b>	<b>-</b>	<b>6,809,428</b>	<b>6,291,263</b>	<b>268,217</b>	<b>249,947</b>
<b>Liabilities</b>						
Negative values of financial derivatives	1,791,467	-	1,791,467	1,269,464	255,435	266,567
Amounts owed to customers	1,008,813	-	1,008,813	1,006,453	-	2,360
<b>Total liabilities</b>	<b>2,800,280</b>	<b>-</b>	<b>2,800,280</b>	<b>2,275,917</b>	<b>255,435</b>	<b>268,927</b>

## 38. RELATED PARTY TRANSACTIONS

At 31 December 2014

For related party transaction reporting purposes, the Bank considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and Raiffeisen-Landesbanken-Holding GmbH (entities with controlling influence on the Bank exercised indirectly) to be its parent companies.

CZK thousand	Parent companies	Entities with significant influence over the Bank	Subsidiaries	Associates	Board of Directors, Supervisory Board and other managers	Other related parties	Total
Receivables	244,192	-	4,682,093	-	135,587	697,437	<b>5,759,309</b>
Positive fair value of financial derivatives	1,775,100	-	70,110	-	-	72,841	<b>1,918,051</b>
Payables	2,184,511	65,567	788,008	-	53,457	5,616,371	<b>8,707,914</b>
Negative fair value of financial derivatives	1,250,862	-	490	-	-	1,444	<b>1,252,796</b>
Other capital instruments	1,934,450	-	-	-	-	-	<b>1,934,450</b>
Subordinated loans and bonds	3,991,233	-	-	-	-	-	<b>3,991,233</b>
Guarantees issued	86,922	-	20,000	-	-	80,898	<b>187,820</b>
Guarantees received	32,544	7,000	-	-	-	147,558	<b>187,102</b>
Nominal values of financial derivatives (off-balance sheet receivables)	124,687,234	-	4,981,225	-	-	2,103,936	<b>131,772,395</b>
Nominal values of financial derivatives (off-balance sheet payables)	125,064,245	-	4,972,921	-	-	2,025,552	<b>132,062,718</b>
Provided irrevocable loan commitments	-	-	-	-	41,439	53,859	<b>95,298</b>
Interest income	(12,811)	89	68,620	-	3,324	4,942	<b>64,164</b>
Interest expense	92,296	(62)	(1,152)	-	(572)	(148,420)	<b>(57,910)</b>
Fee and commission income	13,250	42	2,044	-	-	70,796	<b>86,132</b>
Fee and commission expense	(1,000)	(298)	(523)	-	-	(46,932)	<b>(48,753)</b>
Net profit or loss on financial operations	434,277	-	61,184	-	12	79,736	<b>575,209</b>
General administrative expenses	(139,365)	-	(52)	-	(172,944)	(10,438)	<b>(322,799)</b>
Other operating income, net	571	-	19,366	-	-	3,374	<b>23,311</b>

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

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 244,191 thousand,

Provided loans:

- Raiffeisen leasing, s.r.o. (subsidiary) in the amount of CZK 3,032,688 thousand
- Raiffeisen-Leasing Real Estate, s.r.o. (subsidiary) in the amount of CZK 1,140,613 thousand,
- Flex-Space Plzeň I., spol. s r.o. (under common control of Czech Real Estate Fund B. V.) in the amount of CZK 137,095 thousand;
- CREF CZ 4 s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 64,103 thousand;
- PRK Sigma 06, s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 63,004 thousand; and
- Raiffeisen FinCorp s.r.o. (subsidiary of Raiffeisen Leasing Real Estate, s.r.o.) in the amount of CZK 244,589 thousand.

Debit balances on the current account maintained by Bank for:

- IMPULS - Leasing Austria s.r.o. (associate of Raiffeisen Bank International AG) in the amount of CZK 482,931 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 117,866,036 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 4,650,193 thousand.

**The payables are principally composed of:**

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,582,972 thousand;
- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 180,209 thousand;
- Raiffeisen Fincorp, s.r.o. (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 151,972 thousand;
- Raiffeisenlandesbank Niederösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 65,567 thousand; and
- Raiffeisen Penzijní společnost, a.s. (subsidiary) in the amount of CZK 221,124 thousand.

Term deposits:

- UNIQA Personenversicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,225,717 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,225,787 thousand;
- Tatrabanka a.s. (fellow subsidiary) in the amount of CZK 1,100,001 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 600,005 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 491,247 thousand; and
- Raiffeisenlandesbank Oberösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 100,000 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 448,590 thousand.

Issued debt securities of the Bank:

- Centrobank (fellow subsidiary) in the amount of CZK 369,202 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 252,954 thousand;
- Raiffeisen Bank International AG (parent company) in the amount of CZK 152,948 thousand; and
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 204,375 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 117,924,647 thousand; and
- Raiffeisen Leasing (subsidiary) in the amount of CZK 4,647,681 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 3,991,233 thousand.

Other capital instruments - subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,934,450 thousand.

## At 31 December 2013

For related party transaction reporting purposes, the Bank considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and Raiffeisen-Landesbanken-Holding GmbH (entities with controlling influence on the Bank exercised indirectly) to be its parent companies

CZK thousand	Parent companies	Entities with significant influence over the Bank	Subsidiaries	Associates	Board of Directors, Supervisory Board and other managers	Other related parties	Total
Receivables	774,562	-	270,939	786,082	130,204	53,310	<b>2,015,097</b>
Positive fair value of financial derivatives	678,955	-	-	59,372	-	50,693	<b>789,020</b>
Payables	2,024,467	45,545	98,511	613,288	6,822	4,491,456	<b>7,280,089</b>
Negative fair value of financial derivatives	417,558	-	-	594	-	1,084	<b>419,236</b>
Subordinated loan and bonds	3,948,646	-	-	-	-	-	<b>3,948,646</b>
Guarantees issued	203,139	-	-	-	-	36,617	<b>239,756</b>
Guarantees received	52,293	337,000	-	-	-	453,456	<b>842,749</b>
Nominal values of financial derivatives (off-balance sheet receivables)	65,745,048	-	-	3,180,657	-	2,660,063	<b>71,585,768</b>
Nominal values of financial derivatives (off-balance sheet payables)	65,805,005	-	-	3,178,268	-	2,594,165	<b>71,577,438</b>
Provided irrevocable loan commitments	987,300	-	-	-	10,575	4,417	<b>1,002,292</b>
Interest income	54,072	447	10,661	60,811	3,215	3,607	<b>132,813</b>
Interest expense	(32,060)	(4,945)	(311)	(3,423)	(46)	(214,017)	<b>(254,802)</b>
Fee and commission income	10,501	28	67	2,830	-	7,000	<b>20,426</b>
Fee and commission expense	(567)	-	-	-	-	(32,829)	<b>(33,396)</b>
Net profit or loss on financial operations	(83,989)	-	-	(36,416)	-	121,521	<b>1,116</b>
General administrative expenses	(130,029)	-	(150)	(5)	(165,127)	(13,597)	<b>(308,908)</b>
Other operating income, net	(18,002)	-	12,785	9,736	-	2,714	<b>7,233</b>

The data for 2013 were adjusted.

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

Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 413,510 thousand.

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 358,297 thousand.

Provided loans:

- Raiffeisen leasing, s.r.o. (associate) in the amount of CZK 786,081 thousand;
- Flex-Space Plzeň I., spol. s r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 140,226 thousand;
- CREF CZ 4 s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 65,908 thousand; and
- PRK Sigma 06, s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 64,804 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 65,745,048 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,180,657 thousand.

**The payables are principally composed of:**

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,531,209 thousand;
- Raiffeisen Leasing, s.r.o. (associate) in the amount of CZK 271,967 thousand;
- Raiffeisen Fincorp, s.r.o. (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 207,780 thousand; and
- Raiffeisenlandesbank Niederösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 45,545 thousand.

Term deposits:

- UNIQA Personenversicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,138,316 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,138,316 thousand;
- Tatrabanka a.s. (fellow subsidiary) in the amount of CZK 601,877 thousand;
- Raiffeisen Bank International AG (parent company) in the amount of CZK 210,414 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 32,149 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 252,310 thousand.

Issued debt securities of the Bank:

- Centrobank (fellow subsidiary) in the amount of CZK 529,362 thousand; and
- Raiffeisen Stavební spořitelna a.s. (fellow subsidiary) in the amount of CZK 253,215 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 204,388 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 65,805,005 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,178,268 thousand.

Subordinate loans from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 3,948,646 thousand.

Provided irrevocable loan commitments:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 987,300 thousand.

Members of Board of Directors hold 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 11.

## 39. POST BALANCE SHEET EVENTS

On 31 January 2015, the Bank prepaid part of the subordinated loan to the parent company Raiffeisen Bank International AG in the amount of EUR 42,057 thousand.

Except as disclosed above, no events that would have a material impact on the unconsolidated financial statements for the year ended 31 December 2014 occurred subsequent to the balance sheet date.

# Raiffeisenbank a.s.

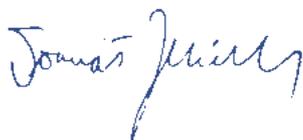
Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2014.

## 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 7 April 2015.

## Chief Financial Officer of the reporting entity

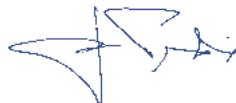


Tomáš Jelínek  
Chief Financial Officer

## Statutory body of the reporting entity



Rudolf Rabiňák  
Vice-Chairman of the Board of Director



Jan Pudil  
Member of the Board of Directors

## Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2014

CZK thousand	Note	2014	2013
Interest income and similar income	7	7,093,668	7,202,151
Interest expense and similar expense	7	(1,003,749)	(1,497,236)
<b>Net interest income</b>		<b>6,089,919</b>	<b>5,704,915</b>
Change in provisions for credit risks	8	(1,069,774)	(1,274,656)
<b>Net interest income after provisions for credit risks</b>		<b>5,020,145</b>	<b>4,430,259</b>
Fee and commission income	9	2,698,270	2,804,133
Fee and commission expense	9	(700,616)	(601,632)
<b>Net fee and commission income</b>		<b>1,997,654</b>	<b>2,202,501</b>
Net profit on financial operations	10	1,016,298	1,296,525
Dividend income	11	39,470	73,692
General administrative expenses	12	(5,628,735)	(7,011,277)
Other operating income/(expenses), net	14	59,030	44,065
<b>Operating profit</b>		<b>2,503,862</b>	<b>1,035,765</b>
Share in income of associated undertakings	23	42,116	89,151
<b>Profit/(loss) before income tax</b>		<b>2,545,978</b>	<b>1,124,916</b>
Income tax	15	(518,838)	(142,714)
<b>Net profit for the year attributable to:</b>		<b>2,027,140</b>	<b>982,202</b>
- The parent company's shareholders		2,040,116	1,016,516
- Non-controlling interests		(12,976)	(34,314)
<b>Other comprehensive income</b>			
<b>Items that can be reclassified to income (or expenses) in the future:</b>			
Foreign exchange rate gains or losses from the translation of the financial statements denominated in foreign currencies		7,878	10,973
Tax on profit attributable to components of other comprehensive income		(1,497)	(2,085)
<b>Other comprehensive income attributable to:</b>		<b>6,381</b>	<b>8,888</b>
The parent company's shareholders		6,381	8,888
Non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>2,033,521</b>	<b>991,090</b>

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

# Consolidated Statement of Financial Position

## As of 31 December 2014

CZK thousand	Note	2014	2013
<b>ASSETS</b>			
Cash and balances with central banks	16	4,265,943	3,836,447
Securities at fair value through profit or loss	17	6,904,538	4,943,961
Positive fair value of financial derivative transactions	36	4,218,289	2,874,670
Securities available for sale	17	517,011	517,011
Loans and advances to financial institutions	18	29,568,275	19,338,131
Loans and advances to customers	19	174,541,869	154,788,413
<i>of which: change in the fair value of hedged items</i>		(234)	-
Provisions for loans and advances	20	(6,669,688)	(6,546,643)
Fair value remeasurement of portfolio-remeasured items	19	387,011	(42,912)
Income tax receivable	15	1,427	321,885
Deferred tax asset	21	20,393	125,472
Securities held to maturity	17	12,420,499	12,410,743
Other assets	22	1,158,953	788,685
Equity investments in associates	23	49,901	567,294
Intangible fixed assets	24	1,794,918	1,858,045
Property and equipment	25	1,172,066	1,016,057
Investment property	26	1,117,427	221,720
<b>TOTAL ASSETS</b>		<b>231,468,832</b>	<b>197,018,979</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Amounts owed to financial institutions	27	14,390,230	9,959,098
Amounts owed to customers	28	165,143,876	146,490,936
<i>of which: change in the fair value of hedged items</i>	28	225,631	69,397
Fair value re-measurement of portfolio-re-measured items (amounts owed to customers)	28	1,081,067	-
Negative fair value of financial derivative transactions	36	2,773,304	2,164,364
Deferred tax liability	21	109,440	1,594
Issued debt securities	29	16,802,321	12,043,515
Provisions	30	541,326	473,169
Other liabilities	31	2,661,148	2,406,600
Subordinated liabilities and bonds	32	4,244,865	4,202,889
<b>TOTAL LIABILITIES</b>		<b>207,747,577</b>	<b>177,742,165</b>
<b>SHAREHOLDERS' EQUITY</b>			
Attributable to shareholders of the Group		23,174,895	19,158,558
Share capital	33	11,060,800	10,192,400
Reserve fund		693,908	648,112
Valuation gains or losses from securities available for sale		185,304	185,304
Valuation gains or losses from the translation of the financial statements denominated in foreign currencies		1,577	(4,804)
Retained earnings		7,258,740	7,121,030
Other capital instruments		1,934,450	-
Profit for the year		2,040,116	1,016,516
Non-controlling interests		546,360	118,256
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>23,721,255</b>	<b>19,276,814</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>231,468,832</b>	<b>197,018,979</b>

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

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2014

CZK thousand	Equity attributable to shareholders of the Group						Non-controlling interests	Total equity
	Share capital	Reserve fund	Gains and losses from revaluation	Retained earnings	Other capital instruments	Profit for the period		
<b>Balance at 1 Jan 2013</b>	<b>9,357,000</b>	<b>549,454</b>	<b>171,612</b>	<b>6,209,688</b>		<b>2,027,515</b>	<b>140,320</b>	<b>18,455,589</b>
Share capital increase	835,400	-	-			-	-	835,400
Dividends	-	-	-			(1,012,600)	-	(1,012,600)
Net allocation to reserve funds	-	98,658	-			(98,658)	-	-
Allocation to retained earnings	-	-	-	916,257		(916,257)	-	-
Non-controlling interests in entities newly included in the consolidation group	-	-	-	-	-	-	12,250	12,250
Effect from the change in the scope of the consolidation	-	-	-	(4,915)		-	-	(4,915)
Net profit for the period	-	-	-	-		1,016,516	(34,314)	982,202
Other comprehensive income, net	-	-	8,888	-		-	-	8,888
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>8,888</b>	<b>-</b>		<b>1,016,516</b>	<b>(34,314)</b>	<b>991,090</b>
<b>Balance at 31 Dec 2013</b>	<b>10,192,400</b>	<b>648,112</b>	<b>180,500</b>	<b>7,121,030</b>		<b>1,016,516</b>	<b>118,256</b>	<b>19,276,814</b>
Share capital increase	868,400	-	-	-	1,934,450		-	2,802,850
Dividends	-	-	-	-	-	(868,400)	(18,400)	(886,800)
Net allocation to reserve funds	-	45,796	-	-	-	(45,796)	-	-
Allocation to retained earnings	-	-	-	102,320	-	(102,320)	-	-
Non-controlling interests	-	-	-	-	-	-	85,000	85,000
Effect from the change in the scope of the consolidation	-	-	-	35,390	-	-	374,480	409,870
Net profit for the period	-	-	-	-	-	2,040,116	(12,976)	2,027,140
Other comprehensive income, net	-	-	6,381	-	-	-	-	6,381
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>6,381</b>	<b>-</b>	<b>-</b>	<b>2,040,116</b>	<b>(12,976)</b>	<b>2,033,521</b>
<b>Balance at 31 Dec 2014</b>	<b>11,060,800</b>	<b>693,908</b>	<b>186,881</b>	<b>7,258,740</b>	<b>1,934,450</b>	<b>2,040,116</b>	<b>546,360</b>	<b>23,721,255</b>

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

# Consolidated Cash Flow Statement

## For the Year Ended 31 December 2014

CZK thousand	2014	2013
<b>Profit before tax</b>	<b>2,545,978</b>	<b>1,124,916</b>
<b>Adjustments for non-cash transactions</b>		
Change in provisions for credit risks	1,069,774	1,274,656
Depreciation and amortisation of property, plant and equipment, intangible assets and investment property	610,763	568,070
Impairment loss on intangible assets and investment property	217,300	1,474,201
Creation of other provisions	14,923	(318,838)
Change in fair values of financial derivatives	(734,679)	(620,951)
Unrealised loss/(gain) on revaluation of securities	(78,488)	107,554
Gain on the sale of tangible and intangible assets	2,481	11,429
Gain on the sale of subsidiary and joint ventures	-	(24,619)
Change in the revaluation of hedged items upon a fair value hedge	807,378	(67,230)
Share in income of associated undertakings	(42,116)	(89,151)
Remeasurement of foreign currency positions	816,586	1,187,049
Other non-cash changes	(1,510,592)	(1,407,340)
<b>Operating profit before changes in operating assets and liabilities</b>	<b>3,719,308</b>	<b>3,219,746</b>
<b>Cash flows from operating activities</b>		
<i>(Increase)/decrease in operating assets</i>		
Mandatory minimum reserve deposits with the Czech National Bank	(612,820)	1,176,411
Loans and advances to financial institutions	(9,724,119)	(4,745,751)
Loans and advances to customers	(11,313,514)	(3,947,672)
Securities at fair value through profit or loss and securities available for sale	(1,944,132)	6,425,862
Other assets	189,696	309,012
<i>Increase/(decrease) in operating liabilities</i>		
Amounts owed to financial institutions	(3,576,955)	3,165,438
Amounts owed to customers	16,623,323	736,084
Other liabilities	145,830	(578,341)
<b>Net cash flow from operating activities before income tax and change in non-controlling interests</b>	<b>(6,493,383)</b>	<b>5,760,789</b>
Income taxes paid	15,642	(298,215)
Increase/(decrease) in non-controlling interests	53,624	(22,064)
<b>Net cash flow from operating activities</b>	<b>(6,424,117)</b>	<b>5,440,510</b>
<b>Cash flows from investing activities</b>		
Net cash flow from the acquisitions of subsidiaries and joint ventures	200	(279,988)
Net cash flow from the disposals of subsidiaries and joint ventures	-	55,051
Purchase of property and equipment and intangible assets	(481,303)	(685,707)
Income from the sale of fixed assets	5,156	10,937
Net decrease/(increase) of securities held to maturity	-	1,565,330
Dividends received	39,470	73,692
<b>Net cash flow from investing activities</b>	<b>(436,477)</b>	<b>739,315</b>
<b>Cash flows from financing activities</b>		
Share capital increase	868,400	835,400
Dividends paid	(868,400)	(1,012,600)
Dividends paid to minority shareholders	(18,400)	-
Increase in other capital instruments	1,934,450	-
Bonds in issue	4,787,485	(5,900,313)
Subordinated liabilities and bonds	(1,217)	(186,838)
<b>Net cash flow from financing activities</b>	<b>6,702,318</b>	<b>(6,264,351)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(158,276)</b>	<b>(84,526)</b>
<b>Cash and cash equivalents at the beginning of the year (Note 34)</b>	<b>3,838,075</b>	<b>3,922,601</b>
<b>Cash and cash equivalents at the end of the year (Note 34)</b>	<b>3,679,799</b>	<b>3,838,075</b>

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

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# 1. PARENT COMPANY INFORMATION

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

The Bank together with its subsidiaries 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 and administration of payment facilities;
- Issuance of guarantees;
- Opening of letters of credit;
- Collection services;
- Provision of investment services:
  - Main investment services under Section 4 (2) (a, b, c, d, e, g, h) of Act No. 256/2004 Coll., as amended;
  - Additional investment services under Section 4 (3) (a) – (f) of Act No. 256/2004 Coll., as amended;
- Issuance of mortgage bonds;
- Financial brokerage;
- 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;
- Activities directly relating to the activities listed in the bank licence; and
- Mediation of an additional pension savings programme.

## **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.

During the year ended 31 December 2014, the performance or provision of the Bank's activities and services were not restricted or suspended by the Czech National Bank.

## 2. SHAREHOLDERS OF THE PARENT COMPANY

The shareholders of the Bank as of 31 December 2014 and 2013:

Name, address	Voting power in %	
	2014	2013
Raiffeisen CEE Region Holding GmbH Am Stadtpark 9, Vienna, Austria	75 %	75 %
RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria	25 %	25 %

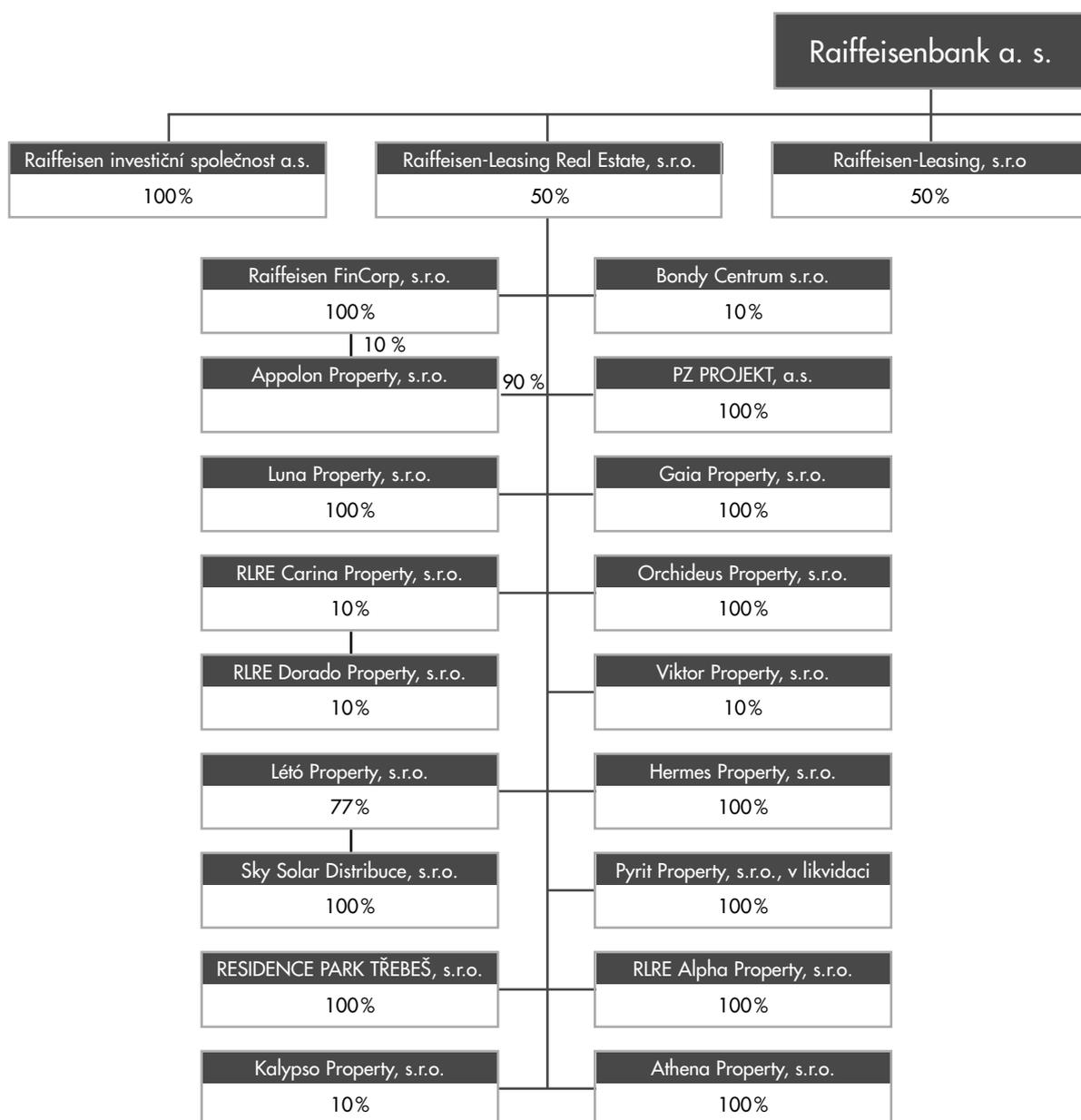
The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of Banking Act No. 21/1992 Coll., as amended.

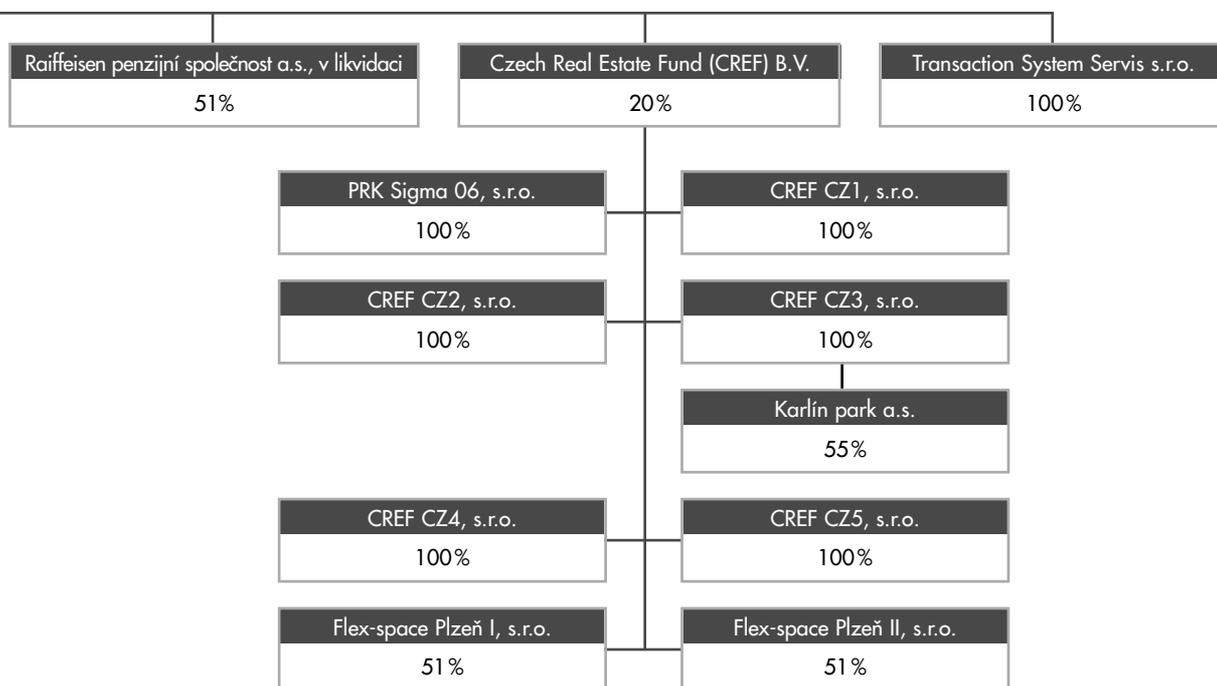
For information on the share capital of the parent company refer to Note 33.

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

### 3. DEFINITION OF THE CONSOLIDATED GROUP

(a) Group Chart as of 31 December 2014





The percentage stated in respect of individual entities in the chart shows the stake in the share capital of the particular entity.

## (b) Group Companies Included in the Consolidation

As of 31 December 2014, the Group comprised the following entities:

<b>Company</b>	<b>The Bank's effective holding</b>	<b>Indirect holding through</b>	<b>Consolidation method in 2014</b>	<b>Registered office</b>
	<b>in %, in 2014</b>			
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Raiffeisen penzijní společnost a.s. v likvidaci	51%	-	Full method	Prague
Transaction System Servis s.r.o.	100%	-	Full method	Prague
Raiffeisen-Leasing Real Estate, s.r.o.	50%	-	Full method	Prague
Raiffeisen-Leasing, s.r.o.	50%	-	Full method	Prague
Raiffeisen FinCorp, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Bondy Centrum s.r.o.	25%	Raiffeisen-Leasing Real Estate, s.r.o.	Equity method	Prague
Appolon Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
PZ PROJEKT a.s.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Luna Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Gaia Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
RLRE Carina Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Orchideus Property, s. r. o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
RLRE Dorado Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Viktor Property, s.r.o.	50%	Raiffeisen-Leasing Real Estate, s.r.o.	Full method	Prague
Czech Real Estate Fund (CREF) B.V.	100%	-	Full method	Amsterdam
PRK Sigma 06, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ1, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ2, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ3, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ4, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ5, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
Flex-space Plzeň I, s.r.o.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague
Flex-space Plzeň II, s.r.o.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague
Karlín park a.s.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague

As of 31 December 2013, the Group comprised the following entities:

Company	The Bank's effective holding	Indirect holding through	Consolidation method in 2013	Registered office
	in %, in 2013			
Raiffeisen penzijní společnost a.s.	51%	-	Full method	Prague
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Transaction System Servis s.r.o.	100%	-	Full method	Prague
Czech Real Estate Fund (CREF) B.V.	100%	-	Full method	Amsterdam
CREF CZ 1, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ 2, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ 3, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ 4, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ 5, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
Flex-space Plzeň I., s.r.o.	51%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
Flex-space Plzeň II., s.r.o.	51%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
PRK Sigma Oó, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
Raiffeisen-Leasing, s.r.o.	50%	-	Equity method	Prague
Raiffeisen-Leasing Real Estate, s.r.o.	50%	-	Equity method	Prague
DEBITUM dluhová agentura, a.s.	-	-	-	Prague
CCRB, a.s.	-	-	-	Prague

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

Czech Real Estate Fund (CREF) B.V. is consolidated using the full method even though the Group holds 20% of voting rights and has no representative in the Board of Directors. However, the Group receives a major part of the profits arising from the investments made by Czech Real Estate Fund (CREF) B.V. and there is also an option for investments not yet held by the Group should the remaining shareholders decide to dispose of their investment in the company.

The other shareholder holding investment in the share capital and share of voting rights in Czech Real Estate Fund (CREF) B.V. is NOTIC Finance B.V.

### (d) Companies Newly Included in the Consolidation in 2014

Starting from 1 April 2014, the Group began to fully consolidate Raiffeisen-Leasing, s.r.o., Raiffeisen-Leasing Real Estate, s.r.o. and its subsidiaries.

Following agreement with the other shareholder of Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate, s.r.o., changes were made in the internal policies of these entities starting from 1 April 2014. Newly, the Group can appoint a major part of the Advisory Board (the principal advisory and supervisory body of the entities) and is considered to be the controlling entity under IFRS. The Group fully consolidates these entities.

In 2013, the Group included the equity investments in Raiffeisen-Leasing, s.r.o., Raiffeisen-Leasing Real Estate, s.r.o. and its group in the portfolio of equity investments with significant influence since control was exercised by the other shareholder, Raiffeisen-Leasing International Gesellschaft GmbH.

For detailed information refer to Note 23.

## (e) Companies Excluded from Consolidation in 2014

In 2014, the Group reviewed its relation to Flex-space Plzeň I, s.r.o. and Flex-space Plzeň II, s.r.o. and determined that these entities were not controlled entities under IFRS 10 but jointly controlled entities. For this reason, the Group has newly used the equity consolidation method to account for these entities since 2014. The impact on the comparative period is not material; for this reason, the figures in the consolidated financial statements for 2013 were not adjusted.

In 2014, no entity was sold.

## (f) Unconsolidated Entities

In the years ended 31 December 2014 and 2013, all subsidiaries and jointly controlled entities and associates were included in the consolidated group.

Companies Raiffeisen-Leasing Real Estate, s.r.o. or Raiffeisen-Leasing, s.r.o. legally own Eris Property, s.r.o., Raines Property, s.r.o., ALT POHLEDY s.r.o., Credibilis a.s., CRISTAL PALACE Property, s.r.o., Dione Property, s.r.o., Elektrárna Dynín s.r.o., EUDOXUS s.r.o., Euros Property, s.r.o., Exit 90 SPV s.r.o., FORZA SOLE s.r.o., FVE Cihelna s.r.o., Green Energie větrný park Bílčice, s.r.o. in liquidation, GS55 Sazovice s.r.o., Hebe Property, s.r.o., Holečkova Property, s.r.o., Chronos Property, s.r.o., Iris Property, s.r.o., Logistický areál Hostivař, s.r.o., Maharal Hotels s.r.o., Michalka - Sun s.r.o., NC Ivančice, s.r.o., Nike Property, s.r.o., Onyx Energy projekt II s.r.o., Onyx Energy s.r.o., Phoenix Property, s.r.o., Photon Energie s.r.o., Photon SPV 10 s.r.o., Photon SPV 11 s.r.o., Photon SPV 3 s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., PMC ŠPINDLERŮV MLÝN s.r.o., Pontos Property, s.r.o., Rheia Property, s.r.o., RLRE Beta Property, s.r.o., RLRE Epsilon Property, s.r.o., RLRE Eta Property, s.r.o., RLRE HOTEL ELLEN s.r.o., RLRE Jota Property, s.r.o., RLRE Iota Property, s.r.o., RLRE Orion Property, s.r.o., RLRE Ypsilon Property, s.r.o., Selene Property, s.r.o., Sirius Property, s.r.o., T.L.S. building construction s.r.o., Thetis Property, s.r.o., Trojské výhledy s.r.o., UPC Real, s.r.o., VILLA ATRIUM BUBENEČ s.r.o., Zefyros Property, s.r.o., Astra Property, s.r.o., Afrodité Property, s.r.o., Gala Property, s.r.o., Studio Invest, s.r.o., Neptun Property, s.r.o., Zethos Property, s.r.o., Niobé Property, s.r.o., Theia Property, s.r.o., Amfion Property, s.r.o., Inó Property, s.r.o., Médea Property, s.r.o., Janus Property, s.r.o., Dafné Property, s.r.o., Priapos Property, s.r.o., Forkys Property, s.r.o. and Na Stárce, s.r.o.. Although these entities are owned by Raiffeisen Leasing Real Estate, they do not meet the criteria of International Financial Reporting Standards for being included in the consolidation group since, based on concluded contracts, Raiffeisen Leasing Real Estate is not a party accruing benefits arising from the activities of these entities and is exposed to risks relating to the entities; consequently, these entities are not the controlled entities, jointly controlled entities or associates.

In addition, the following entities were not included in the consolidation group in 2014 due to their immateriality:

Athena Property, s.r.o., Dike Property, s.r.o., Hermes Property, s.r.o., Kalypso Property, s.r.o., Létó Property, s.r.o., Pyrit Property, s.r.o. v likvidaci, RESIDENCE PARK TŘEBEŠ, s.r.o., RLRE Alpha Property, s.r.o., and Sky Solar Distribuce s.r.o.

## 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 Group'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. However, the actual future results may significantly differ from these estimates.

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

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

## (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. If the Group does not wholly own the subsidiary, it reports a non-controlling interest.

Associate and joint venture 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 or joint control, but which it does not control. A jointly controlled entity is an entity in which two or more participants share control of economic activities of the relevant entity. In accordance with the equity method of consolidation, the consolidated profit and loss account reflects the Group's share in the profit or loss of the associate or joint venture for the period. The share of the Group in associated and joint controlled undertakings is reported in the consolidated statement of financial position in an amount that reflects the Group's share in the net capital of the associates and joint control 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 or joint ventures.

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

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

Starting from the date when an associate becomes a subsidiary, it recognises its equity investment in line with IFRS 3 and IFRS 10. When the Group obtains control over the subsidiary, it measures the investment that it holds in the former associate/jointly controlled entity at fair value. It recognises the difference between the cost of an additional investment, the fair value of the investment prior to obtaining control, the value of non-controlling interests and the fair value of net identifiable assets as goodwill/negative goodwill.

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

## 5. SIGNIFICANT ACCOUNTING POLICIES

### (a) Interest Expense and Interest Income

Interest income and expense are recognised in the consolidated 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 consolidated 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 consolidated statement of financial position line "*Other assets*" and in "*Dividend income*" in the consolidated 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 Consolidated Statement of Comprehensive Income

Other income and expenses presented in the consolidated 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).

Other operating expenses that do not directly relate to banking activities are reported in "*Other operating (expenses)/income, net*".

### (e) Taxation

Tax in the consolidated 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 consolidated 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 Group's Statement of Financial Position

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

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

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

For financial assets and liabilities at fair value through profit or loss, the Group uses the trade date accounting where the trade date is the date when the entity undertakes to buy or sell the financial asset.

The substance of transaction date accounting is as follows:

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

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

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

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

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

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

### Loans and Receivables

Loans originated by the Group by providing money directly to a borrower are categorised as loans originated by the Group and are stated at amortised cost. The portfolio of loans and receivables additionally includes debt securities measured at amortised cost and fulfilling the criteria of IAS 39 for being included in the "Loans and receivables" portfolio. The amortised cost is the cost minus principal repayments, plus accrued interest, plus or minus amortisation, if any, of discount or premium. In determining the amortised cost the Group uses the effective interest rate method. An integral part of the effective interest rate are fees and related transaction costs. All loans and advances are recognised when cash is advanced to borrowers (or banks).

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

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

The change in provisions, after write-offs, is charged to the consolidated statement of comprehensive income line "Change in provisions for credit risks". Additional details can be found in Note 40(b).

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

### Restructuring of Loans and Receivables from Customers

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

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

### Securities

Securities held by the Group are categorised into portfolios in accordance with the Group's intent on the acquisition of the securities and pursuant to the Group's security investment strategy. In accordance with its intent, the Group allocates securities into several portfolios - the portfolio of "Securities at fair value through profit or loss", the portfolio of "Securities available for sale" and the portfolio of "Securities held to maturity" and newly the portfolio of "Loans and receivables" since 2014. The principal difference between the portfolios relates to the approach to measurement and presentation in the financial statements.

### Securities at Fair Value through Profit or Loss

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

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 consolidated statement of comprehensive income as "Net profit on financial operations". Interest income from bonds held for trading and securities at fair value through profit or loss is reported in the consolidated statement of comprehensive income in "Net profit on financial operations".

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 consolidated statement of comprehensive income line "Fee and commission expense".

### Securities Available for Sale

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

Securities available for sale are carried at fair value (cost) upon acquisition with the exception of securities for which the fair value cannot be reliably determined in accordance with IAS 39. These securities are stated at cost, and the Group annually assesses whether the value is not impaired. Changes in the fair values of available for sale securities are recognised in other comprehensive income as "Gains/(losses) from remeasurement of securities available for sale", with the exception of their impairment and interest income and foreign exchange differences on debt securities.

When realised, the relevant revaluation gains or losses are taken to the consolidated statement of comprehensive income as "Net profit on financial operations". Interest income and impairment (if any) is included in the consolidated statement of comprehensive income as "Net profit on financial operations". Foreign exchange rate gains or losses from debt securities are included in "Net profit on financial operations". Dividend income from securities included in this portfolio is included in "Dividend income".

### 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 39(c) *"Fair values of financial assets and liabilities"* of the consolidated financial statements.

### 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated statement of comprehensive income line *"Interest expense and similar expense"*.

The Group's own debt securities repurchased by the Group are presented as a reduction of liabilities arising from securities issued. Upon initial recognition, the Group's own debt securities are stated at cost which includes transaction costs. The difference between the cost of repurchased own debt securities and the accrued amount of issued securities is included in the consolidated 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, cross currency swaps, currency forwards, forward rate agreements, foreign currency, interest rate and commodity options (both purchased and sold), and other derivative financial instruments. The Group uses various types of derivative instruments in respect of both its trading and hedging activities of currency and interest rate positions. The Group internally includes all types of derivatives in the banking or trading portfolios. The banking portfolio additionally includes financial derivatives used as hedging instruments in fair value hedging.

All financial derivative instruments are initially recognised at fair value in the consolidated statement of financial position and are subsequently remeasured and stated at fair value. Fair values are reported in the consolidated statement of financial position as *"Positive fair value of financial derivative transactions"* and *"Negative fair value of financial derivative transactions"*.

The interest income and expenses relating to financial derivatives in the banking portfolio (economic hedging), or financial derivatives used as hedging instruments in fair value hedges, are reported in the consolidated statement of comprehensive income as *"Interest income and similar income"* or *"Interest expense and similar expense"* on a net basis. In respect of financial derivatives in the trading portfolio, the relating interest income and interest expenses are reported in *"Net profit on financial operations"*.

Realised and unrealised gains and losses are recognised in the consolidated 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 consolidated statement of comprehensive income and the embedded instrument meets general criteria for recognition as a derivative.

## Hedge Accounting

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

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

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

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

Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the consolidated statement of comprehensive income in the line "Net profit on financial operations", interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the consolidated statement of comprehensive income line "Interest income and similar income" or "Interest expense and similar expense", respectively, in the net value on the same line as the relevant interest income or expense from the hedged item. A change in the fair value of the hedged item in relation to the fair value hedge of term deposits is recognised as part of the carrying amount of the hedged item in the consolidated statement of financial position and in the line "Net profit on financial operations" in the consolidated statement of comprehensive income. In respect of the fair value hedge of the mortgage loan portfolio and the current and savings bank accounts portfolio, the change in the fair value of hedged items is reported in the consolidated statement of financial position as "Fair value remeasurement of portfolio-remeasured items" and "Net profit on financial operations" in the consolidated statement of comprehensive income.

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

## 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 consolidated statement of financial position. The amount of interest expense arising from subordinated deposits is recognised in the consolidated statement of comprehensive income 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 consolidated 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 (except for core banking systems)	4 years	25 %
Buildings	30 years	3.33 %
Other (cars, furniture and fixtures, office equipment and computers)	3 - 10 years	10 - 20 %

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

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

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

Intangible assets with a cost greater than CZK 40,000 and lower than CZK 60,000 (category of low value intangible fixed assets) are amortised over 36 months and tangible assets with a cost greater than CZK 20 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 assets with a cost lower than CZK 20,000 and low value intangible assets with a cost lower than CZK 40,000 are expensed in the period of acquisition.

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. Impairment of assets, if any, is reported in the consolidated statement of comprehensive income as "General administrative expenses". The Group regularly reviews the anticipated future benefit from intangible assets; if no benefit can be expected, the relevant intangible assets are derecognised from the consolidated statement of financial position. The loss resulting from the derecognition is included in the consolidated statement of comprehensive income line "General administrative expenses".

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 consolidated 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 consolidated 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) Leases

Assets held under a finance lease contract, when substantially all risks and rewards incidental to ownership are transferred, are capitalised in amounts equal to the fair value at the inception of the lease or the present value of minimum lease payments, if lower. These assets are depreciated over their useful lives or lease contract period (if shorter).

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. If the operating lease is terminated before the end of the lease term, all payments that are to be paid to the lessor in the form of fines, are recognised in expenses in the period in which the lease was terminated.

In respect of assets leased under finance leases, the present value of lease payments is recognised as a receivable. The difference between the gross value of a receivable and its present value is reported as accrued interest income. The financial income from the lease is recognised during the lease term so as to produce a constant periodic rate of interest.

## (j) 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".

## (k) Provisions

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

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

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

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

### Provision for Payroll Bonuses

The Bank accounts for long-term employee bonuses (quarterly and annual bonuses).

The recognition, use and release of the provision for payroll bonuses is reported in the consolidated statement of comprehensive income as “*General administrative expenses*”.

### Other Provisions

The recognition, use and release of other provisions relating to banking activities (for unused holidays, legal disputes, etc.) is recorded in “*General administrative expenses*”. If the provision does not relate to banking activities, the recognition, use and release of other reserves is recorded in “*Other operating income/(expenses), net*”. Other provisions include the provision for income tax payable when the estimated tax liability exceeds the prepayments made to the taxation authority.

## (l) Non-Controlling Interests

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

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

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

## (n) Segment Reporting

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

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

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

## (o) Foreign Currency Translation

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

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

## (p) Cash and Cash Equivalents

The Group considers cash on hand, deposits with central banks, deposits with other banks and treasury bills with a contractual maturity of three months or less 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 2014

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

In the year ended 31 December 2014, the Group did not apply any new standards and interpretations, the use of which would have a significant impact on the consolidated financial statements.

### (b) Newly Applied Standards and Interpretations the Application of which Had No Significant Impact on the Consolidated Financial Statements

During the year ended 31 December 2014, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- IFRS 10 – Consolidated Financial Statements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 10 replaces the consolidation guidance in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

- IFRS 11 – Joint Arrangements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31 Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets.

- IFRS 12 – Disclosure of Interests in Other Entities, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IFRS 12 requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to require information so that financial statement users may evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvements with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities.

- IAS 27 (revised in 2011) – Separate Financial Statements, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

The requirements relating to separate financial statements are unchanged and are included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

- IAS 28 (revised in 2011) – Investments in Associates and Joint Ventures, adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

IAS 28 is amended for conforming changes based on the issuance of IFRS 10, IFRS 11 and IFRS 12.

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosures of Interests in Other Entities” – Transition Guidance adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);

The amendments are intended to provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by “limiting the requirement to provide adjusted comparative information to only the preceding comparative period”. Also, amendments were made to IFRS 10, IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosures of Interests in Other Entities” and IAS 27 “Separate Financial Statements” – Investment Entities adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014);

The amendments provide an exception to the consolidation requirements in IFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

- Amendments to IAS 32 “Financial Instruments: Presentation” – Offsetting Financial Assets and Financial Liabilities adopted by the EU on 13 December 2013 (effective for annual periods beginning on or after 1 January 2014).

Amendments provide clarifications on the application of the offsetting rules and focus on four main areas (a) the meaning of “currently has a legally enforceable right of set-off”; (b) the application of simultaneous realisation and settlement; (c) the offsetting of collateral amounts; and (d) the unit of account for applying the offsetting requirements.

- Amendments to IAS 36 “Impairment of Assets” - Recoverable Amount Disclosures for Non-Financial Assets adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

These narrow-scope amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 to require disclosures about the recoverable amount of impaired assets. Current amendments clarify the IASB’s original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

- Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” – Novation of Derivatives and Continuation of Hedge Accounting adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

The adoption of these amendments resulted in no changes in the Group’s accounting policies.

## (c) Standards and Interpretations in Issue but Not Yet Effective

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

- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015);
- Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015);
- Amendments to IAS 19 “Employee Benefits” - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015); and
- IFRIC 21 “Levies” adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

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

### (d) Standards and Interpretations issued by the IASB, but not yet adopted by the European Union

At present, the version of standards adopted by the European Union does not significantly differ from the standards approved by the IASB. The exception are the following standards, amendments and interpretations that were not adopted for use in the EU as of the financial statements approval date (effective dates listed below are for IFRS issued by IASB):

- ~~€~~FRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018);
- ~~€~~FRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~FRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017);
- ~~€~~Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IFRS 11 "Joint Arrangements" - Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016);
- ~~€~~Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016); and
- ~~€~~Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)" resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

Given that the European Union deferred the adoption of IFRS 9 to the period when the standard is completed and able to entirely replace IAS 39, the Group has not yet assessed the potential impact of its adoption. The Group anticipates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the consolidated financial statements of the Group prepared as of 31 December 2014, including comparative information.

## 7. NET INTEREST INCOME

CZK thousand	2014	2013
<b>Interest income arising from</b>		
Loans and advances to financial institutions	28,884	43,696
Loans and advances to customers	6,723,007	6,909,286
Fixed income securities	210,215	242,029
Financial derivatives in the banking portfolio, net	131,562	7,140
<b>Total interest income and similar income</b>	<b>7,093,668</b>	<b>7,202,151</b>
<b>Interest expense arising from</b>		
Deposits from financial institutions	(88,197)	(38,313)
Deposits from customers	(451,624)	(869,525)
Securities issued	(328,753)	(459,906)
Subordinated liabilities	(135,175)	(129,492)
<b>Total interest expense and similar expense</b>	<b>(1,003,749)</b>	<b>(1,497,236)</b>
<b>Net interest income</b>	<b>6,089,919</b>	<b>5,704,915</b>

In “Interest income arising from loans and advances to customers”, the Group reports net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans and fair value of provided loans of CZK (223,486) thousand (2013: CZK (4,537) thousand).

“Interest expense arising from deposits from customers” includes net interest income from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of CZK 290,113 thousand (2013: CZK 50,969 thousand).

Interest income additionally includes interest from impaired assets (primarily loans and advances to customers) of CZK 278,643 thousand (2013: CZK 300,238 thousand), of which default interest amounts to CZK 44,661 thousand (2013: CZK 102,903 thousand).

## 8. CHANGE IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2014	2013
<b>Changes in loan loss provisions</b>		
Charge for provisions	(3,000,646)	(3,979,635)
Release of provisions	1,922,024	2,485,268
Use of provisions	1,081,696	1,390,686
Nominal value of assigned and written off receivables	(1,081,760)	(1,394,675)
<i>of which: Direct write-off of receivables</i>	<i>(2,465)</i>	<i>(3,989)</i>
Recoveries	15,368	10,765
<b>Total changes in loan loss provisions</b>	<b>(1,063,318)</b>	<b>(1,487,591)</b>
<b>Provisions for off balance sheet credit risk exposures</b>		
Charge for provisions	(51,956)	(25,009)
Release of provisions	45,500	237,944
<b>Total change in provisions for off-balance sheet risks</b>	<b>(6,456)</b>	<b>212,935</b>
<b>Change in provisions for credit risk</b>	<b>(1,069,774)</b>	<b>(1,274,656)</b>

## 9. NET FEE AND COMMISSION INCOME

CZK thousand	2014	2013
<b>Fee and commission income arising from</b>		
Payment transactions	1,865,377	1,859,391
Provided loans and guarantees	508,652	577,794
Securities transactions	123,567	128,445
Financial operations	9,904	12,141
Mediation of the Group's products sale	55,182	81,454
Administration of funds and distribution of participation certificates	52,995	18,820
Other banking services	82,593	126,088
<b>Total fee and commission income</b>	<b>2,698,270</b>	<b>2,804,133</b>
<b>Fee and commission expense arising from</b>		
Payment transactions	(532,125)	(463,569)
Receiving of loans and guarantees	(97,432)	(38,875)
Securities transactions	(10,821)	(12,680)
Securitisation	(5,932)	(15,856)
Financial operations	(4,977)	(4,667)
Mediation of the sale of the Group's products	(9,690)	(24,731)
Other services	(39,639)	(41,254)
<b>Total fee and commission expense</b>	<b>(700,616)</b>	<b>(601,632)</b>
<b>Net fee and commission income</b>	<b>1,997,654</b>	<b>2,202,501</b>

## 10. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2014	2013
<b>Interest rate derivatives</b>	<b>(163,777)</b>	<b>134,672</b>
<b>Commodity derivatives</b>	<b>1,236</b>	<b>692</b>
<b>Equity derivatives</b>	<b>-</b>	<b>1</b>
<b>Profit/loss from foreign currency transactions</b>	<b>944,690</b>	<b>1,166,000</b>
<i>of which: Customer foreign currency result</i>	945,532	1,037,428
<i>FX proprietary P/L</i>	(842)	128,572
<b>Profit/loss from transactions with securities</b>	<b>161,176</b>	<b>(13,821)</b>
<i>of which: Portfolio of securities available for sale</i>	-	-
<i>Portfolio of securities held for trading</i>	160,585	3,126
<i>Portfolio of securities at fair value through profit or loss</i>	4,002	(8,163)
<i>Own issue</i>	(3,411)	(8,784)
<b>Sale of equity investments</b>	<b>-</b>	<b>24,619</b>
<b>Change in the fair value of the hedged item in the fair value hedging</b>	<b>(803,529)</b>	<b>36,737</b>
<b>Change in the fair value of hedging derivatives in the fair value hedging</b>	<b>876,502</b>	<b>(52,375)</b>
<b>Total</b>	<b>1,016,298</b>	<b>1,296,525</b>

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

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

## 11. DIVIDEND INCOME

"Income from other shares and participation interest" amounted to CZK 39,470 thousand (2013: CZK 73,692 thousand) and predominantly includes the dividends from Raiffeisen stavební spořitelna a.s. of CZK 36,600 thousand (2013: CZK 60,000 thousand).

## 12. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2014	2013
<b>Payroll costs (Note 13)</b>	<b>(2,699,155)</b>	<b>(2,860,849)</b>
<b>Administrative expenses</b>	<b>(2,101,517)</b>	<b>(2,108,157)</b>
Rental, repairs and other office management service expenses	(616,626)	(621,834)
Advertising costs	(355,366)	(281,723)
Costs of legal and advisory services	(305,621)	(405,096)
Of which: Audit	(7,980)	(7,063)
Tax advisory	(2,858)	(1,809)
IT support costs	(318,502)	(284,498)
Deposit and transaction insurance	(224,305)	(205,434)
Telecommunication, postal and other services	(114,345)	(123,082)
Security costs	(39,321)	(42,289)
Training costs	(26,620)	(35,066)
Office equipment	(35,389)	(36,887)
Travel costs	(21,493)	(22,730)
Fuel	(33,084)	(19,636)
Other administrative expenses	(10,845)	(29,882)
<b>Depreciation and amortisation of fixed assets (Notes 24, 25 and 26)</b>	<b>(610,763)</b>	<b>(568,070)</b>
<b>Loss from impaired investment property (Note 26)</b>	<b>(100,263)</b>	-
<b>Loss from impaired intangible assets (Note 24)</b>	<b>(117,037)</b>	<b>(1,474,201)</b>
<b>Total</b>	<b>(5,628,735)</b>	<b>(7,011,277)</b>

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

## 13. PAYROLL COSTS

CZK thousand	2014	2013
Wages and salaries	(1,994,380)	(2,116,537)
Social security and health insurance	(620,114)	(638,399)
Other staff costs	(84,661)	(105,913)
<b>Total</b>	<b>(2,699,155)</b>	<b>(2,860,849)</b>
<b>Of which wages and salaries paid to:</b>		
Members of the Board of Directors	(82,332)	(61,101)
Members of the Supervisory Board	(4,753)	(6,781)
Other members of management	(105,324)	(106,010)
<b>Total</b>	<b>(192,409)</b>	<b>(173,892)</b>

The average number of the Group's employees as of 31 December 2014 and 2013 was as follows:

	2014	2013
Employees	2,710	2,870
Members of the Board of Directors	10	12
Members of the Supervisory Board	12	15
Other management members	26	27

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

## 14. OTHER OPERATING INCOME/(EXPENSES), NET

CZK thousand	2014	2013
Change in operating provisions	(51,016)	19,971
Gain/(loss) from the disposal of in-/tangible fixed assets	2,481	(11,429)
Income from leases	28,279	18,936
Other	79,286	16,587
<b>Total</b>	<b>59,030</b>	<b>44,065</b>

## 15. INCOME TAX

### (a) Income tax expense

CZK thousand	2014	2013
Income tax payable	(353,851)	(182,962)
Tax overpayment/(additional payments) from the previous period	25,091	58,073
Deferred income tax credit /(charge)	(190,078)	(17,825)
<b>Total income tax</b>	<b>(518,838)</b>	<b>(142,714)</b>

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

CZK thousand	2014	2013
<b>Pre-tax profit (general tax base)</b>	<b>2,545,978</b>	<b>1,124,916</b>
<b>Total pre-tax profit</b>	<b>2,545,978</b>	<b>1,124,916</b>
<b>Tax calculated at the tax rate for the general tax base - 19 % (2013: 19 %)</b>	<b>(483,736)</b>	<b>(213,734)</b>
Non-taxable income (tax effect)	485,127	583,117
Non-tax deductible expenses (tax effect)	(356,004)	(552,996)
Tax relief and credit	762	651
<b>Tax liability for the period</b>	<b>(353,851)</b>	<b>(182,962)</b>
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	25,091	58,073
Deferred tax	(190,078)	(17,825)
<b>Total income tax</b>	<b>(518,838)</b>	<b>(142,714)</b>
<b>Effective tax rate</b>	<b>20.38%</b>	<b>12.69%</b>

The significant amount of non-tax deductible expenses is due to the exceeded limit for the recognition of tax-deductible provisions for loan receivables and is reflected as a temporary difference in deferred tax calculation.

The low effective tax rate in 2013 and the difference as compared with the rate applicable to the general tax base is due to the refund of the tax paid for 2012 when the Group used the possibility of deducting incurred research and development costs from the tax base.

## (b) Income Tax Provision/Receivable

CZK thousand	2014	2013
Tax calculated at the tax rate for the general tax base - 19% (2013: 19%)	(353,851)	(182,962)
<b>Tax liability for the period</b>	<b>(353,851)</b>	<b>(182,962)</b>
Advances paid for current income tax	348,735	504,400
<b>Total income tax (provision)/asset</b>	<b>(5,116)</b>	<b>321,438</b>

CZK thousand	2014	2013
Income tax receivable reported in the balance sheet	1,427	321,885
Income tax provision reported in the balance sheet	(6,543)	(447)
<b>Total income tax (provision)/asset</b>	<b>(5,116)</b>	<b>321,438</b>

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

## 16. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2014	2013
Cash on hand and other cash equivalents	2,766,879	2,787,325
Balances with central banks	331,345	494,223
Minimum reserve deposits with the CNB	1,167,719	554,899
<b>Total</b>	<b>4,265,943</b>	<b>3,836,447</b>

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

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

## 17. SECURITIES

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

CZK thousand	2014	2013
<b>Securities held to maturity (debt securities)</b>	<b>12,420,499</b>	<b>12,410,743</b>
<b>Securities at fair value through profit or loss</b>	<b>6,904,538</b>	<b>4,943,961</b>
<b>of which: Securities held for trading</b>	<b>6,900,015</b>	<b>4,815,582</b>
- Debt securities	6,900,015	4,815,582
- Shares and participation certificates	-	-
<b>of which: Securities designated as FVTPL on initial recognition</b>	<b>4,523</b>	<b>128,379</b>
- Debt securities	4,523	128,334
- Shares and participation certificates	-	45
<b>Securities available for sale (shares and participation certificates)</b>	<b>517,011</b>	<b>517,011</b>
<b>Total</b>	<b>19,842,048</b>	<b>17,871,715</b>
<i>of which: repayable within one year</i>	<i>3,796,270</i>	<i>835,727</i>
<i>repayable in more than one year</i>	<i>16,045,778</i>	<i>17,035,988</i>

"Securities held to maturity" primarily include Czech government bonds that can be used for the refinancing with the Czech National Bank.

"Securities at fair value through profit or loss" includes government bonds and treasury bills of CZK 6,680,925 thousand (2013: CZK 3,025,290 thousand) which may be used for refinancing with the Czech National Bank.

"Securities available for sale" includes the Group's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 516,106 thousand (2013: CZK 516,106 thousand) and other minority investments of the Group.

According to its investment strategy, the Group holds most of newly acquired securities in the "Securities held for trading" portfolio.

### (b) Securities Pledged as Collateral

As of 31 December 2014, the Group provided no pledge of securities as collateral as part of repurchase and similar transactions with other banks and clients. As of 31 December 2013, the Group pledged securities in the amount of CZK 897,654 thousand as collateral as part of repurchase and similar transactions with other banks and clients.

## 18. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2014	2013
Placements with financial institutions	581,575	556,527
Term deposits with banks	8,112,377	13,539,881
Loans and other advances to financial institutions	19,085,191	5,118,866
Received loans	49,511	122,857
Debt securities	1,739,621	-
<b>Total</b>	<b>29,568,275</b>	<b>19,338,131</b>
<i>of which: repayable within one year</i>	<i>27,826,667</i>	<i>19,333,831</i>
<i>repayable in more than one year</i>	<i>1,741,608</i>	<i>4,300</i>

"Loans and other advances to financial institutions" includes reverse repurchase transactions. As part of the reverse repurchase transactions (primarily with the Czech National Bank), the Group provided loans in the aggregate amount of CZK 19,085,191 thousand (2013: CZK 5,118,866 thousand). Reverse repurchase transactions are collateralised by securities (primarily by treasury bills issued by the Czech National Bank) with the fair value of CZK 18,710,227 thousand (2013: CZK 5,021,917 thousand).

In 2014, the Group started to newly include the securities that comply with the criteria of IAS 39 in the portfolio of loans and receivables.

## 19. LOANS AND ADVANCES TO CUSTOMERS

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

CZK thousand	2014	2013
Overdrafts	6,990,869	7,021,043
Term loans	95,398,168	85,244,371
Mortgage loans	64,801,885	61,793,424
Finance lease	4,829,068	-
Debt securities	1,344,396	-
Other	1,177,483	729,575
<b>Total</b>	<b>174,541,869</b>	<b>154,788,413</b>
<i>of which: repayable at request</i>	<i>6,990,869</i>	<i>7,021,043</i>
<i>repayable within one year</i>	<i>49,178,291</i>	<i>46,569,581</i>
<i>repayable in more than one year</i>	<i>118,372,709</i>	<i>101,197,789</i>

The Group applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans. The amount of the remeasurement of hedged items as of 31 December 2014 was CZK 387,011 thousand (2013: CZK (42,912) thousand). In addition, the Group applies hedge accounting upon a fair value hedge of a provided loan. The amount of the remeasurement of hedged item as of 31 December 2014 amounts to CZK (234) thousand.

In 2014, the Group started to newly include the securities that comply with the criteria of IAS 39 in the portfolio of loans and receivables.

### (b) Repurchase and Reverse Repurchase Transactions

Within reverse repurchase transactions, the Group advanced loans in the aggregate amount of CZK 75,067 thousand (2013: CZK 260 thousand) under reverse repurchase transactions. Reverse repurchase transactions are collateralised by securities with the fair value of CZK 105,494 thousand (2013: CZK 270 thousand).

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

<b>CZK thousand</b>	<b>2014</b>	<b>2013</b>
Public sector	1,048,242	749,194
Loans to corporate entities (Large corporate)	90,862,097	76,748,330
Loans to private individuals	76,616,518	72,413,009
Small and medium size enterprises (SME)	6,015,012	4,877,880
<b>Total</b>	<b>174,541,869</b>	<b>154,788,413</b>

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

<b>CZK thousand</b>	<b>2014</b>	<b>2013</b>
Czech Republic	165,305,248	147,478,513
Slovakia	1,516,772	1,495,223
Other - EU countries	4,617,998	3,354,685
Other	3,101,851	2,459,992
<b>Total</b>	<b>174,541,869</b>	<b>154,788,413</b>

### (e) Ageing of Loans to Customers

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

<b>CZK thousand</b>	<b>Past due date</b>		<b>Nominal collateral value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Past due</b>				
1 - 30	3,372,724	3,986,355	2,877,431	3,504,797
31 - 90	356,878	474,723	257,667	337,231

The data for 2013 were adjusted.

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

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

CZK thousand 2014	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
<b>Amounts due from customers</b>							
- without default	160,369,275	3,372,724	356,878	-	-	-	<b>164,098,877</b>
- with default	3,610,393	505,492	479,355	770,800	771,604	4,305,348	<b>10,442,992</b>
<b>Gross</b>	<b>163,979,668</b>	<b>3,878,216</b>	<b>836,233</b>	<b>770,800</b>	<b>771,604</b>	<b>4,305,348</b>	<b>174,541,869</b>
Provisions	(1,579,337)	(197,504)	(213,796)	(290,965)	(555,594)	(3,832,382)	<b>(6,669,578)</b>
<b>Net</b>	<b>162,400,331</b>	<b>3,680,712</b>	<b>622,437</b>	<b>479,835</b>	<b>216,010</b>	<b>472,966</b>	<b>167,872,291</b>

CZK thousand 2013	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
<b>Amounts due from customers</b>							
- without default	139,900,544	3,986,355	474,723	-	-	-	<b>144,361,622</b>
- with default	3,152,544	1,343,130	561,460	584,756	1,204,129	3,580,772	<b>10,426,791</b>
<b>Gross</b>	<b>143,053,088</b>	<b>5,329,485</b>	<b>1,036,183</b>	<b>584,756</b>	<b>1,204,129</b>	<b>3,580,772</b>	<b>154,788,413</b>
Provisions	(1,423,252)	(570,480)	(327,624)	(228,800)	(886,212)	(3,110,165)	<b>(6,546,533)</b>
<b>Net</b>	<b>141,629,836</b>	<b>4,759,005</b>	<b>708,559</b>	<b>355,956</b>	<b>317,917</b>	<b>470,607</b>	<b>148,241,880</b>

The data for 2013 were adjusted.

The definition of receivables with default and without default is disclosed in Note 40(a).

## (g) Securitisation

Since March 2006, the Group has carried out a synthetic securitisation of the Corporate Banking loans portfolio. The original maturity of the transaction was in March 2016. As of 1 August 2013, the Group prematurely terminated the transaction. Two default events remained from the transaction which continue to be included in the securitisation. As of 31 December 2014, the volume of the loan portfolio included in the securitisation (the two cases above) was CZK 29,853 thousand (2013: the volume of the loan portfolio included in securitisation amounted to CZK 29,532 thousand).

## (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 7,830,010 thousand as of 31 December 2014 (2013: CZK 8,076,950 thousand), of which the proportion of the Group amounted to CZK 3,265,821 thousand (2013: CZK 3,420,852 thousand) and the proportion of other syndicate members amounted to CZK 4,564,189 thousand (2013: CZK 4,656,098 thousand).

As of 31 December 2014, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 6,420,153 thousand (2013: CZK 6,745,196 thousand), of which the proportion of the Group was CZK 2,483,761 thousand (2013: CZK 2,668,972 thousand) and the proportion of other syndicate members was CZK 3,936,392 thousand (2013: CZK 4,076,224 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

2014	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	72,282	310,001	42,667	439,485	9,432	121,603	282,406	1,278,326
Mining and Quarrying	-	-	-	-	-	11,105	-	3,588	38,170	52,863
Manufacturing	138,255	968	359,558	4,713,430	1,961,331	6,980,483	391,801	1,906,487	3,714,412	20,166,725
Electricity, Gas And Water Supply	192,323	-	18,647	1,286,020	1,430,265	1,072,842	19,555	4,932,842	1,768,758	10,721,252
Construction	9,026	-	91,952	1,657,355	1,077,637	1,429,120	220,915	175,642	883,686	5,545,333
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	55,261	-	519,175	4,091,981	818,564	4,467,168	530,644	643,850	3,524,924	14,651,567
Hotels and Restaurants	26,970	-	10,562	2,412,892	10,020	161,390	3,600	7,164	189,677	2,822,275
Transport, Storage and Communication	3,227	-	19,852	439,949	14,458	954,861	2,573	812,687	2,774,549	5,022,156
Financial Intermediation	100,991	-	2,295,933	1,037,554	1,664,031	553,296	10,970	9,406	1,849,789	7,521,970
Real Estate, Lease, Other Business Activities	431,681	1,333,952	188,004	14,871,238	1,957,113	2,826,702	938,616	246,109	3,843,554	26,636,969
Public Administration; Compulsory Social Security	2,848	926,081	-	92,321	49,744	9,164	-	65	18,075	1,098,298
Education	3,200	-	260	63,266	-	10,465	-	59,770	116,277	253,238
Health and Social Work	1,060	350,905	1,462	104,135	-	158,737	-	18,785	71,933	707,017
Other Community, Social and Personal Service Activities	13,978	-	23,488	353,143	176,244	338,380	1,453	160,611	380,065	1,447,362
Private Households	3,492,967	-	-	63,616,643	-	1,760	8,198	60,103	9,436,847	76,616,518
<b>Total</b>	<b>4,472,237</b>	<b>2,611,906</b>	<b>3,601,175</b>	<b>95,049,928</b>	<b>9,202,074</b>	<b>19,414,958</b>	<b>2,137,757</b>	<b>9,158,712</b>	<b>28,893,122</b>	<b>174,541,869</b>

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

2013	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	650	-	23,394	328,182	20,086	407,821	15,999	13,699	222,524	1,032,355
Mining and Quarrying	-	-	-	-	-	11,597	-	-	5,927	17,524
Manufacturing	57,089	53,342	811,533	3,856,697	915,434	7,871,263	525,854	733,376	2,566,870	17,391,458
Electricity, Gas and Water Supply	137,977	-	5,131	120,452	1,372,528	1,022,181	5,500	3,842,439	993,308	7,499,516
Construction	9,905	-	71,654	1,335,166	445,095	1,415,187	28,549	191,951	858,842	4,356,349
Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods	36,724	-	469,539	3,088,635	1,490,565	5,295,958	290,306	264,718	2,198,288	13,134,733
Hotels and Restaurants	25,736	-	6,291	2,065,137	34,956	111,456	100	-	183,716	2,427,392
Transport, Storage and Communication	6,591	-	30,395	413,281	216,913	670,161	-	1,311	907,481	2,246,133
Financial Intermediation	157,172	-	1,556,168	630,832	999,480	244,547	62,000	2,672	1,116,912	4,769,783
Real Estate,	516,692	905,587	223,795	14,644,614	2,536,972	2,521,327	495,403	87,654	4,881,781	26,813,825
Public Administration and Defence; Compulsory Social Security	2148	623,566	-	87,293	36,306	6,556	-	-	17,774	773,643
Education	-	-	-	17,379	-	20,523	-	-	63,416	101,318
Health and Social Work	9900	170,615	-	140,831	-	172,881	-	1,523	43,372	539,122
Other Community, Social and Personal Service Activities	13,924	-	5,002	282,966	130,682	189,154	-	152,075	498,450	1,272,253
Private Households With Employed Persons	-	-	-	60,221,655	-	1,574	3,034,325	-	9,155,455	72,413,009
<b>Total</b>	<b>974,508</b>	<b>1,753,110</b>	<b>3,202,902</b>	<b>87,233,120</b>	<b>8,199,017</b>	<b>19,962,186</b>	<b>4,458,036</b>	<b>5,291,418</b>	<b>23,714,116</b>	<b>154,788,413</b>

The data for 2013 were adjusted.

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

## (j) Receivables from Finance Leases

Time structure of receivables from finance leases is as follows::

CZK thousand	2014
<b>Gross investments in finance leases</b>	<b>5,759,267</b>
- within 3 months	296,473
- from 3 months to 1 year	1,020,520
- from 1 year to 5 years	3,444,807
- more than 5 years	997,467
<b>Unrealised financial income</b>	<b>(930,199)</b>
- within 3 months	(49,990)
- from 3 months to 1 year	(171,201)
- from 1 year to 5 years	(565,492)
- more than 5 years	(143,516)
<b>Net investments in finance leases</b>	<b>4,829,068</b>

The assets that the Group leases under finance lease have the following structure:

CZK thousand	2014
Lease of motor vehicles	1,658,330
Lease of real estate	427,343
Lease of equipment	2,743,395
<b>Total</b>	<b>4,829,068</b>

## 20. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

CZK thousand	2014	2013
<b>Clients</b>		
Balance at 1 January	(6,546,533)	(6,381,987)
Charge for provisions	(3,000,646)	(3,979,635)
Release of provisions	1,922,024	2,485,268
Usage of provisions for the write-off and assignment of receivables	1,081,696	1,390,686
Effect from the change in the scope of consolidation	(84,884)	-
FX gains from provisions denominated in a foreign currency	(41,235)	(60,865)
<b>Balance at 31 December</b>	<b>(6,669,578)</b>	<b>(6,546,533)</b>
<b>Banks</b>		
Balance at 1 January	(110)	(110)
<b>Balance at 31 December</b>	<b>(110)</b>	<b>(110)</b>
<b>Total</b>	<b>(6,669,688)</b>	<b>(6,546,643)</b>

## 21. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2014).

Deferred income tax assets are as follows:

CZK thousand	2014	2013
Unpaid interest on loans of non-residents	54,283	195,054
Unpaid social security and health insurance	63,137	60,537
Outstanding vacation days	4,002	4,084
Other provisions	27,836	24,917
Tax loss of prior years	15,383	-
<b>Total deferred tax asset</b>	<b>164,641</b>	<b>284,592</b>

Deferred income tax liabilities are as follows:

CZK thousand	2014	2013
Differences between accounting and tax carrying amounts of tangible and intangible assets	(181,563)	(160,658)
Modification in lease reporting from CAS to IFRS	(48,805)	-
Difference between tax non-deductible and tax deductible provisions	(23,264)	-
Amount on the valuation difference in equity from revaluation of securities available for sales	(56)	(56)
<b>Total deferred tax liability</b>	<b>(253,688)</b>	<b>(160,714)</b>

Set out below is the calculation of a net deferred tax asset:

CZK thousand	2014	2013
Balance at 1 January	284,592	465,898
Effect from the change in the consolidation scope	24,115	-
Movement for the year - income/(expense)	(144,066)	(181,306)
<b>Total deferred tax asset</b>	<b>164,641</b>	<b>284,592</b>
Balance at 1 January	(160,714)	(322,110)
Effect from the change in the consolidation scope	(45,465)	-
Movement for the year - income/(expense)	(46,012)	163,481
Movement for the year - equity	(1,497)	(2,085)
<b>Total deferred tax liability</b>	<b>(253,688)</b>	<b>(160,714)</b>
<b>Net deferred tax asset</b>	<b>(89,047)</b>	<b>123,878</b>

CZK thousand	2014	2013
Deferred tax asset reported in the balance sheet	20,393	125,472
Deferred tax liability reported in the balance sheet	(109,440)	(1,594)
<b>Net deferred tax asset</b>	<b>(89,047)</b>	<b>123,878</b>

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

CZK thousand	2014	2013
Basis for net deferred tax asset	(468,668)	651,989
Deferred tax asset	(89,047)	123,878
Recognition of a year-on-year difference due to temporary differences in profit or loss	(190,078)	(17,825)
Recognition of a year-on-year difference due to temporary differences in equity	(1,497)	(2,085)
<b>Total year-on-year difference for recognition</b>	<b>(191,575)</b>	<b>(19,910)</b>



During 2014 there has been change in control of companies Raiffeisen-Leasing, s.r.o. and Raiffeisen-Leasing Real Estate, s.r.o. Group controls these companies and they are its subsidiaries (details are disclosed in Note 3(d)). Company Bondy Centrum s.r.o. has been an associate of the company Raiffeisen-Leasing Real Estate, s.r.o. in 2013. Since 2014 it is an associate of the group. The reasons for including companies Flex-space Plzeň I, s.r.o. and Flex-space Plzeň II, s.r.o. as joint ventures is disclosed in Note 3(e). In 2014 the Group established company Karlín Pakr a.s.

In the year ended 31 December 2013, the Group directly owned Raiffeisen-Leasing, s.r.o. which had no subsidiaries during 2013 and the above table shows only the investment in the share capital for Raiffeisen-Leasing, s.r.o. The information in the above table for 2013 in respect of the Raiffeisen-Leasing Real Estate, s.r.o. group represents the values for the Raiffeisen-Leasing Real Estate, s.r.o. group and the below listed controlled entities. The other shareholder in both entities is Raiffeisen-Leasing International Gesellschaft GmbH.

The below listed companies were controlled entities of Raiffeisen-Leasing Real Estate, s.r.o. in 2013 and were included in the consolidated figures for this group.

Entity	Effective holding of RaiffeisenLeasing s.r.o. in % in 2013	Indirect holding through	Registered office
Gaia Property, s.r.o.	100%	-	Prague
Orchideus Property, s. r. o.	100%	-	Prague
Raiffeisen FinCorp, s.r.o.	100%	-	Prague
Appolon Property, s.r.o.	100%	-	Prague
Hermes Property, s.r.o.	100%	-	Prague
Létó Property, s.r.o.	100%	-	Prague
Luna Property, s.r.o.	100%	-	Prague
RLRE Carina Property, s.r.o.	100%	-	Prague
RLRE Dorado Property, s.r.o.	100%	-	Prague
Bondy Centrum s.r.o.	50%	-	Prague
Viktor Property, s.r.o.	100%	-	Prague
Sky Solar Distribuce s.r.o.	100%	-	České Budějovice

Related party transactions of the Group with the above associates are disclosed in Note 42.

## 24. INTANGIBLE FIXED ASSETS

CZK thousand	Goodwill	Software	Intangible assets under construction	Total
<b>Cost</b>				
1 January 2013	1,155	2,563,855	2,487,911	5,052,921
Additions	-	494,114	46,537	540,651
Disposals	-	(3,989)	(1,474,201)	(1,478,190)
Other changes (transfers)	-	544,304	(544,304)	-
Effect from the change in the consolidation scope	-	(45)	-	(45)
<b>31 December 2013</b>	<b>1,155</b>	<b>3,598,239</b>	<b>515,943</b>	<b>4,115,337</b>
Additions	76,412	28,160	242,609	347,181
Disposals	(76,412)	(5,008)	(40,625)	(122,045)
Other changes (transfers)	-	543,363	(543,363)	-
Effect from the change in the consolidation scope	-	41,006	-	41,006
<b>31 December 2014</b>	<b>1,155</b>	<b>4,205,760</b>	<b>174,564</b>	<b>4,381,479</b>
<b>Accumulated amortisation and provisions</b>				
1 January 2013	-	(1,963,164)	-	(1,963,164)
Additions - annual amortisation charges	(1,155)	(296,971)	-	(298,126)
Disposals	-	3,989	-	3,989
Effect from the change in the consolidation scope	-	9	-	9
<b>31 December 2013</b>	<b>(1,155)</b>	<b>(2,256,137)</b>	<b>-</b>	<b>(2,257,292)</b>
Additions - annual amortisation charges	-	(300,524)	-	(300,524)
Disposals	-	-	-	-
Effect from the change in the consolidation scope	-	(28,745)	-	(28,745)
<b>31 December 2014</b>	<b>(1,155)</b>	<b>(2,585,406)</b>	<b>-</b>	<b>(2,586,561)</b>
<b>Net book value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2013</b>	<b>-</b>	<b>1,342,102</b>	<b>515,943</b>	<b>1,858,045</b>
<b>31 December 2014</b>	<b>-</b>	<b>1,620,354</b>	<b>174,564</b>	<b>1,794,918</b>

Additions to software represent the putting into use of technical improvements on data warehouses and communication tools between the Group's core systems and the CRM system. Internal costs (primarily staff costs and rental costs) which are required to generate these assets are capitalised. In 2014, internal costs of CZK 46,867 thousand (2013: CZK 44,879 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.

Disposals of intangible assets under construction in 2013 include the derecognition of an intangible asset under construction in the new banking system development project. In December 2013, the Supervisory Board of the Bank approved the resolution of the Group's management on the interruption of the new banking system development project. The Group no longer anticipates that there would be economic or other benefits arising from this investment; for this reason, it derecognised this intangible asset under construction in line with IAS 38 and reported the relating loss for 2013 in the consolidated statement of comprehensive income as "General administrative expenses" (refer to Note 12).

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

Under business combinations disclosed in Note 3, the Group recorded goodwill of CZK 76,412 thousand (refer to Note 41). On the grounds of prudence, the Group decided that it would not account for this goodwill and fully wrote it off in the consolidated statement of comprehensive income, refer to Note 12.

## 25. PROPERTY AND EQUIPMENT

### (a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
<b>Cost</b>					
1 January 2013	991,474	268,577	1,144,316	68,883	<b>2,473,250</b>
Additions	51,866	6,037	67,556	19,597	<b>145,056</b>
Disposals	(21,338)	(44,561)	(150,166)	-	<b>(216,065)</b>
Other changes (transfers)	19,916	1,052	24,763	(45,731)	-
Effect from the change in the consolidation scope	-	(1,276)	-	-	<b>(1,276)</b>
<b>31 December 2013</b>	<b>1,041,918</b>	<b>229,829</b>	<b>1,086,469</b>	<b>42,749</b>	<b>2,400,965</b>
Additions	45,118	7,223	95,346	81,466	<b>229,153</b>
Disposals	(41,020)	(21,412)	(82,679)	(28,254)	<b>(173,365)</b>
Other changes (transfers)	3,951	79	31,251	(35,281)	-
Effect from the change in the consolidation scope	-	-	24,813	283,634	<b>308,447</b>
<b>31 December 2014</b>	<b>1,049,967</b>	<b>215,719</b>	<b>1,155,200</b>	<b>344,314</b>	<b>2,765,200</b>
<b>Accumulated depreciation</b>					
1 January 2013	(470,093)	(172,940)	(680,198)	-	<b>(1,323,231)</b>
Additions	(86,817)	(26,169)	(150,379)	-	<b>(263,365)</b>
Disposals	11,093	44,397	145,925	-	<b>201,415</b>
Effect from the change in the consolidation scope	-	273	-	-	<b>273</b>
<b>31 December 2013</b>	<b>(545,817)</b>	<b>(154,439)</b>	<b>(684,652)</b>	-	<b>(1,384,908)</b>
Additions	(89,277)	(22,632)	(168,416)	-	<b>(280,325)</b>
Disposals	34,317	19,421	74,822	-	<b>128,560</b>
Effect from the change in the consolidation scope	-	-	-	(56,461)	<b>(56,461)</b>
<b>31 December 2014</b>	<b>(600,777)</b>	<b>(157,650)</b>	<b>(778,246)</b>	<b>(56,461)</b>	<b>(1,593,134)</b>
<b>Net book value</b>					
<b>31 December 2013</b>	<b>496,101</b>	<b>75,390</b>	<b>401,817</b>	<b>42,749</b>	<b>1,016,057</b>
<b>31 December 2014</b>	<b>449,190</b>	<b>58,069</b>	<b>376,954</b>	<b>287,853</b>	<b>1,172,066</b>

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

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

The Group recorded no property and equipment under finance leases in the years ended 31 December 2014 and 2013.

## 26. INVESTMENT PROPERTY

CZK thousand	2014	2013
<b>Cost</b>		
At 1 January	252,215	252,215
Additions	28,248	-
Disposals	-	-
Effect from the change in the consolidation scope	1,132,196	-
<b>Cost at 31 December</b>	<b>1,412,659</b>	<b>252,215</b>
<b>Accumulated depreciation</b>		
At 1 January	(30,495)	(23,916)
Annual charges	(29,914)	(6,579)
Disposals	-	-
Provision	(100,263)	-
Effect from the change in the consolidation scope	(134,560)	-
<b>Accumulated depreciation and provisions at 31 December</b>	<b>(295,232)</b>	<b>(30,495)</b>
<b>Net book value at 31 December</b>	<b>1,117,427</b>	<b>221,720</b>

The fair value of investment property as of 31 December 2014 amounts to CZK 1,290,739 thousand (2013: CZK 221,720 thousand).

## 27. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2014	2013
<b>Repayable on demand</b>	<b>2,122,558</b>	<b>2,234,282</b>
<b>Term deposits of banks</b>	<b>12,267,672</b>	<b>7,724,816</b>
Within 3 months	3,464,305	2,349,436
From 3 months to 1 year	591,274	323,043
From 1 year to 5 years	4,096,664	1,875,050
Over 5 years	4,115,429	3,177,287
<b>Total</b>	<b>14,390,230</b>	<b>9,959,098</b>

## 28. AMOUNTS OWED TO CUSTOMERS

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

CZK thousand	2014	2013
Repayable on demand	155,791,806	125,957,597
Term deposits with maturity at accrued amount	9,085,310	20,452,427
Change in the fair values of hedged items in the fair value hedging	225,631	69,397
Other	41,129	11,515
<b>Total</b>	<b>165,143,876</b>	<b>146,490,936</b>
<i>of which: repayable within one year</i>	<i>160,877,519</i>	<i>140,861,936</i>
<i>repayable in more than one year</i>	<i>4,266,357</i>	<i>5,629,000</i>

The Group uses hedge accounting upon the fair value hedge of term deposits.

Since 2014, the Group has applied hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items amounts to CZK 1,081,067 thousand as of 31 December 2014.

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

CZK thousand	2014	2013
Public sector	1,205,291	2,052,445
Corporate clients (Large corporate)	64,944,194	67,015,827
Private individuals	78,240,563	60,321,223
Small and medium size enterprises (SME)	20,571,196	16,921,121
Other	182,632	180,320
<b>Total</b>	<b>165,143,876</b>	<b>146,490,936</b>

### (c) Repurchase Transactions

As of 31 December 2014, the Group received no loans from clients as part of repurchase transactions (2013: CZK 900,014 thousand collateralised by securities of CZK 897,654 thousand).

## 29. DEBT SECURITIES ISSUED

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

CZK thousand	2014	2013
Deposit certificates and depository bills of exchange	122,492	392,504
Bonds in issue - unsecured	1,266,599	2,118,820
Mortgage bonds	15,413,230	9,532,191
<b>Total</b>	<b>16,802,321</b>	<b>12,043,515</b>
<i>of which: repayable within one year</i>	<i>741,805</i>	<i>3,931,256</i>
<i>repayable in more than one year</i>	<i>16,060,516</i>	<i>8,112,259</i>

The subordinated liabilities and debt securities issued are disclosed in Note 32.

**(b) Analysis of Mortgage Bonds**

CZK thousand							
Date of	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2014	2013	2014	2013
14.11.2007	14.11.2014	CZ0002001316	CZK	-	500,000	-	506,676
12.12.2007	12.12.2017	CZ0002001670	CZK	3,427,800	2,427,800	3,656,925	2,559,898
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	520,002	525,732
20.12.2007	20.12.2017	CZ0002001928	CZK	1,918,500	1,418,500	2,084,227	1,545,283
19.1.2011	19.1.2014	CZ0002002272	CZK	-	131,000	-	134,504
9.2.2011	9.2.2014	CZ0002002280	CZK	-	567,810	-	582,188
4.5.2011	4.5.2016	CZ0002002314	CZK	499,560	500,000	511,093	511,807
27.7.2011	27.7.2016	CZ0002002363	CZK	500,000	499,800	507,392	507,326
27.7.2011	27.7.2014	CZ0002002371	CZK	-	1,406,120	-	1,423,315
26.9.2011	26.9.2016	CZ0002002405	CZK	930,000	930,000	940,988	943,078
11.1.2012	11.1.2017	CZ0002002439	CZK	283,480	284,400	291,421	292,384
5.12.2012	5.12.2017	XS0861195369	EUR	-	-	-	-
5.11.2014	5.11.2019	XS1132335248	EUR	6,931,250	-	6,901,182	-
<b>Total</b>				<b>14,990,590</b>	<b>9,165,430</b>	<b>15,413,230</b>	<b>9,532,191</b>

In December 2012, the Group issued mortgage bonds of EUR 500,000 thousand. The Group repurchased the entire issue. In November 2014, the Group placed another mortgage bonds issue of EUR 500,000 thousand. From this issue, the Group sold mortgage bonds to investors of EUR 250,000 thousand. These are issues under the bond programme of the Group with the total amount of EUR 5,000,000 thousand and comply with the conditions for money market transactions with the European Central Bank.

As of 31 December 2014, the Group held issued mortgage bonds totalling EUR 750,000 thousand (as of 31 December 2013: EUR 500,000 thousand), of which EUR 599,212 thousand (as of 31 December 2013: EUR 348,173 thousand) may be used as part of repurchase transactions with the European Central Bank and EUR 150,788 thousand (as of 31 December 2013: EUR 151,827 thousand) is used as collateral for received loans from the European Investment Bank - refer to Note 35 (c).

## 30. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for unused holiday	Provision for payroll bonuses	Other provisions	Total
1 January 2013	13,900	237,944	47,851	681,795	23,452	<b>1,004,942</b>
Charge for provisions	300	25,009	20,012	97,729	49,917	<b>192,967</b>
Use of provisions	-	-	(45,870)	(287,906)	(28,232)	<b>(362,008)</b>
Release of redundant provisions	(8,800)	(237,944)	-	(101,636)	(14,352)	<b>(362,732)</b>
Foreign exchange rate differences	-	-	-	-	-	-
<b>31 December 2013</b>	<b>5,400</b>	<b>25,009</b>	<b>21,993</b>	<b>389,982</b>	<b>30,785</b>	<b>473,169</b>
Charge for provisions	13,118	51,956	24,791	349,930	50,051	<b>489,846</b>
Use of provisions	(1,040)	-	(24,763)	(210,240)	-	<b>(236,043)</b>
Release of redundant provisions	(360)	(45,500)	-	(187,085)	-	<b>(232,945)</b>
Effect from the change in the consolidation scope	25	21,585	3,064	14,393	8,158	<b>47,225</b>
Foreign exchange rate differences	-	-	-	-	74	74
<b>31 December 2014</b>	<b>17,143</b>	<b>53,050</b>	<b>25,085</b>	<b>356,980</b>	<b>89,068</b>	<b>541,326</b>

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

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

"Other provisions" includes provisions for future potential payments arising from compensation for armed robberies, bonuses for clients, etc. For all types of other provisions, the Group assesses the risk and probability of performance. This item includes the effect of changes in foreign currency rates on provisions denominated in foreign currencies.

In the years ended 31 December 2014 and 2013, the Group recognised no provision for restructuring.

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

## 31. OTHER LIABILITIES

CZK thousand	2014	2013
Liabilities arising from non-banking activities	476,570	416,485
Estimated payables for payroll costs	213,772	211,200
Accrued expenses and deferred income	57,330	69,817
Liabilities from securities trading	9,699	2,968
Local settlement and suspense clearing account	1,017,675	864,580
Other	886,102	841,550
<b>Total</b>	<b>2,661,148</b>	<b>2,406,600</b>

## 32. SUBORDINATED LIABILITIES

### (a) Subordinated Loan

CZK thousand	2014	2013
Raiffeisen Bank International AG (parent company)	3,991,233	3,948,646
<b>Total</b>	<b>3,991,233</b>	<b>3,948,646</b>
<i>of which: repayable within one year</i>	52,698	52,728
<i>repayable in more than one year</i>	3,938,535	3,895,918

During 2013, the Group repaid the subordinated loan from Raiffeisen Malta Bank Plc and increased the subordinated loan from od Raiffeisen Bank International AG.

### (b) Issue of Subordinated Bonds

CZK thousand							
Date of issue	Date of maturity	ISIN	Cur-rency	Nominal value		Net book value	
				2014	2013	2014	2013
21.9.2011	21.9.2016	CZ0003702953	CZK	125,000	125,000	127,608	128,160
21.9.2011	21.9.2018	CZ0003702961	CZK	125,000	125,000	126,024	126,083
<b>Total</b>				<b>250,000</b>	<b>250,000</b>	<b>253,632</b>	<b>254,243</b>

## 33. SHARE CAPITAL

### (a) Share Capital

The shareholder structure of the Group as of 31 December 2013:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen CEE Region Holding GmbH	Austria	764,430	7,644,300	75
RB Prag Beteiligungs GmbH	Austria	254,810	2,548,100	25
		<b>1,019,240</b>	<b>10,192,400</b>	<b>100</b>

\* Direct investment in the share capital

On 22 May 2014, the share capital of the Bank was increased by CZK 868,400 thousand (an issue of 86,840 shares) from CZK 10,192,400 thousand to CZK 11,060,800 thousand. The aggregate nominal value of all the shares was fully paid. All shares are book-entered, registered, they are not listed and their nominal value is CZK 10,000. The increase in the share capital did not impact the shareholder structure, i.e. all existing shareholders participated in the increase in the share capital in a proportionate manner according to the amount of the investment in the share capital and voting rights.

The shareholder structure and the nominal value of their investments as of 31 December 2014 is as follows:

Name	Registered office	Number of ordinary shares	Nominal value (CZK thousand)	Ownership Percentage* (in %)
Raiffeisen CEE Region Holding GmbH	Austria	829,560	8,295,600	75
RB Prag Beteiligungs GmbH	Austria	276,520	2,765,200	25
		<b>1,106,080</b>	<b>11,060,800</b>	<b>100</b>

\* Direct investment in the share capital

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

## (b) Other Capital Instruments

In December 2014, the Group issued subordinated unsecured AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Group's Tier 1 capital. The issue amounted to CZK 1,934,450 thousand. The Czech National Bank approved the inclusion of AT1 certificates in the Group's Tier 1 capital.

## 34. CASH AND CASH EQUIVALENTS

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

CZK thousand	2014	2013
Cash and accounts with central banks (Note 16)	4,265,943	3,836,447
Required minimum reserves (Note 16)	(1,167,719)	(554,899)
Placements with other financial institutions (Note 18)	581,575	556,527
<b>Total cash and cash equivalents</b>	<b>3,679,799</b>	<b>3,838,075</b>

## 35. CONTINGENT LIABILITIES

### (a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2014. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Group recognised provisions (Note 30) for significant litigations in the aggregate amount CZK 17,143 thousand (2013: CZK 5,400 thousand)

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

CZK thousand	2014	2013
<b>Banks</b>		
Provided commitments (irrevocable)	47,172	1,043,439
Guarantee commitments	117,050	209,681
Letters of credit issued	48,555	100,705
<b>Total</b>	<b>212,777</b>	<b>1,353,825</b>
<b>Customers</b>		
Provided commitments (irrevocable)	21,733,954	20,626,696
Guarantee commitments	17,363,283	13,854,226
Letters of credit issued	652,791	585,943
<b>Total</b>	<b>39,750,028</b>	<b>35,066,865</b>
<b>Total</b>	<b>39,962,805</b>	<b>36,420,690</b>

In addition, the Group provides the clients with revocable credit commitments and guarantee commitments.

### (c) Refinancing Agreements

During 2011 and 2012, the Group received a loan of EUR 100,000 thousand from EIB. During 2013, the Group received another EUR 100,000 thousand and concurrently makes regular repayments relating to the first loan. As of 31 December 2014, the Group used the loan with the nominal amount of CZK 5,173,079 thousand (2013: CZK 5,384,665 thousand). The loans from EIB are collateralised by issued mortgage bonds - refer to Note 29(b) and by a guarantee from the parent company Raiffeisen Bank International AG.

## 36. FINANCIAL DERIVATIVES

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

CZK thousand	Contractual amounts (nominal value)	
	2014	2013
<b>Financial derivatives (non-hedging)</b>		
Cross currency swaps	16,044,062	570,087
Currency forwards and swaps	29,203,379	33,258,492
Interest rate swaps (IRS)	82,858,447	124,799,686
Forward rate agreements (FRA)	2,000,000	17,000,000
Option contracts (purchase)	8,022,368	14,304,185
Option contracts (sale)	8,022,368	14,301,405
<b>Total trading instruments</b>	<b>146,150,624</b>	<b>204,233,855</b>
<b>Hedging derivatives</b>		
Interest rate swaps (IRS)	113,240,663	17,619,000
<b>Total hedging derivatives</b>	<b>113,240,663</b>	<b>17,619,000</b>
<b>Financial derivatives - total contractual amount</b>	<b>259,391,287</b>	<b>221,852,855</b>

The Group applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans provided to clients, hedge accounting upon a fair value hedge of term deposits and hedge accounting upon a fair value hedge of provided loans. Starting from 2014, the Group has applied hedge accounting upon a fair value hedge of the current and savings accounts portfolio.

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

CZK thousand	Fair value in 2014		Fair value in 2013	
	Positive	Negative	Positive	Negative
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	85,330	(77,807)	19,270	(16,654)
Currency forwards and swaps	581,074	(93,759)	549,609	(178,818)
Interest rate swaps (IRS)	1,313,695	(1,288,074)	1,663,581	(1,412,303)
Forward rate agreements (FRA)	-	(36)	3,567	(5,865)
Option contracts (purchase)	292,456	-	450,855	-
Option contracts (sale)	-	(292,457)	-	(457,028)
<b>Total trading instruments</b>	<b>2,272,555</b>	<b>(1,752,133)</b>	<b>2,686,882</b>	<b>(2,070,668)</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	1,945,734	(1,021,171)	187,788	(93,696)
<b>Total hedging derivatives</b>	<b>1,945,734</b>	<b>(1,021,171)</b>	<b>187,788</b>	<b>(93,696)</b>
<b>Financial derivatives - total fair value</b>	<b>4,218,289</b>	<b>(2,773,304)</b>	<b>2,874,670</b>	<b>(2,164,364)</b>

### (c) Remaining Maturity of Financial Derivative Instruments - Contractual Amounts (Nominal Value)

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2014</b>				
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	5,230,658	8,052,172	2,761,232	16,044,062
Currency forwards and swaps	27,386,812	1,816,567	-	29,203,379
Interest rate swaps (IRS)*	25,217,437	37,316,282	20,324,728	82,858,447
Forward rate agreements (FRA)	2,000,000	-	-	2,000,000
Option contracts (purchase)	3,031,252	4,991,116	-	8,022,368
Option contracts (sale)	3,031,252	4,991,116	-	8,022,368
<b>Total trading instruments</b>	<b>65,897,411</b>	<b>57,167,253</b>	<b>23,085,960</b>	<b>146,150,624</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	13,254,950	70,255,626	29,730,087	113,240,663
<b>Total hedging derivatives</b>	<b>13,254,950</b>	<b>70,255,626</b>	<b>29,730,087</b>	<b>113,240,663</b>
<b>Total financial derivatives</b>	<b>79,152,361</b>	<b>127,422,879</b>	<b>52,816,047</b>	<b>259,391,287</b>

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

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
<b>At 31 December 2013</b>				
<b>Financial derivatives (non-hedging)</b>				
Cross currency swaps	-	570,087	-	570,087
Currency forwards and swaps	29,665,104	3,593,388	-	33,258,492
Interest rate swaps (IRS)*	30,834,925	72,790,917	21,173,844	124,799,686
Forward rate agreements (FRA)	13,000,000	4,000,000	-	17,000,000
Option contracts (purchase)	10,481,087	3,805,525	17,573	14,304,185
Option contracts (sale)	10,478,307	3,805,525	17,573	14,301,405
<b>Total trading instruments</b>	<b>94,459,423</b>	<b>88,565,442</b>	<b>21,208,990</b>	<b>204,233,855</b>
<b>Hedging derivatives</b>				
Interest rate swaps (IRS)	2,000,000	12,925,000	2,694,000	17,619,000
<b>Total hedging derivatives</b>	<b>2,000,000</b>	<b>12,925,000</b>	<b>2,694,000</b>	<b>17,619,000</b>
<b>Total financial derivatives</b>	<b>96,459,423</b>	<b>101,490,442</b>	<b>23,902,990</b>	<b>221,852,855</b>

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

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2014</b>						
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	128,158	520,715	664,822	(129,912)	(484,259)	(672,352)
Forward rate agreements (FRA)	-	-	-	(36)	-	-
Option contracts (purchase)	-	34,071	-	-	-	-
Option contracts (sale)	-	-	-	-	(34,071)	-
<b>Total trading instruments</b>	<b>128,158</b>	<b>554,786</b>	<b>664,822</b>	<b>(129,948)</b>	<b>(518,330)</b>	<b>(672,352)</b>
Hedging derivatives						
Interest rate swaps (IRS)	14,974	495,023	1,435,737	(61,793)	(809,123)	(150,255)
<b>Total hedging derivatives</b>	<b>14,974</b>	<b>495,023</b>	<b>1,435,737</b>	<b>(61,793)</b>	<b>(809,123)</b>	<b>(150,255)</b>
<b>Financial derivatives - total contractual payments</b>	<b>143,132</b>	<b>1,049,809</b>	<b>2,100,559</b>	<b>(191,741)</b>	<b>(1,327,453)</b>	<b>(822,607)</b>

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2013</b>						
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	140,156	1,112,993	410,432	(171,713)	(776,284)	(464,306)
Forward rate agreements (FRA)	2,430	1,137	-	(5,272)	(593)	-
Option contracts (purchase)	450	37,516	185	-	-	-
Option contracts (sale)	-	-	-	(6,624)	(37,516)	(185)
<b>Total trading instruments</b>	<b>143,036</b>	<b>1,151,646</b>	<b>410,617</b>	<b>(183,609)</b>	<b>(814,393)</b>	<b>(464,491)</b>
Hedging derivatives						
Interest rate swaps (IRS)	-	16,226	171,562	(1,229)	(92,467)	-
<b>Total hedging derivatives</b>	<b>-</b>	<b>16,226</b>	<b>171,562</b>	<b>(1,229)</b>	<b>(92,467)</b>	<b>-</b>
<b>Financial derivatives - total contractual payments</b>	<b>143,036</b>	<b>1,167,872</b>	<b>582,179</b>	<b>(184,838)</b>	<b>(906,860)</b>	<b>(464,491)</b>

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2014</b>						
<b>Financial derivatives (non-hedging)</b>						
Cross currency swaps	5,230,658	8,052,172	2,761,232	(5,220,060)	(8,047,968)	(2,744,300)
Currency forwards and swaps	27,386,812	1,816,567	-	(26,971,986)	(1,740,759)	-
Option contracts (purchase)	3,031,252	2,229,907	-	(2,965,942)	(2,211,485)	-
Option contracts (sale)	2,966,414	2,211,013	-	(3,031,252)	(2,229,907)	-
<b>Total financial derivatives (non-hedging)</b>	<b>38,615,136</b>	<b>14,309,659</b>	<b>2,761,232</b>	<b>(38,189,240)</b>	<b>(14,230,119)</b>	<b>(2,744,300)</b>
<b>Financial derivatives - total contractual payments</b>	<b>38,615,136</b>	<b>14,309,659</b>	<b>2,761,232</b>	<b>(38,189,240)</b>	<b>(14,230,119)</b>	<b>(2,744,300)</b>

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
<b>31 December 2013</b>						
<b>Trading instruments</b>						
Cross currency swaps	-	570,087	-	-	(570,087)	-
Currency forwards and swaps	29,665,104	3,593,388	-	(29,388,013)	(3,477,061)	-
Option contracts (purchase)	10,481,088	975,045	-	(10,415,621)	(925,076)	-
Option contracts (sale)	10,415,621	925,076	-	(10,478,307)	(975,045)	-
<b>Total trading instruments</b>	<b>50,561,813</b>	<b>6,063,596</b>	<b>-</b>	<b>(50,281,941)</b>	<b>(5,947,269)</b>	<b>-</b>
<b>Financial derivatives - total contractual payments</b>	<b>50,561,813</b>	<b>6,063,596</b>	<b>-</b>	<b>(50,281,941)</b>	<b>(5,947,269)</b>	<b>-</b>

## 37. OTHER OFF BALANCE SHEET ASSETS - OTHER

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

In the years ended 31 December 2014 and 2013, the Group provided no assets for management, administration and custody.

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

CZK thousand	2014	2013
Assets accepted for management	13,923,715	11,249,120
Assets accepted for administration	23,054,094	19,399,090
<b>Total</b>	<b>36,977,809</b>	<b>30,648,210</b>

## 38. SEGMENT ANALYSIS

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

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions.

The Retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Group's 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, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other profit and loss items are not monitored by segment.

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

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

### Selected items by segment (2014)

CKZ thousand	Corporate entities	Retail clients	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
<b>At 31 December 2014</b>						
<b>Profit and loss account:</b>						
Net interest income	2,320,548	3,505,626	220,398	82,817	(39,470)	<b>6,089,919</b>
Net fee and commission income	1,148,195	1,829,905	(12,203)	(15,620)	(952,623)	<b>1,997,654</b>
Net profit/(loss) from financial operations	63,130	1,331	17,225	(18,011)	952,623	<b>1,016,298</b>
Movements in provisions	(338,761)	(731,013)	-	-	-	<b>(1,069,774)</b>
Other operating expenses	(1,754,691)	(3,635,824)	(129,543)	(49,647)	-	<b>(5,569,705)</b>
Dividend income	-	-	-	-	39,470	<b>39,470</b>
Losses from impairment of equity investments	-	-	-	-	42,116	<b>42,116</b>
<b>Profit before tax</b>	<b>1,438,422</b>	<b>970,024</b>	<b>95,877</b>	<b>(461)</b>	<b>42,116</b>	<b>2,545,978</b>
Income tax	(317,350)	(183,250)	(18,326)	88	-	<b>(518,838)</b>
<b>Profit after tax</b>	<b>1,121,072</b>	<b>786,774</b>	<b>77,551</b>	<b>(373)</b>	<b>42,116</b>	<b>2,027,140</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>90,495,769</b>	<b>78,759,680</b>	<b>54,554,066</b>	<b>7,659,317</b>	<b>-</b>	<b>231,468,832</b>
<b>Total liabilities</b>	<b>79,939,231</b>	<b>95,474,390</b>	<b>24,039,522</b>	<b>10,321,574</b>	<b>(2,027,140)</b>	<b>207,747,577</b>

## Selected items by segment (2013)

CZK thousand	Corporate entities	Retail clients	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
<b>At 31 December 2013</b>						
<b>Profit and loss account:</b>						
Net interest income	2,390,126	3,299,021	(99,485)	176,634	(61,381)	<b>5,704,915</b>
Net fee and commission income	1,339,379	1,966,180	(13,107)	(29,795)	(1,060,156)	<b>2,202,501</b>
Net profit/(loss) from financial operations	82,620	1,201	190,342	(60,450)	1,082,812	<b>1,296,525</b>
Movements in provisions	(433,980)	(840,640)	(36)	-	-	<b>(1,274,656)</b>
Other operating expenses	(2,173,709)	(4,399,197)	(276,875)	(117,431)	-	<b>(6,967,212)</b>
Dividend income	-	-	-	-	73,692	<b>73,692</b>
Losses from impairment of equity investments	-	-	-	-	89,151	<b>89,151</b>
<b>Profit before tax</b>	<b>1,204,436</b>	<b>26,565</b>	<b>(199,161)</b>	<b>(31,042)</b>	<b>124,118</b>	<b>1,124,916</b>
Income tax	(170,191)	(3,584)	26,872	4,189	-	<b>(142,714)</b>
<b>Profit after tax</b>	<b>1,034,245</b>	<b>22,981</b>	<b>(172,289)</b>	<b>(26,853)</b>	<b>124,118</b>	<b>982,202</b>
<b>Assets and liabilities:</b>						
<b>Total assets</b>	<b>77,483,851</b>	<b>73,101,598</b>	<b>38,411,744</b>	<b>8,021,786</b>	<b>-</b>	<b>197,018,979</b>
<b>Total liabilities</b>	<b>69,365,186</b>	<b>81,468,138</b>	<b>19,906,770</b>	<b>7,984,273</b>	<b>(982,202)</b>	<b>177,742,165</b>

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

The difference in "Net interest income" arises primarily from the different presentation of the dividend income, and expense fees of synthetic securitisation.

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 income and expenses from foreign currency transactions.

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

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

The difference in liabilities arises from the different presentation of the profit for the reporting period.

## 39. FINANCIAL INSTRUMENTS – MARKET RISK

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

### (a) Trading

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

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

The Group manages risks associated with its trading activities on the level of individual types of risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 39 (d).

### (b) Risk Management

The selected risks exposures resulting from the Group's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 39 (d).

#### Liquidity Risk

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

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 Bank's Board of Directors. As part of its liquidity risk management strategy, the Group also holds a portion of its assets in highly liquid funds, such as government treasury bills and similar bonds and repurchase transactions with the Czech National Bank. The Group uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 36 (d) and 36 (e).

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

2014 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	14,532,663	5,598,065	626,208	4,167,754	4,140,636
Amounts owed to customers	165,948,410	159,145,878	2,126,586	1,764,942	2,911,004
Debt securities issued	17,486,484	323,248	622,530	16,540,706	-
Subordinated liabilities	4,257,709	57,299	5,938	1,421,972	2,772,500
Other liabilities	2,661,148	2,661,148	-	-	-
Off-balance sheet items	21,660,211	21,135,181	266,994	258,036	-

2013 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	10,455,816	4,508,283	124,568	-	5,822,965
Amounts owed to customers	147,462,863	131,375,349	9,752,448	2,824,626	3,510,440
Debt securities issued	13,022,701	566,435	3,463,664	8,992,602	-
Subordinated liabilities	5,325,287	63,177	96,302	2,026,978	3,138,830
Other liabilities	2,406,600	2,406,600	-	-	-
Off-balance sheet items	20,762,029	20,685,067	70,111	6,851	-

Off-balance sheet items include all irrevocable credit commitments provided to the Group's clients and guarantees and letters of credit provided to clients classified as default.

### Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Group's assets and liabilities in various currencies, including the currency-sensitive off balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Group denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 39 (d).

### Interest Rate Risk

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

The Group mostly uses interest rate derivatives to manage the mismatch between the interest rate exposure profile of assets and liabilities. These derivative transactions are entered into in accordance with the asset and liability management strategy as approved by the 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 included either in the period in which they are due or in which the interest rate changes, whichever occurs first. Certain assets or liabilities are allocated to individual periods on the basis of an expert estimate due to the anticipated preliminary repayment or undefined maturity dates.

### Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Group's portfolio and financial derivatives related to these instruments. This risk predominantly arises from trading with equity instruments although a portion of equity exposure is also attributable to non-trading activities of the Group. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 39 (d).

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

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

### i) Cash and balances with central banks

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

### ii) Loans and advances to financial institutions

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

**iii) Loans and advances to customers**

Fair values of loans with variable interest rates which are frequently remeasured or loans with the final maturity within one year, and the change of the credit risk is insignificant, in principle approximate their carrying amounts. Fair values of loans with fixed interest rates are estimated based on the discounted cash flows using the interest rate common for loans with similar conditions and due dates and provided to debtors with similar risk rating, including the impact of collateral (the discounted rate technique according to IFRS 13). Fair values of default loans are estimated based on the discounted cash flows including 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 and taking into account the liquidity costs of the Group.

**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 where the fair value is estimated based on the discounting of cash flows using market interest rates and reflecting the Bank's liquidity costs.

**vii) Subordinated liabilities**

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

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

2014	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash and balances with central banks	-	4,265,943	-	4,265,943	4,265,943	-
Loans and advances to financial institutions	-	-	29,568,275	29,568,275	29,568,275	-
Loans and advances to customers *	-	-	171,619,531	171,619,531	167,872,181	3,747,350
Securities held to maturity	12,797,325	-	-	12,797,325	12,420,499	376,826
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	13,955,473	13,955,473	14,390,230	(434,757)
Amounts owed to customers	-	-	165,335,140	165,335,140	165,143,876	191,264
Debt securities issued	-	-	17,260,355	17,260,355	16,802,321	458,034
Subordinated liabilities and bonds	-	-	4,550,252	4,550,252	4,244,865	305,387

\* including allowances

2013	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
<b>Assets</b>						
Cash and balances with central banks	-	3,836,447	-	3,836,447	3,836,447	-
Loans and advances to financial institutions	-	-	19,338,131	19,338,131	19,338,131	-
Loans and advances to customers *	-	-	153,609,943	153,609,943	148,241,770	5,368,173
Securities held to maturity	12,819,444	-	-	12,819,444	12,410,743	408,701
<b>Liabilities</b>						
Amounts owed to financial institutions	-	-	9,963,238	9,963,238	9,959,098	4,140
Amounts owed to customers	-	-	147,124,545	147,124,545	146,490,936	633,609
Debt securities issued	-	-	12,595,596	12,595,596	12,043,515	552,081
Subordinated liabilities and bonds	-	-	4,203,468	4,203,468	4,202,889	579

\* including allowances

## Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2014			Fair value at 31 Dec 2013		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	4,218,289	-	-	2,874,670	-
Securities at fair value through profit or loss	4,317,524	2,499,178	87,836	2,537,048	629,054	1,777,859
Securities available for sale	-	905	-	-	905	-
<b>Total</b>	<b>4,317,524</b>	<b>6,718,372</b>	<b>87,836</b>	<b>2,537,048</b>	<b>3,504,629</b>	<b>1,777,859</b>

CZK thousand	Fair value at 31 Dec 2014			Fair value at 31 Dec 2013	
	Level 1	Level 2	Level 3	Level 1	Level 2
Negative fair values of financial derivative instruments	-	2,773,304	-	-	2,164,364
<b>Total</b>	<b>-</b>	<b>2,773,304</b>	<b>-</b>	<b>-</b>	<b>2,164,364</b>

Securities available for sale of CZK 516,106 thousand, not included in the above table, are measured at cost due to the impossibility to reliably determine their fair value and the Group performs regular impairment testing.

Level 1 category is the category of financial instruments measured at fair value quoted on an active market.

Level 2 category is the category of financial instruments measured at fair value determined based in prices derived from market data. For financial derivatives, the fair values are determined based on discounted future cash flows that are estimated according to market interest rate and currency forward curves and contractual interest rate and currency rates by individual contracts. The discount factor is derived from market rates. For securities at fair value through profit or loss, the fair value is calculated on the basis of discounted future cash flows. The discount factor is derived from market rates.

Level 3 category is the category of financial instruments measured at fair value determined using the techniques based on input information not based on data observable on the market.

The reconciliation of financial instruments measured at fair value determined using the techniques based on the input information not based on the data observable on the market (Level 3 instruments).

<b>2014</b> CZK thousand	<b>Securities at fair value through profit or loss</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	<b>1,777,859</b>	<b>1,777,859</b>
Transfer to Level 3	-	-
Purchases	-	-
Comprehensive income/(loss) - in the income statement	144,523	<b>144,523</b>
Sales/settlement	(1,834,546)	<b>(1,834,546)</b>
Transfer from Level 3	-	-
<b>Balance at the end of the period</b>	<b>87,836</b>	<b>87,836</b>

<b>2013</b> CZK thousand	<b>Securities at fair value through profit or loss</b>	<b>Total</b>
<b>Balance at the beginning of the period</b>	-	-
Transfer to Level 3	141 752	<b>141 752</b>
Purchases	3 000 000	<b>3 000 000</b>
Comprehensive income/(loss) - in the income statement	(11,684)	<b>(11,684)</b>
Sales/settlement	(1,352 209)	<b>(1,352 209)</b>
Transfer from Level 3	-	-
<b>Balance at the end of the period</b>	<b>1,777,859</b>	<b>1,777,859</b>

At the beginning of 2013, the Group had no financial instruments remeasured at fair value that would fall into the category of the Level 3 financial instruments.

The Group measures securities at fair value through profit or loss using the technique of discounted future cash flows. In respect of securities that fall into the Level 3 category, the Group uses the discount factor for the calculation that is derived from the internal price for liquidity that is determined by the Group and concurrently reflects the credit risk of the security issuer. The price of the Group for liquidity and credit risk of the security issuer are inputs that are not observable from the data available on the market. The price of the Group for liquidity determined in the calculation is based on the resolution of the Group's ALCO Committee and reflects the level of available sources of financing of the Group and their price. In the event of a negative development of the Group's liquidity position or changes in the interbank market, the price for liquidity may increase and consequently the price of the financial instrument may decline. The credit risk of the issuer is determined on the basis of the rating of the securities issuer in the Group's rating scale. If the issuer was attributed a worse rating, the price of the financial instrument could decline by 0-10%.

## (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 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Total market risk VaR</b>	<b>10,723</b>	<b>16,447</b>	<b>61,489</b>	<b>27,397</b>

### Interest Rate Risk

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

CZK thousand	At 31 December 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Total interest rate risk VaR</b>	<b>11,223</b>	<b>16,063</b>	<b>61,186</b>	<b>26,969</b>
Interest rate risk VaR - banking book	10,096	15,543	27,235	28,179
Interest rate risk VaR - trading book	1,204	7,582	40,148	19,935

### 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 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Currency risk VaR</b>	<b>1,587</b>	<b>2,056</b>	<b>1,877</b>	<b>2,372</b>

### Equity Risk

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

CZK thousand	At 31 December 2014	Average in 2014	At 31 December 2013	Average in 2013
<b>Equity risk VaR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>838</b>

### Stress Testing

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

### Operational Risk

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

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

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

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

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

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

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

#### **Capital Risk Management**

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

The Group additionally manages its capital to ensure that the Group 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.

## 40. FINANCIAL INSTRUMENTS – CREDIT RISK

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

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

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

The Group assesses its receivables in accordance with the principles determined by CNB's Regulation No. 163/2014 dated 30 July 2014, on the Activities of Banks, Savings Banks and Credit Cooperatives and Securities Traders ("Regulation of the Czech National Bank"), as amended, and also in accordance with 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 an annual basis, with the key criteria being:

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

## (b) Provisioning for Receivables

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

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

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

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

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

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

The Group determines provisions for receivables on a monthly basis.

## (c) Evaluation of Collateral

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

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

In arriving at the realisable value of collateral of immovable and movable assets, the Group refers to estimates of usual prices supervised by a specialised department of the Group or internal assessments prepared by this department. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Group. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Group's ability to realise the collateral as and when required. The Group regularly reviews and updates collateral values and correction coefficients depending on the type and quality of the collateral, usually on an annual basis.

## (d) Credit Risk Measurement Methods

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

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

## (e) Concentration of Credit Risk

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

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

## (f) Recovery of Receivables

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

## (g) Securitisation

Since March 2006, the Group undertook a synthetic securitisation of its loan portfolio from the Corporate Banking segment. During the year ended 31 December 2013, the Group prematurely terminated this securitisation (refer to Note 19(g)). The substance of the transaction involves transferring part of the credit risk to the investor which was Kreditanstalt für Wiederbau (KfW).

The Group entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. Kreditanstalt für Wiederbau (KfW), with the involvement of the 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 was supposed to mature in 2016. The total volume was EUR 450 million, of which EUR 183 million and EUR 267 million relate to the Group and Raiffeisen Bank Polska S.A., respectively, in March 2006.

## (h) Portfolio quality

The rating which represents the portfolio quality is an internal rating used by the Raiffeisen Group.

For retail clients, the rating is in the interval from 0.5 to 5, where 5 represents default. The rating in the interval from 6.1 to 6.5 is used for project financing where 6.5 represents default. For corporate clients, the Group uses rating in the interval between 1 to 10 where 10 represents default. The corporate rating is additionally used for retail clients that have corporate products and are treated as corporate clients in terms of risks. The Group uses rating in the interval from A1 to D, where D is default, for financial institutions and public sector institutions.

CZK thousand	Rating	2014	2013
<b>Retail clients:</b>			
Highly excellent credit rating	0.5	12,092,577	6,452,209
Excellent credit rating	1.0	20,291,783	17,497,743
Very good credit rating	1.5	15,609,279	15,927,876
Good credit rating	2.0	10,428,435	11,774,348
Healthy credit rating	2.5	7,280,709	7,820,055
Acceptable credit rating	3.0	4,341,016	4,891,325
Limit credit rating	3.5	2,538,231	2,971,673
Weak credit rating	4.0	1,464,445	1,801,788
Very weak credit rating /monitored	4.5	1,670,391	2,223,841
Default	5.0	4,943,063	4,896,948
<b>Project financing:</b>			
Excellent project profile - very low risk	6.1	25,005,413	17,396,811
Good project profile - low risk	6.2	3,801,898	3,464,450
Acceptable project profile - average risk	6.3	295,804	395,527
Bad project profile - high risk	6.4	237,576	121,464
Default	6.5	920,636	1,283,946
<b>Corporate clients:</b>			
Highly excellent credit rating	1	1,349,051	801,683
Excellent credit rating	2	1,170,925	2,097,721
Very good credit rating	3	1,223,562	2,305,892
Good credit rating	4	4,651,073	3,465,322
Healthy credit rating	5	13,321,423	7,977,750
Acceptable credit rating	6	19,437,016	14,294,487
Limit credit rating	7	9,686,034	10,584,380
Weak credit rating	8	2,701,604	4,140,133
Very weak credit rating /monitored	9	634,959	2,048,938
Default	10	4,162,577	3,875,462
<b>Financial institutions and public sector institutions:</b>			
Very good credit rating	A3	8,555	786,081
Good credit rating	B1	94,675	604,673
Healthy credit rating	B2	1,653,883	944,803
Acceptable credit rating	B3	2,034,041	1,266,878
Limit credit rating	B4	91,477	57,651
Weak credit rating	B5	215,888	156,404
Very weak credit rating /monitored	C	-	2,422
No rating: before due date		1,157,659	410,500
No rating: past due date		26,211	47,229
<b>Total</b>		<b>174,541,869</b>	<b>154,788,413</b>

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

According to individual rating categories, the Group has the following undue and unimpaired financial assets according to its rating:

CZK thousand	Rating	2014	2013
<b>Retail clients:</b>			
Highly excellent credit rating	0.5	12,082,936	6,439,502
Excellent credit rating	1.0	20,267,594	17,471,877
Very good credit rating	1.5	15,548,038	15,880,877
Good credit rating	2.0	10,337,892	11,710,927
Healthy credit rating	2.5	7,139,293	7,658,700
Acceptable credit rating	3.0	4,155,321	4,730,807
Limit credit rating	3.5	2,297,905	2,725,717
Weak credit rating	4.0	1,122,562	1,408,049
Very weak credit rating /monitored	4.5	475,904	618,650
Default	5.0	7,003	10,048
<b>Project financing:</b>			
Excellent project profile - very low risk	6.1	24,078,850	16,211,263
Good project profile - low risk	6.2	3,785,247	3,452,309
Acceptable project profile - average risk	6.3	249,680	381,117
Bad project profile - high risk	6.4	145,238	121,464
Default	6.5	-	2,393
<b>Corporate clients:</b>			
Highly excellent credit rating	1	1,349,051	801,683
Excellent credit rating	2	1,170,925	2,097,720
Very good credit rating	3	1,215,879	2,293,412
Good credit rating	4	4,648,820	3,461,696
Healthy credit rating	5	13,205,469	7,902,949
Acceptable credit rating	6	19,253,917	14,081,675
Limit credit rating	7	9,489,225	10,384,030
Weak credit rating	8	2,608,022	3,856,696
Very weak credit rating /monitored	9	510,942	1,992,160
Default	10	3,501	-
<b>Financial institutions and public sector institutions:</b>			
Very good credit rating	A3	8,555	786,081
Good credit rating	B1	94,674	604,673
Healthy credit rating	B2	1,653,883	944,803
Acceptable credit rating	B3	2,034,041	1,266,878
Limit credit rating	B4	91,477	57,651
Weak credit rating	B5	215,888	156,404
Very weak credit rating /monitored	C	-	2,422
No rating		1,121,543	385,911
<b>Total</b>		<b>160,369,275</b>	<b>139,900,544</b>

The data for 2013 were adjusted.

## (j) Maximum Exposure to Credit Risk

2014	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
CZK thousand						
Cash and balances with central banks		-	4,265,943	-	-	-
Loans and advances to financial institutions	29,568,165	212,777	29,780,942	18,710,227	-	18,710,227
Loans and advances to customers	167,872,291	39,696,978	207,569,269	143,489,791	21,817,459	165,307,250
Positive fair value of financial derivative transactions	4,218,289	-	4,218,289	-	-	-
Securities held to maturity	12,420,499	-	12,420,499	-	-	-
Securities at fair value through profit or loss	6,904,538	-	6,904,538	-	-	-
Securities available for sale	517,011	-	517,011	-	-	-
Income tax receivable	1,427	-	1,427	-	-	-
Other assets	1,158,953	-	1,158,953	-	-	-

\* including allowances

2013	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
CZK thousand						
Cash and balances with central banks	3,836,447	-	3,836,447	-	-	-
Loans and advances to financial institutions	19,338,021	1,353,825	20,691,846	5,111,306	1,540	5,112,846
Loans and advances to customers	148,241,880	35,041,856	183,283,736	132,713,235	19,370,557	152,083,792
Positive fair value of financial derivative transactions	2,874,670	-	2,874,670	-	-	-
Securities held to maturity	12,410,743	-	12,410,743	-	-	-
Securities at fair value through profit or loss	4,943,961	-	4,943,961	-	-	-
Securities available for sale	517,011	-	517,011	-	-	-
Income tax receivable	321,885	-	321,885	-	-	-
Other assets	788,685	-	788,685	-	-	-

\* including allowances

The data for 2013 were adjusted.

### (k) Offset of Financial Assets and Financial Liabilities

The following table shows the impact of master netting agreements on assets and liabilities that are not offset in the consolidated statement of financial position.

CZK thousand	Amount of an asset/liability reported in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Relevant amount not offset in the consolidated statement of financial position			Total
			Net amount reported in the consolidated statement of financial position	Financial instrument	Received cash collateral	
<b>2014</b>						
<b>Assets</b>						
Positive values of financial derivatives	2 626 843	-	2 626 843	1 975 586	454 413	<b>196 845</b>
Loans and advances to financial institutions	19 160 258	-	19 160 258	18 785 088	-	<b>375 171</b>
<b>Total assets</b>	<b>21 787 101</b>	<b>-</b>	<b>21 787 101</b>	<b>20 760 674</b>	<b>454 413</b>	<b>572 016</b>
<b>Liabilities</b>						
Negative values of financial derivatives	1 312 694	-	1 312 694	704 254	441 127	<b>167 313</b>
Amounts owed to customers	-	-	-	-	-	<b>-</b>
<b>Total liabilities</b>	<b>1 312 694</b>	<b>-</b>	<b>1 312 694</b>	<b>704 254</b>	<b>441 127</b>	<b>167 313</b>

CZK thousand	Amount of an asset/liability reported in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Relevant amount not offset in the consolidated statement of financial position			Total
			Net amount reported in the consolidated statement of financial position	Financial instrument	Received cash collateral	
<b>2013</b>						
<b>Assets</b>						
Positive values of financial derivatives	1 690 302	-	1 690 302	1 269 464	268 217	<b>152 621</b>
Loans and advances to financial institutions	5 119 126	-	5 119 126	5 021 799	-	<b>97 326</b>
<b>Total assets</b>	<b>6 809 428</b>	<b>-</b>	<b>6 809 428</b>	<b>6 291 263</b>	<b>268 217</b>	<b>249 947</b>
<b>Liabilities</b>						
Negative values of financial derivatives	1 791 467	-	1 791 467	1 269 464	255 435	<b>266 567</b>
Amounts owed to customers	1 008 813	-	1 008 813	1 006 453	-	<b>2 360</b>
<b>Total liabilities</b>	<b>2 800 280</b>	<b>-</b>	<b>2 800 280</b>	<b>2 275 917</b>	<b>255 435</b>	<b>268 927</b>

## 41. CHANGES IN THE CONSOLIDATION GROUP

### (a) Newly Consolidated Entities in the Year Ended 31 December 2014

CZK thousand	Fair value as of the date of inclusion in the consolidation			Total
	Raiffeisen - Leasing, s.r.o.	Raiffeisen- Leasing Real Estate, s.r.o.	PZ PROJEKT a.s.	
<b>Assets</b>				
Cash and balances with central banks	68	128	4	<b>200</b>
Loans and advances to financial institutions	62,983	633,187	3,674	<b>699,844</b>
Loans and advances to customers	4,722,417	3,089,802	-	<b>7,812,219</b>
Tangible and intangible fixed assets	21,470	841,606	295,402	<b>1,158,478</b>
Other assets	72,956	559,052	16,616	<b>648,624</b>
Loans and advances to banks	(3,893,915)	(3,900,717)	(150,000)	<b>(7,944,632)</b>
Loans and advances to customers	(13,427)	(928,619)	(153,684)	<b>(1,095,730)</b>
Other liabilities	(149,798)	(107,287)	(12,012)	<b>(269,097)</b>
Fair value of identifiable net assets	822,754	187,152	-	<b>1,009,906</b>
Cost of investment	-	-	-	-
Fair value of the prior investment	411,377	169,988	-	<b>581,365</b>
Non-controlling interests	411,377	93,576	-	<b>504,953</b>
Fair value of identifiable net assets	(822,754)	(187,152)	-	<b>(1,009,906)</b>
<b>Goodwill / (Negative goodwill)</b>	-	<b>76,412</b>	-	<b>76,412</b>
Cash and cash equivalent	68	128	4	<b>200</b>
Cash inflow/(outflow) from the acquisition	68	128	4	<b>200</b>

On the grounds of prudence, the Group decided that it would not account for the goodwill in Raiffeisen-Leasing Real Estate, s.r.o. and fully wrote it off in the consolidated statement of comprehensive income, refer to Note 24.

### (b) Newly Consolidated Entities in the Year Ended 31 December 2013

In 2013, the Group did not acquire any entities that would be included in the consolidation using the full method. The acquisitions of associates are discussed in Note 23.

### (c) Disposals for the Year Ended 31 December 2014

In 2014, the Group sold no entities that would be included in the consolidation group using the full consolidation method or associates.

**(d) Disposals for the Year Ended 31 December 2013**

## Joint ventures:

CZK thousand	Fair value at the sale date
DEBITUM dluhová agentura, a.s.	
<b>Assets</b>	
Loans and advances to financial institutions	320
Tangible and intangible fixed assets	601
Other assets	1,883
<b>Liabilities</b>	
Other liabilities	4,362
Amounts owed to financial institutions	1,186
Fair value of identifiable net assets	(2,746)
<b>Selling price of the investment</b>	50
Gain/(loss) from the sale	2,796
Cash and cash equivalents	320
Increase in receivables from customers	(270)

## Associates:

CZK thousand	Fair value at the sale date
CCRB group	
Investment as of the sales date	33,498
Selling price of the investment	55,321
Gain/(loss) from the sale	21,823
Cash inflow/(outflow) from the sale of an acquisition	55,321

## 42. RELATED PARTY TRANSACTIONS

### At 31 December 2014

For related party transaction reporting purposes, the Group considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and Raiffeisen-Landesbanken-Holding GmbH (entities with controlling influence on the Group exercised indirectly) to be its parent companies.

CZK thousand	Board of Directors, Supervisory Board and other managers					Total
	Parent companies	Entities with significant influence over the Group	Associates and jointly controlled entities	Other related parties		
Receivables	252,047	-	194,033	135,587	697,437	<b>1,279,104</b>
Positive fair value of financial derivatives	1,775,100	-	-	-	72,841	<b>1,847,941</b>
Payables	2,442,912	65,567	154,124	53,457	5,670,978	<b>8,387,038</b>
Negative fair value of financial derivatives	1,250,862	-	-	-	1,444	<b>1,252,306</b>
Other capital instruments	1,934,450	-	-	-	-	
Subordinated loan	3,991,233	-	-	-	-	<b>3,991,233</b>
Guarantees issued	86,922	-	368,359	-	111,275	<b>566,556</b>
Guarantees received	2,898,906	7,000	-	-	147,558	<b>3,053,464</b>
Nominal values of financial derivatives (off-balance sheet receivables)	124,687,234	-	-	-	2,103,936	<b>126,791,170</b>
Nominal values of financial derivatives (off-balance sheet payables)	125,064,245	-	-	-	2,025,552	<b>127,089,797</b>
Provided irrevocable loan commitments	-	-	-	41,439	53,859	<b>95,298</b>
Interest income	(12,811)	89	8,137	3,324	4,942	<b>3,681</b>
Interest expense	71,307	(62)	(2,413)	(572)	(148,420)	<b>(80,160)</b>
Fee and commission income	13,250	42	4,776	-	71,191	<b>89,259</b>
Fee and commission expense	(36,255)	(298)	-	-	(46,932)	<b>(83,485)</b>
Net profit or loss on financial operations	434,277	-	-	12	79,736	<b>514,025</b>
General administrative expenses	(139,365)	-	-	(172,944)	(12,707)	<b>(325,016)</b>
Other operating income, net	571	-	686	-	4,507	<b>5,764</b>

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

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 252,047 thousand.

Provided loans:

- Flex-Space Plzeň I., spol. s r.o. (jointly controlled entity of Czech Real Estate Fund B. V.) in the amount of CZK 137,095 thousand.

Debit balances on the current account maintained by Bank for:

- IMPULS - Leasing Austria s.r.o. (associate of Raiffeisen Bank International AG) in the amount of CZK 482,931 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 117,866,036 thousand.

**The payables are principally composed of:**

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,582,972 thousand; and
- Raiffeisenlandesbank Niederösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 65,567 thousand

Term deposits:

- UNIQA Personenversicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,225,717 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,225,787 thousand;
- Tatrabanka a.s. (fellow subsidiary) in the amount of CZK 1,100,001 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 600,005 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 491,247 thousand; and
- Raiffeisenlandesbank Oberösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 100,000 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 448,590 thousand.

Issued debt securities of the Group:

- Centrobank (fellow subsidiary) in the amount of CZK 369,202 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 252,954 thousand;
- Raiffeisen Bank International AG (parent company) in the amount of CZK 152,948 thousand; and
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 204,375 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 117,924,647 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 3,991,233 thousand.

Other capital instruments - subordinated unsecured AT1 capital investment certificates purchased:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,934,450 thousand.

**At 31 December 2013**

For related party transaction reporting purposes, the Group considers Raiffeisen CEE Region Holding GmbH (direct parent company) and Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and Raiffeisen-Landesbanken-Holding GmbH (entities with controlling influence on the Bank exercised indirectly) to be its parent companies.

<b>CZK thousand</b>	<b>Parent company</b>	<b>Entities with significant influence over the Bank</b>	<b>Associates and jointly controlled entities</b>	<b>Board of Directors, Supervisory Board and other managers</b>	<b>Other related parties</b>	<b>Total</b>
Receivables	774,562	-	786,082	130,204	53,310	<b>1,744,158</b>
Positive fair value of financial derivatives	678,955	-	59,372	-	50,693	<b>789,020</b>
Payables	2,024,467	45,545	613,288	6,822	4,491,456	<b>7,181,578</b>
Negative fair value of financial derivatives	417,558	-	594	-	1,084	<b>419,236</b>
Subordinated loan	3,948,646	-	-	-	-	<b>3,948,646</b>
Guarantees issued	203,139	-	-	-	36,617	<b>239,756</b>
Guarantees received	52,293	337,000	-	-	453,456	<b>842,749</b>
Nominal values of financial derivatives (off-balance sheet receivables)	65,745,048	-	3,180,657	-	2,660,063	<b>71,585,768</b>
Nominal values of financial derivatives (off-balance sheet payables)	65,805,005	-	3,178,268	-	2,594,165	<b>71,577,438</b>
Provided irrevocable loan commitments	987,300	-	-	10,575	4,417	<b>1,002,292</b>
Interest income	54,072	447	60,811	3,215	3,607	<b>122,152</b>
Interest expense	(32,060)	(4,945)	(3,423)	(46)	(214,017)	<b>(254,491)</b>
Fee and commission income	10,501	28	2,830	-	7,000	<b>20,359</b>
Fee and commission expense	(567)	-	-	-	(32,829)	<b>(33,396)</b>
Net profit or loss on financial operations	(83,989)	-	(36,416)	-	121,521	<b>1,116</b>
General administrative expenses	(130,029)	-	(5)	(173,892)	(13,597)	<b>(317,523)</b>
Other operating income, net	(18,002)	-	9,736	-	2,714	<b>(5,552)</b>

The data for 2013 were adjusted.

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

Term deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 413,510 thousand.

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 358,297 thousand.

Provided loans:

- Raiffeisen leasing, s.r.o. (associate) in the amount of CZK 786,081 thousand

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 65,745,048 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,180,657 thousand.

**The payables are principally composed of:**

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 1,531,209 thousand;
- Raiffeisen Leasing, s.r.o. (associate) in the amount of CZK 271,967 thousand;
- Raiffeisen Fincorp, s.r.o. (subsidiary of Raiffeisen Leasing Real Estate) in the amount of CZK 207,780 thousand; and
- Raiffeisenlandesbank Niederösterreich (entity holding indirect investment in the share capital of the parent company) in the amount of CZK 45,545 thousand.

Term deposits:

- UNIQA Personenversicherung AG (associate of the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,138,316 thousand;
- Raiffeisen Versicherung AG (associate of the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,138,316 thousand;
- UNIQA pojišťovna, a.s. (controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 642,849 thousand;
- Tatabanka a.s. (fellow subsidiary) in the amount of CZK 601,877 thousand;
- Raiffeisen Bank International AG (parent company) in the amount of CZK 210,414 thousand; and
- Centrobank (fellow subsidiary) in the amount of CZK 32,149 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 252,310 thousand.

Issued debt securities of the Group:

- Centrobank (fellow subsidiary) in the amount of CZK 529,362 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 253,215 thousand; and
- UNIQA pojišťovna, a.s. (controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 204,388 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 65,805,005 thousand; and
- Raiffeisen Leasing (associate) in the amount of CZK 3,178,268 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 3,948,645 thousand.

Provided irrevocable loan commitments:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 987,300 thousand.

Members of Board of Directors held no shares of the Group, share are held by corporate entities, refer to Note 33. Remuneration of the members of the Board of Directors is disclosed in Note 13.

## 43. POST BALANCE SHEET EVENTS

On 31 January 2015, the Group prepaid part of the subordinated loan to the parent company Raiffeisen Bank International AG in the amount of EUR 42,057 thousand.

During February 2014, Raiffeisen penzijní společnost a.s., in liquidation, was liquidated. The liquidation had no impact on the consolidated financial statements as of 31 December 2014.

As of 1 January 2015, Raiffeisen-Leasing, s.r.o. merged with Raiffeisen-Leasing Real Estate, s.r.o., and Raiffeisen-Leasing, s.r.o. became the successor company. The merger had no impact on the consolidated financial statements as of 31 December 2014.

Except as disclosed above, no other events that would have a material impact on the consolidated financial statements for the year ended 31 December 2014 occurred subsequent to the balance sheet date.

## Information about capital

Information about capital	individual	consolidated
CZK thousand	31. 12. 2014	31. 12. 2014
Share capital	11,060,800	11,060,800
Retained earnings	6,912,967	7,053,789
Reserve fund	693,561	693,561
<b>Common equity tier 1 (before deductions)</b>	<b>18,667,328</b>	<b>18,808,150</b>
Intangible fixed assets	(1,778,679)	(1,794,597)
Provision shortage for IRB positions	(937,371)	(937,159)
Additional valuation adjustment (AVA) according to CRR	(601,321)	(601,321)
<b>Common equity tier 1 (after deductions)</b>	<b>15,349,957</b>	<b>15,475,073</b>
Additional tier 1	1,934,450	1,934,450
<b>Tier 1 capital</b>	<b>17,284,407</b>	<b>17,409,523</b>
Aggregate amount of Tier 2 capital	3,585,272	3,585,272
<b>Regulatory capital</b>	<b>20,869,679</b>	<b>20,994,795</b>

Information about capital requirements	individual	consolidated
CZK thousand	31. 12. 2014	31. 12. 2014
Total capital requirement for credit risk	8,995,708	9,800,540
- Internal rating approach (IRB)	8,964,660	8,792,555
- Standardized approach (STA)	1,089	978,027
- credit value adjustment (CVA risk)	29,959	29,959
Total capital requirement related to position, foreign exchange and commodity risks	56,715	56,715
Total capital requirement for operational risk	1,317,577	1,371,721
<b>Total capital requirement</b>	<b>10,369,999</b>	<b>11,228,976</b>

<b>Risk weighted assets for the credit risk according to asset classes break down as follows:</b>	<b>individual</b>	<b>consolidated</b>
<b>CZK thousand</b>	<b>31. 12. 2014</b>	<b>31. 12. 2014</b>
<b>Internal rating approach (IRB)</b>	<b>112,058,252</b>	<b>109,906,933</b>
Central governments and central banks exposures	25,976	25,976
Bank exposures	2,384,621	2,384,621
Corporate customer exposures	76,811,654	75,140,563
Retail customer exposures	29,897,185	29,897,185
Equity exposures	1,373,656	893,428
Other exposures	1,565,160	1,565,160
<b>Standardized approach (STA)</b>	<b>13,612</b>	<b>12,225,337</b>
Bank exposures	-	20,869
Corporate customer exposures	9,532	10,732,681
Retail customer exposures	-	746,493
Exposures secured by immovable property	4,080	4,080
Exposures at default	-	211,805
Equity exposures	-	59,925
Other exposures	-	449,483
<b>Credit value adjustment (CVA risk)</b>	<b>374,483</b>	<b>374,483</b>
	<b>112,446,348</b>	<b>122,506,753</b>

<b>Capital ratios</b>	<b>individual</b>	<b>consolidated</b>
	<b>31. 12. 2014</b>	<b>31. 12. 2014</b>
Core Tier 1 capital adequacy ratio	11.84%	11.03%
Tier 1 capital adequacy ratio	13.33%	12.40%
Total capital adequacy ratio	16.10%	14.96%

<b>Ratio indicators</b>	<b>individual</b>	<b>consolidated</b>
	<b>31. 12. 2014</b>	<b>31. 12. 2014</b>
Return of average assets (ROAA)	1.24%	-
Return of average Tier 1 capital (ROAE)	13.88%	-
Assets per one employee (CZK thousand)	86,336	-
Administrative expenses per one employee (CZK thousand)	1,582	-
Net profit or loss per one employee (CZK thousand)	775	-

Further details can be found in the regulatory disclosure report according to regulation no. 163/2014 available on Bank's internet webpage: <https://www.rb.cz/o-nas/povinne-uvarejnovane-informace>.

# Report on Related Parties

prepared in accordance with Section 82 and the following of Act No. 90/2012 Coll., on commercial companies and cooperatives (the Act on Commercial Corporations), for the reporting period from 1 January 2014 to 31 December 2014

Raiffeisenbank a.s., having its registered office at: Hvězdova 1716/2b, Prague 4, 140 78, corporate ID: 49240901, entered in the Commercial Register maintained by the Municipal Court of Prague on 25 June 1993, section B, insert 2051 (hereinafter referred to as the "Bank") is part of the Raiffeisen Bank International AG group, in which relations between the Bank and controlling entities and between the Bank and entities controlled by the same controlling entities (hereinafter referred to as the "related parties") exist.

This report on relations among the below entities was prepared in accordance with the provisions of Section 82 of the Act on Commercial Corporations and with regard to the legal definition of business secret according to Section 504 of Act No. 89/2012 Coll., the Civil Code, as amended.

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## 1. CONTROLLING PARTIES

The indirectly controlling entity is:

**Raiffeisen-Landesbanken-Holding GmbH**, having its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Republic of Austria.

**R-Landesbanken-Beteiligung GmbH**, having its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Republic of Austria.

**Raiffeisen Zentralbank Österreich AG** (hereinafter also "RZB"), having with its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

**Raiffeisen International Beteiligungs GmbH** (hereinafter also "RIB"), having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

**Raiffeisen Bank International AG** (hereinafter also "RBI"), having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

The directly controlling entity (direct shareholder) is

**Raiffeisen RS Beteiligungs GmbH**, having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

## 2. OTHER RELATED PARTIES

### Czech Republic

<b>Raiffeisen-Leasing, s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen-Leasing Real Estate, s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen investiční společnost a.s.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen Investment, s.r.o. v likvidaci</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen penzijní společnost a.s. v likvidaci</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Raiffeisen Property Management, s.r.o.</b>	Prague 1, Vodičkova 1935/38, 110 00
<b>Raiffeisen stavební spořitelna a.s.</b>	Prague 3, Koněvova 2747/99, 130 00
<b>Real Invest Vodičkova, spol. s r.o.</b>	Prague 1, Vodičkova 38, 110 00
<b>Transaction System Servis s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>ZUNO BANK AG, organizační složka</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Hotel Maria Prag Besitz s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>KHD a.s.</b>	Prague 5, Karla Engliše 3219/4, 150 00
<b>KONEVOVA s.r.o.</b>	Prague 3, Koněvova 2747/99, 130 45
<b>Raiffeisen FinCorp, s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Real Invest Vodičkova, zánik 10/2014</b>	Prague 1, Vodičkova 38, 110 00

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

<b>ALT POHLEDY s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Appollon Property, uzavřený investiční fond, a. s.</b> sold in November 2014	Prague 4, Hvězdova 1716/2b, 140 78
<b>Appolon Property, s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Athena Property, s.r.o. v likvidaci</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Blažiček J+M s.r.o.</b> sold in October 2014	Prague 4, Hvězdova 1716/2b, 140 78
<b>Bondy Centrum s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>Credibilis a.s.</b>	Prague 4, Hvězdova 1716/2b, 140 78
<b>CRISTAL PALACE Property, s.r.o.</b>	Prague 4, Hvězdova 1716/2b, 140 78

Dike Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Dione Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Elektrárna Dynín s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Epaf Trading s.r.o. sold in October 2014	Prague 4, Hvězdova 1716/2b, 140 78
Eris Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Euros Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Exit 90 SPV s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
FORZA SOLE s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
FVE Cihelna s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Gaia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Green Energie větrný park Bílčice, s.r.o. v likvidaci	Prague 4, Hvězdova 1716/2b, 140 78
GS55 Sazovice s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hebe Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hermes Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Holečkova Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Chronos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Iris Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Kalypso Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Létó Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Logistický areál Hostivař, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Luna Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Maharal Hotels, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Michalka – Sun s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Nike 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
Onyx Energy s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Orchideus Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Phoenix Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon Energie s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 10 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 3 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 6 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 8 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Pontos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Prag Trading s.r.o. sold in October 2014	Prague 4, Hvězdova 1716/2b, 140 78
Pyrit Property, s.r.o. v likvidaci	Prague 4, Hvězdova 1716/2b, 140 78
PZ PROJEKT a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen FinCorp s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Raines Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RESIDENCE PARK TŘEBEŠ, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78

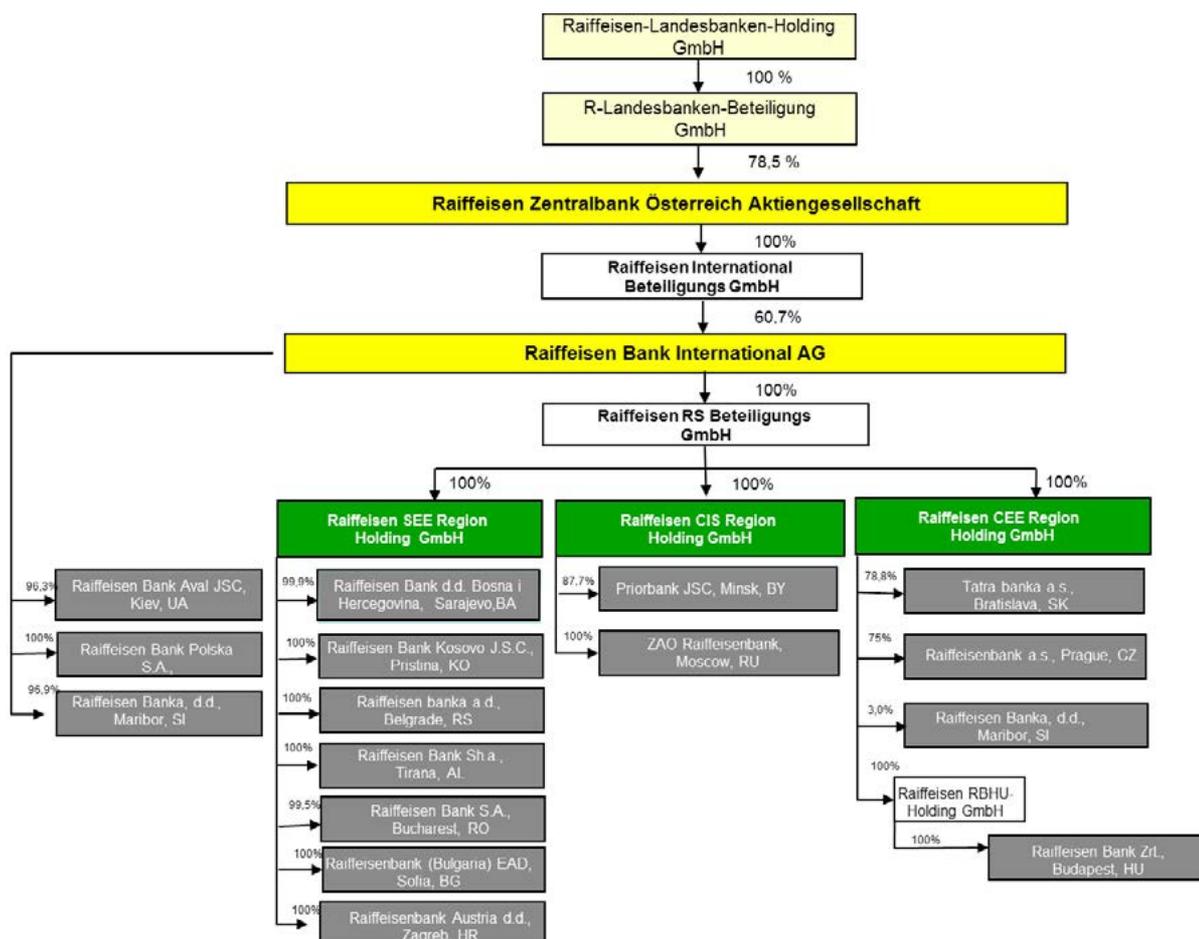
Rheia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Alpha Property, s.r.o. v likvidaci	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Beta Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Carina Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Dorado Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Epsilon Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Eta Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Gamma Property, s.r.o. sold in January 2014	Prague 4, Hvězdova 1716/2b, 140 78
RLRE HOTEL ELLEN, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Jota Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Lyra Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Orion Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Ypsilon Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Selene Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Sirius Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Thetis Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Trojské výhledy s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Tyche Property, s.r.o. sold in April 2014	Prague 4, Hvězdova 1716/2b, 140 78
UPC Real, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Viktor Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
VILLA ATRIUM BUBENEČ s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Zefyros Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
T.L.S. building construction s.r.o.	Prague 2, Karlovo náměstí 557/30, 120 00
Sky Solar Distribuce s.r.o.	Staré Hodějovice, Hodějovická 329, 370 08
Impuls Tuchoměřice, s.r.o. sold in December 2014	Prague 1, Dlouhá 26, 110 00
Astra Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Afrodité Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Gala Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Studio Invest, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Neptun Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Zethos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Niobé Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Theia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Amfion Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Inó Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Médea Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Janus Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Dafne Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Priapos Property, s.r.o.	Prague 10, Na Královce 437/7, 101 00
Forkys Property, s.r.o.	Prague 10, Na Královce 437/7, 101 00
Na Stárce, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78

## Other countries:

<b>Raiffeisen Bank Zrt.</b>	Akadémia utca 6, Budapest, Hungary
<b>Raiffeisen Bank Polska S.A.</b>	Piekna ulica 20, Warsaw, Poland
<b>Raiffeisen banka a.d.</b>	Dorda Stanojevicica 16, Novi Beograd, Serbia
<b>Raiffeisenbank Austria d.d.</b>	Petrinjska 59, Zagreb, Croatia
<b>Tatra Banka, a.s.</b>	Hodžovo námestie 3, 811 06, Bratislava, Slovakia
<b>Centralised Raiffeisen International Services and Payments S.R.L.</b>	Dimitre Pompei Bld. No. 9-9A, 020335 Bucharest, Romania
<b>RZB Finance LLC</b>	1133 Avenue of the Americas, 16 <sup>th</sup> Floor, New York, NY 10036, USA
<b>Raiffeisen Malta Bank PLC</b>	52, Il Piazzetta, Tower Road, SLM 1607 Sliema, Malta
<b>ZUNO BANK AG</b>	Muthgasse 26, 1190, Vienna, Republic of Austria
<b>Regional Card Processing Centre, s.r.o.</b>	Hodžovo námestie 3, 811 06 Bratislava, Slovakia
<b>RB International Finance LLC</b>	1133 Avenue of the Americas, 16 <sup>th</sup> Floor, New York, NY 10036, USA
<b>Raiffeisen Bank S.A.</b>	Sky Tower Building, 246C Calea Floreasca, Bucharest, Romania
<b>Tatra Asset Management, správ. spol., a.s.</b>	Hodžovo námestie 3, 850 05, Bratislava, Slovakia
<b>Raiffeisen Centrobank AG</b>	Tegetthoffstrasse I, 1020, Vienna, Republic of Austria
<b>Raiffeisen Banka d.d.</b> (dříve Raiffeisen Krekova Banka d.d.)	Zagrebska cesta 76, Maribor, Slovenia
<b>Raiffeisen-Leasing International GmbH</b>	Am Stadtpark 3, 1030 Vienna, Republic of Austria
<b>Raiffeisen-Leasing Bank AG</b>	Am Stadtpark 3, 1030 Vienna, Republic of Austria
<b>ZAO Raiffeisenbank</b>	Smolenskaya-Sennaya 28, Moskva, Ruská federace
<b>Raiffeisen Informatik Consulting GmbH</b>	Lillienbrunnigasse 7-9, A-1020 Vienna, Republic of Austria
<b>Raiffeisen Kapitalanlage-Gesellschaft m.b.H</b> (Raiffeisen Kag)	Schwarzenbergplatz 3, 1010 Vienna, Republic of Austria
<b>Ukrainian Processing Center</b>	Moskovsky av. 9, 04073 Kyiv, Ukraine

## 3. STRUCTURE OF RELATIONS AMONG RELATED PARTIES

### 3.1 Description of Relations between the Controlled Entity and Controlling Parties



### 3.2 Role of the Controlled Entity within the Relationship Structure

Raiffeisen Bank International AG is a leading banking group operating in the region of Central and Eastern Europe. In the region's individual states, Raiffeisen Bank International AG renders banking service through a total of 15 individual legal entities, network banks, holding a banking license. Raiffeisenbank a.s. is one of these network banks and its role is to provide banking service to both domestic and foreign clients in the Czech Republic in line with the group's strategy.

### 3.3 Method and Means of Control

The controlling parties exercise their influence by owning a 75% share in the controlled entity's registered capital and voting rights. In addition, members of the Board of Directors of Raiffeisen Bank International AG are also members of the Supervisory Board of Raiffeisenbank a.s.

## 4. LIST OF CONTRACTS

### 4.1. List of Contracts with Controlling Parties

In the 2014 reporting period, Raiffeisenbank a.s. had relations with the following controlling entities.

#### Raiffeisen Zentralbank Österreich AG

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Confidentiality Agreement	Raiffeisen Zentralbank Österreich AG	2 April 2010	Confidentiality agreement as part of potential mutual cooperation

Raiffeisenbank a.s. also had subordinated debt agreements concluded with Raiffeisen Zentralbank Österreich AG, which have been transferred to Raiffeisen Bank International AG in October 2010 as a result of merger of Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG. In 2014, Raiffeisenbank a.s. paid contractual interest under these agreements.

#### Raiffeisen Bank International AG

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Subordinated Loan Contract	Raiffeisen Bank International AG	15 September 2008	Provision of a subordinated loan / payment of contractual interest
Master 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
Master 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 Master 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
Master 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 Master IT Cooperation Agreement	Raiffeisen Bank International AG	31 October 2011	Detailed description of cooperation in respect of specific IT applications
STEP2 Indirect Participation Contract	Raiffeisen Bank International AG	7 November 2011	Definition of the terms of use of STEP2 services
Project Contract	Raiffeisen Bank International AG	11 November 2011	Analysis of the supply of software application / payment of contractual remuneration
Agreement to Open a Correspondent Loro Account	Raiffeisen Bank International AG	18 November 2011	Opening of a correspondent account / payment of contractual fees
Amendment No. 2 to the Insurance Refund Agreement	Raiffeisen Bank International AG	20 December 2011	Change of contractual terms
Project Contract	Raiffeisen Bank International AG	29 December 2011	Analysis of the supply of software application / payment of contractual remuneration
7 partial amendments to Service Descriptions related to the Master IT Cooperation Agreement of 31 October 2011	Raiffeisen Bank International AG	23 February 2012 - 26 March 2012	Detailed description of cooperation in respect of specific IT applications for 2012
Master Project and Consultancy Agreement	Raiffeisen Bank International AG	23 March 2012	Consulting in project management / payment of contractual price

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Financial Risk Insurance Policy (Crime Insurance)	Raiffeisen Bank International AG	1 April 2012	Financial risk insurance policy (Crime Insurance) / payment of contractual remuneration
Amendment to partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	12 June 2012	Stipulation of detailed terms for Rating Model Validation and Methods
Service Level Agreement	Raiffeisen Bank International AG	25 June 2012	Definition of cooperation within the competence centre in Fixed Income / payment of contractual fees
Amendment to the Master Project and Consultancy Agreement and Service Agreement	Raiffeisen Bank International AG	30 June 2012	Definition of contractual terms
Amendment to the Project Contract of 11 November 2011	Raiffeisen Bank International AG	1 July 2012	Definition of contractual terms
Service Agreement	Raiffeisen Bank International AG	14 August 2012	Agreement to provide services in OTC Transactions / payment of contractual remuneration
Implementing Agreement to the Master Project Consultancy Agreement of 23 March 2012	Raiffeisen Bank International AG	27 August 2012	Detailed definition of terms of a payment system project
Project Contract	Raiffeisen Bank International AG	11 September 2012	Analysis of the supply of a software application / payment of contractual remuneration
Master Placement Agreement	Raiffeisen Bank International AG	21 September 2012	Stipulation of general terms for offering securities issued by RBI
Placement Agreement	Raiffeisen Bank International AG	21 September 2012	Detailed definition of terms for offering securities issued by RBI / payment of contractual fees
Master Service Agreement	Raiffeisen Bank International AG	30 September 2012	Agreement to provide defined transaction services / payment of contractual remuneration
Service Agreement	Raiffeisen Bank International AG	2 October 2012	Agreement on consulting services in recruitment of top managers / payment of contractual remuneration
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	16 October 2012	Definition of detailed contractual terms for Workout
Project Contract	Raiffeisen Bank International AG	24 October 2012	Analysis of the supply of a software application / payment of contractual remuneration
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	7 November 2012	Definition of detailed contractual terms for Credit Management Corporate
Amendment of Service Description Corporate Network International	Raiffeisen Bank International AG	1 January 2013	CNI system operation / payment of contractual remuneration + fees
Amendment of Service Description T.I.G.E.R. OPERATING	Raiffeisen Bank International AG	1 January 2013	TIGER system operation / payment of contractual fees
Amendment of Service Description RBI Midas Support Service	Raiffeisen Bank International AG	1 January 2013	MIDAS system support / payment of contractual fees
Amendment of Service Description Secunia VIM	Raiffeisen Bank International AG	1 January 2013	Secunia system operation / payment of contractual remuneration

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Amendment of SERVICE AGREEMENT 2012	Raiffeisen Bank International AG	1 January 2013	Change of contractual terms
Service Description Group Customer Product Profitability Solution	Raiffeisen Bank International AG	1 January 2013	Agreement on common use of the Group Customer Product Profitability Solution / payment of contractual fees
Service Description RIAH Raiffeisen International Access Hub	Raiffeisen Bank International AG	1 January 2013	New group remote access / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	25 January 2013	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	31 July 2013	Participation in credit risk / payment of contractual fees
Services to Support International Operations in RBI Group	Raiffeisen Bank International AG	1 March 2013	Agreement on mutual support in Operations / payment of contractual remuneration
Agreement for rendering the Project FATCA between RBI and RBCZ	Raiffeisen Bank International AG	10 April 2013	Agreement on mutual cooperation in the FATCA project / payment of contractual fees and remuneration
Service Agreement - Building a Best Fit Operations Target Operating Model	Raiffeisen Bank International AG	29 May 2013	Services to support international operations in RBI Group / payment of contractual fees
FATCA Support Services	Raiffeisen Bank International AG	20 November 2013	Norkom infrastructure use for FATCA process identification / payment of contractual fees
Transfer Agreement - Subordinate Loan Transfer	Raiffeisen Bank International AG	26 November 2013	Subordinate loan transfer from Raiffeisenbank Malta / payment of contractual interest
Agreement for rendering the Project CAD Pool Balance in Midas and Payhub Interface	Raiffeisen Bank International AG	18 December 2013	Implementation of change request - „CAD Pool Balance in Midas and Payhub Interface“ - ITDMIDAS-562 / payment of contractual remuneration
Agreement for rendering the Project Sender's Reference in MT950 for Outgoing Payment	Raiffeisen Bank International AG	18 December 2013	Implementation of change request - „Sender's Reference in MT950 for Outgoing Payment „ - ITDMIDAS-544 / payment of contractual remuneration
ISLA Global Master Securities Lending Agreement - Schedule	Raiffeisen Bank International AG	19 December 2013	Master agreement on lending investment instruments / payment of contractual remuneration
Multichannel customer Acquisition and Digital CC Capability Building Agreement	Raiffeisen Bank International AG	27 January 2014	Agreement on multichannel customer acquisition and Digital CC capability building / payment of agreed fees
RBCZ Lean Study Stay 2014 Cooperation Agreement	Raiffeisen Bank International AG	24 February 2014	Cooperation between the contractor and client in the Lean Study Stay 2014 training event
Amendment to International Group Marketing Agreement	Raiffeisen Bank International AG	14 March 2014	Amendment to the International Group Marketing Agreement / payment of contractual remuneration
Agreement for Integrated Risk Management Services and Risk Management Balance	Raiffeisen Bank International AG	26 March 2014	Fees to RBI / payment of contractual fees
Share Incentive Program	Raiffeisen Bank International AG	1 April 2014	Board member option scheme
Master Agreement for Dealings in Fund Shares	Raiffeisen Bank International AG	2 April 2014	Dealings in funds managed by RCM / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Amendment No. 1 to FATCA Project Agreement	Raiffeisen Bank International AG	7 April 2014	Specification of FACTA implementation support / payment of contractual remuneration
Service Agreement for HO Services	Raiffeisen Bank International AG	15 April 2014	Service agreement for HO services / payment of contractual fees
Agreement (2014-2015) to Compensate for Marketing Research Costs	Raiffeisen Bank International AG	27 May 2014	Agreement to compensate for costs associated with marketing research to be carried out by RBI in the CR in 2014 and 2015 / payment of contractual remuneration
Amendment No. 1 to Master Agreement on Payment Card Processing	Raiffeisen Bank International AG	9 June 2014	Personal data protection update
Payments Hub (Midas-GPP) Interfaces	Raiffeisen Bank International AG	14 July 2014	Update of the agreement for 2014 / payment of contractual remuneration
Provision of GCPP IT Service and Support	Raiffeisen Bank International AG	14 July 2014	Provision of GCPP IT service and support / payment of agreed fees
Provision of Service for Corporate Network International CNI	Raiffeisen Bank International AG	14 July 2014	Provision of service for CNI / payment of agreed fees
RBI Midas Support Service	Raiffeisen Bank International AG	24 July 2014	Amendment to the Service Description RBI Midas Support Service - price update / payment of contractual remuneration
Amendment to Service Description RIAH	Raiffeisen Bank International AG	24 July 2014	Amendment to the Service Description RIAH - price increase / payment of contractual remuneration
Amendment to Lotus Notes International Domino Hub Service Agreement	Raiffeisen Bank International AG	24 July 2014	Amendment to the Lotus Notes International Domino Hub Service Agreement - price increase / payment of contractual remuneration
Risk Participation Confirmation	Raiffeisen Bank International AG	8 August 2014	Participation in credit risk / payment of contractual fees
Agreement (ASLA) - Operations Center Model	Raiffeisen Bank International AG	27 August 2014	Operations Center Model agreement / payment of contractual fees
Amendment to TIGER Operating Agreement	Raiffeisen Bank International AG	29 September 2014	Amendment to the TIGER Operating Agreement / payment of contractual fees
Fraud Propensity Tool Agreement	Raiffeisen Bank International AG	22 October 2014	Fraud Propensity Tool agreement / payment of contractual fees
RDLO32 Project Agreement	Raiffeisen Bank International AG	2 December 2014	Audit findings - Treasury Limits - BN-497 / payment of agreed fees
Amendment No. 2 to FATCA Project Agreement	Raiffeisen Bank International AG	10 December 2014	Specification of FATCA implementation support for 2014 by RI / payment of contractual remuneration
Investment Certificates 2014	Raiffeisen Bank International AG	15 December 2014	Investment certificates 2014 / payment of agreed commissions

In addition to the contracts referred to above, the Bank and the controlling entities entered into other bank transactions in the course of 2014, predominantly loans and borrowings in the money market and fixed-term transactions, under which the Bank received or 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.

## 4.2 List of Contracts with Other Related Parties

In the 2014 reporting period, Raiffeisenbank a.s. had relations with the following related parties:

### Raiffeisen stavební spořitelna a.s.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	31 May 2002	Mediation of the sale of building saving schemes / payment of contractual commissions
Contract for the Provision of Call Centre Services	Raiffeisen stavební spořitelna a.s.	23 June 2005	Provision of call centre services to Raiffeisen stavební spořitelna / contractual fee
Amendment No. 5 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	27 March 2009	Change of conditions of cooperation in mutual offering of products
Amendment No. 6 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	23 December 2009	Change of conditions of cooperation in mutual offering of products
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	7 June 2010	Change of mutual cooperation in providing payment cards / payment of contractual commission
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
Treasury Master Agreement	Raiffeisen stavební spořitelna a.s.	29 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement	Raiffeisen stavební spořitelna a.s.	5 April 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Agreement on Further Terms of Cooperation	Raiffeisen stavební spořitelna a.s.	16 April 2012	Agreement on further cooperation in mutual offering of products to clients (according to the Cooperation Agreement of 31 May 2002)
Master Cooperation Agreement	Raiffeisen stavební spořitelna a.s.	24 April 2012	General stipulation of terms of a planned business transaction
Sales Representation Agreement concluded based on the Master Cooperation Agreement of 24 April 2012	Raiffeisen stavební spořitelna a.s.	24 April 2012	Stipulation of detailed terms of a planned business transaction
Guarantee Agreement concluded based on the Master Cooperation Agreement of 24 April 2012	Raiffeisen stavební spořitelna a.s.	24 April 2012	Stipulation of detailed terms of a planned business transaction
Amendment No. 1 to the Master Cooperation Agreement of 24 April 2012	Raiffeisen stavební spořitelna a.s.	27 June 2012	Stipulation of detailed terms of a planned business transaction
Amendment No. 1 to the Cooperation Agreement of 1 December 2012	Raiffeisen stavební spořitelna a.s./ Vodafone Czech Republic, a.s.	29 June 2012	Change of contractual terms
FTP Access Agreement	Raiffeisen stavební spořitelna a.s.	15 February 2013	Agreement on mutual data exchange using an FTP server (see Agreement on Further Terms of Cooperation of 16 April 2012)

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Appendix 2 to the Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	7 March 2013	Specification of the Personal Account product and its offering / payment of contractual commissions
Amendment No. 3 to the Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	7 March 2013	Changed Appendix 2 - Personal Account product specification
Marketing Research Agreement	Raiffeisen stavební spořitelna a.s.	1 April 2013	Marketing research - investment products / payment of contractual fee
Appendix 3 to the Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	18 July 2013	Changed Appendix 3 - EASY credit card product specification / payment of contractual commissions
Amendment No. 4 to the Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	18 July 2013	Changed Appendix 2 - EASY credit card product specification
Agreement to Terminate the Cooperation Agreement	Raiffeisen stavební spořitelna a.s.	23 July 2013	Termination of the Cooperation Agreement
Amendment No. 7 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	24 July 2013	Definition of activities of RBCZ for Raiffeisen stavební spořitelna a.s. concerning online client service
Amendment No. 1 to the Agreement to Buy or Sell Securities	Raiffeisen stavební spořitelna a.s.	25 September 2013	Change of contractual terms
Direct Banking Service Agreement	Raiffeisen stavební spořitelna a.s.	15 November 2013	Agreement on direct banking services / payment of contractual fees
Amendment No. 5 to the Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	1 July 2014	Amendment No. 5 to the Sales Representation Agreement / payment of agreed commission
Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	15 December 2014	Agreement on sales representation / payment of commissions within Product Appendices
Product Appendix 1	Raiffeisen stavební spořitelna a.s.	15 December 2014	Addressing prospects interested in services related to mutual funds managed by RIS / payment of commission
Product Appendix 2	Raiffeisen stavební spořitelna a.s.	15 December 2014	Provision of a mortgage loan product / payment of commission
Product Appendix 3	Raiffeisen stavební spořitelna a.s.	15 December 2014	Identifying prospects interested in concluding an "Account agreement" / payment of commission
Product Appendix 4	Raiffeisen stavební spořitelna a.s.	15 December 2014	Addressing prospects interested in an EASY credit card / payment of commission
Product Appendix 5	Raiffeisen stavební spořitelna a.s.	15 December 2014	Identifying prospects interested in a MICRO loan product / payment of commission

## Raiffeisen-Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Loan Contract	Raiffeisen-Leasing, s.r.o.	28 November 2005	Provision of a loan facility / payment of contractual interest
Contract for the Sublease of Non-Residential Premises	Raiffeisen-Leasing, s.r.o.	28 August 2008	Sublease of non-residential premises / payment of the rent
Bank Guarantee Agreement	Raiffeisen-Leasing, s.r.o.	12 June 2009	Provision of a bank guarantee / payment of contractual fees
Amendment No. 1 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen-Leasing, s.r.o.	15 June 2009	Change of contractual terms
Bank Guarantee Agreement	Raiffeisen-Leasing, s.r.o.	30 September 2009	Provision of a bank guarantee / payment of contractual fees
Amendment No. 2 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen-Leasing, s.r.o.	1 December 2009	Change of contractual terms
Cooperation Agreement	Raiffeisen-Leasing, s.r.o.	13 December 2010	Definition of mutual cooperation in the provision of payment cards / payment of contractual commission
Amendment No. 3 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen-Leasing, s.r.o.	28 March 2011	Change of contractual terms
Amendment No. 7 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen-Leasing, s.r.o.	29 March 2011	Change of contractual terms
Amendment No. 7 to the Loan Contract of 28 November 2005	Raiffeisen-Leasing, s.r.o.	26 January 2011	Change of contractual terms
Amendment No. 8 to the Loan Contract of 28 November 2005	Raiffeisen-Leasing, s.r.o.	27 January 2011	Change of contractual terms
Amendment No. 9 to the Loan Contract of 28 November 2005	Raiffeisen-Leasing, s.r.o.	28 March 2011	Change of contractual terms
Loan Contract	Raiffeisen-Leasing, s.r.o.	28 March 2011	Provision of a loan facility / payment of contractual interest
Cash Pooling Agreement	Raiffeisen-Leasing, s.r.o.	28 April 2011	Automatic transfers of account balances
Amendment No. 3 to the Bank Guarantee Agreement of 12 June 2009	Raiffeisen-Leasing, s.r.o.	4 May 2011	Change of contractual terms
Amendment No. 4 to the Bank Guarantee Agreement of 12 June 2009	Raiffeisen-Leasing, s.r.o.	10 June 2011	Change of contractual terms
Amendment No. 8 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen-Leasing, s.r.o.	1 July 2011	Change of contractual terms
Risk Management Cooperation Contract	Raiffeisen-Leasing, s.r.o.	11 July 2011	Provision of credit risk analyses / payment of fees and costs according to the contract
Agreement on Accounts	Raiffeisen-Leasing, s.r.o.	21 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Agreement on Accounts	Raiffeisen-Leasing, s.r.o.	8 August 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Agreement on Accounts	Raiffeisen-Leasing, s.r.o.	11 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Amendment No. 9 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen-Leasing, s.r.o.	9 September 2011	Change of contractual terms
Amendment No. 10 to the Bank Guarantee Agreement of 30 September 2009	Raiffeisen-Leasing, s.r.o.	12 December 2011	Change of contractual terms
Treasury Master Agreement	Raiffeisen-Leasing, s.r.o.	20 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement	Raiffeisen-Leasing, s.r.o.	1 March 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Amendment No. 10 to the Loan Contract of 28 November 2005	Raiffeisen-Leasing, s.r.o.	20 March 2012	Change of contractual terms
Amendment No. 1 to the Risk Management Cooperation Contract of 11 July 2011	Raiffeisen-Leasing, s.r.o.	13 April 2012	Change of contractual terms
Amendment No. 4 to the Contract for the Sublease of Non-Residential Premises of 28 August 2008	Raiffeisen-Leasing, s.r.o.	29 June 2012	Change of contractual terms
Agreement on Cooperation in Client Data Exchange	Raiffeisen-Leasing, s.r.o.	6 August 2012	Stipulation of rights and obligations in exchanging data for the purpose of business cooperation
FTP Access Agreement	Raiffeisen-Leasing, s.r.o.	6 August 2012	Agreement on the use of a server for mutual exchange of data
Loan Contract No. 110157/2012/01	Raiffeisen-Leasing, s.r.o.	27 September 2012	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to Loan Contract No. 110157/2012/01 of 27 September 2012	Raiffeisen-Leasing, s.r.o.	16 November 2012	Change of contractual terms
Amendment No. 1 to the Agreement on Cooperation in Client Data Exchange S/2012/02973	Raiffeisen-Leasing, s.r.o.	27 March 2013	Stipulation of rights and obligations of contracting parties in exchanging information
Agreement on Non-Exclusive Sales Representation	Raiffeisen-Leasing, s.r.o.	18 April 2013	Stipulation of rights and obligations under non-exclusive sales representation / payment of contractual commissions
Amendment No. 5 to the Contract for the Sublease of Non-Residential Premises	Raiffeisen-Leasing, s.r.o.	28 June 2013	Change of contractual terms / payment of rent
Agreement on Cooperation and Provision of Information Systems and Technology Services	Raiffeisen-Leasing, s.r.o.	14 February 2014	Provision of information systems and technology services / payment of agreed remuneration
Agreement on Risk Participation and Provision of Special-Purpose Loan	Raiffeisen-Leasing, s.r.o.	15 May 2014	Provision of funds for leasing finance / payment of contractual fees
Purchase Contract	Raiffeisen-Leasing, s.r.o.	11 August 2014	Sale of movables / agreed price
Amendment No. 6 to the Contract for the Sublease of Non-Residential Premises	Raiffeisen-Leasing, s.r.o.	11 February 2014	Amendment No. 6 to the Contract for the Sublease of Non-Residential Premises
Amendment No. 7 to the Contract for the Sublease of Non-Residential Premises	Raiffeisen-Leasing, s.r.o.	24 November 2014	Amendment No. 7 to the Contract for the Sublease of Non-Residential Premises

## Raiffeisen-Leasing Real Estate, s.r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
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
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
Amendment No. 1 to the Agreement on Sublease of Non-Residential Premises	Raiffeisen-Leasing Real Estate, s.r.o.	1 December 2009	Change of contractual terms
Loan Contract	Raiffeisen-Leasing Real Estate, s.r.o.	26 February 2010	Provision of a loan facility / 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
Treasury Master Agreement	Raiffeisen-Leasing Real Estate, s.r.o.	26 January 2011	Agreement on rights and obligations related to transactions in the financial market
Amendment to the Loan Contract of 26 February 2010	Raiffeisen-Leasing Real Estate, s.r.o.	31 March 2011	Change of contractual terms
Agreement to open a special account to pay up contributions in a founded company	Raiffeisen-Leasing Real Estate, s.r.o.	17 June 2011	Opening a special account / payment of contractual fees
Termination of the Agreement on Sublease of Non-Residential Premises between RLRE and RBCZ	Raiffeisen-Leasing Real Estate, s.r.o.	29 June 2012	Termination of the Agreement on Sublease of Non-Residential Premises between RLRE and RBCZ
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

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Loan Contract No. 112485/2012/01	Raiffeisen-Leasing Real Estate, s.r.o.	26 September 2012	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to Loan Contract No. 112485/2012/01 of 26 September 2012	Raiffeisen-Leasing Real Estate, s.r.o.	16 November 2012	Change of contractual terms
Amendment No. 2 to Loan Contract No. 112485/2012/01 of 26 September 2012	Raiffeisen-Leasing Real Estate, s.r.o.	20 December 2012	Change of contractual terms
Escrow Account Agreement	Raiffeisen-Leasing Real Estate, s.r.o. / Cann, s.r.o. / Metropolitní spořitelní družstvo	18 October 2012	Agreement to open an escrow account for depositing funds / payment of contractual remuneration
Agreement to Open a Special Account for Payment of Contribution upon Foundation of a Company	Raiffeisen-Leasing Real Estate, s.r.o.	27 November 2012	Agreement to open a special account / payment of a contractual fee
Agreement to Open a Special Account for Payment of Contribution upon Foundation of a Company	Raiffeisen-Leasing Real Estate, s.r.o.	27 November 2012	Agreement to open a special account / payment of a contractual fee
Guarantor's Statement	Raiffeisen-Leasing Real Estate, s.r.o.	19 December 2012	Security to a liability
Guarantor's Statement	Raiffeisen-Leasing Real Estate, s.r.o.	21 December 2012	Security to a liability
Escrow Account Agreement	Raiffeisen-Leasing Real Estate, s.r.o. / PSJ, a.s.	28 December 2012	Agreement to open an escrow account for depositing funds / payment of contractual remuneration
Agreement to Terminate the Credit Risk Cooperation Contract of 12 January 2004	Raiffeisen-Leasing Real Estate, s.r.o.	31 December 2012	Termination of contractual relationship
Amendment No. 3 to Loan Contract	Raiffeisen-Leasing Real Estate, s.r.o.	31 January 2013	Change of contractual terms
Amendment No. 4 to Loan Contract	Raiffeisen-Leasing Real Estate, s.r.o.	12 August 2013	Change of contractual terms

In 2014, Raiffeisenbank a.s. was related to a total of 91 companies (see list in Chapter 2) indirectly through Raiffeisen-Leasing Real Estate, s.r.o., with which companies it held concluded contracts for the opening and maintenance of a current account, based on which it received standard contractual fees from and paid standard contractual interest to the above companies. Also, Raiffeisenbank a.s. held concluded contracts for the use of electronic banking, or authorisation to use electronic banking, with these companies, based on which it received standard contractual fees from the above companies.

In 2012, Raiffeisenbank a.s. entered into a total of 9 Treasury Master Agreements with the above companies (Photon SPV 3 s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., Photon SPV 10 s.r.o., Photon SPV 11 s.r.o., Exit 90 SPV s.r.o., Onyx Energy s.r.o., Onyx Energy projekt II s.r.o.), the subject-matter of which agreements is the provision of trades concluded in the money and capital markets / payment of contractual fees.

On 2 March 2012, Raiffeisenbank a.s. entered into a Payment Card Acquiring Agreement with Hermes Property, s.r.o., the subject-matter of which agreement is the provision of services related to acquiring of payment cards / payment of contractual fees.

## KHD, a.s.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement to Open and Maintain a Current Account	KHD, a.s.	13 February 2009	Opening and maintenance of a current account / payment of contractual fees

## Transaction System Servis s.r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement to Open and Maintain a Current Account	Transaction System Servis s.r.o.	17 December 2008	Opening and maintenance of a current account / payment of contractual fees
Agreement on Direct Banking	Transaction System Servis s.r.o.	1 December 2010	Setting up direct banking services
Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Transaction System Servis s.r.o.	25 February 2013	Cooperation in preparation of group tax returns for VAT group

## Real Invest Vodičkova, spol. s r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Contract for Lease of Non-Residential Premises	Real Invest Vodičkova, spol. s r.o.	26 November 2002	Lease of non-residential premises / contractual fee
Amendment No. 1 to the Contract for Lease of Non-Residential Premises of 26 November 2002	Real Invest Vodičkova, spol. s r.o.	30 November 2007	Change of contractual terms
Amendment No. 2 to the Contract for Lease of Non-Residential Premises of 26 November 2002	Real Invest Vodičkova, spol. s r.o.	13 June 2012	Change of contractual terms
Amendment No. 3 – Conversion of Rent and Services from EUR to CZK	Real Invest Vodičkova, spol. s r.o.	1 July 2014	Amendment No. 3 – Conversion of Rent and Services from EUR to CZK / payment of rent

## Raiffeisen Investment, s.r.o., v likvidaci

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement on the Use of Electronic Banking	Raiffeisen Investment, s.r.o., v likvidaci	2 December 2008	Installation of the electronic banking system / contractual fee
Agreement to Open and Maintain a Current Account	Raiffeisen Investment, s.r.o., v likvidaci	1 October 2009	Opening and maintenance of a current account / payment of contractual fees
Contract for Sublease of Non-Residential Premises	Raiffeisen Investment, s.r.o., v likvidaci	31 May 2013	Sublease of non-residential premises / payment of contractual rent
Agreement to Terminate Contract for Sublease of Non-Residential Premises	Raiffeisen Investment, s.r.o., v likvidaci	30.7.2014	Agreement to terminate the Contract for sublease of non-residential premises

## Raiffeisen penzijní společnost a.s., v likvidaci

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement to Open a Special Account for Payment of Contribution	Raiffeisen penzijní společnost a.s.	4 May 2012	Opening an account for payment of the contribution upon foundation of a company / payment of contractual fee
Agreement to Open and Maintain a Current Account	Raiffeisen penzijní společnost a.s.	10 December 2012	Opening and maintenance of a current account / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement on the Use of Electronic Banking	Raiffeisen penzijní společnost a.s.	10 December 2012	Installation of an electronic banking system / contractual remuneration
5 Agreements to Issue a Debit Card	Raiffeisen penzijní společnost a.s.	10 December 2012	Issued debit card / payment of contractual fees
3 Term Deposit Agreements	Raiffeisen penzijní společnost a.s.	13 December 2012	Agreement to open a term deposit / payment of contractual interest / payment of contractual fees
Agreement to Assign Rights and Obligations	Raiffeisen penzijní společnost a.s./ SOFTIP a.s.	31 December 2012	Agreement to assign rights under a contract for work without compensation
Sales Representation Agreement	Raiffeisen penzijní společnost a.s.	1 January 2013	Agreement on sales representation / payment of commissions
Risk Management Agreement	Raiffeisen penzijní společnost a.s.	1 January 2013	Agreement on risk management / payment of contractual fees (terminated as of 30 June 2014)
Agreement on the Sublease of Non-Residential Premises	Raiffeisen penzijní společnost a.s.	11 January 2013	Agreement on the sublease of non-residential premises / payment of rent
Asset Management Agreement	Raiffeisen penzijní společnost a.s.	15 January 2013	Management of assets in funds / payment of contractual remunerations
Agreement to Open a Special Account for Registered Capital Increase	Raiffeisen penzijní společnost a.s.	1 February 2013	Opening a special account for an increase of registered capital / payment of contractual fee
Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen penzijní společnost a.s.	13 March 2013	Stipulation of mutual rights and obligations of VAT group members
Agreement to Issue a Debit Card	Raiffeisen penzijní společnost a.s.	14 May 2013	Issued debit card / payment of contractual fees
Amendment No. 1 to the Asset Management Agreement	Raiffeisen penzijní společnost a.s.	30 May 2013	Change of contractual terms
Treasury Master Agreement	Raiffeisen penzijní společnost a.s.	17 July 2013	Agreement on rights and obligations related to transactions in the financial market
Master Agreement on RPS Services	Raiffeisen penzijní společnost a.s.	22 July 2013	Provision of RPS services / payment of contractual remunerations and fees
Confidentiality Agreement	Raiffeisen penzijní společnost a.s.	15 August 2013	Confidentiality agreement
Agreement on Information Systems and Technology Services	Raiffeisen penzijní společnost a.s.	19 September 2013	Agreement on IS and IT services / payment of contractual fees
Amendment No. 1 to Agreement on Information Technology Services - 2014 price update	Raiffeisen penzijní společnost a.s.	6 June 2014	Amendment No. 1 to the Agreement on Information Technology Services / payment of contractual remuneration
Amendment No. 1 to Risk Management Agreement	Raiffeisen penzijní společnost a.s.	30 June 2014	Termination of the Agreement
Bank Guarantee Agreement	Raiffeisen penzijní společnost a.s.	30 June 2014	Agreement to issue a bank guarantee / payment of contractual commission
Amendment No. 1 to Master Service Agreement	Raiffeisen penzijní společnost a.s.	30 June 2014	Payroll and mailing room services / payment of contractual fees
Amendment No. 2 to Agreement on Information Systems and Technology Services	Raiffeisen penzijní společnost a.s.	11 September 2014	Amendment No. 2 to the Agreement on Information Systems and Technology Services
Agreement to Terminate Agreement on Information Systems and Technology Services	Raiffeisen penzijní společnost a.s.	1 December 2014	Termination of the Agreement

## Raiffeisen investiční společnost a.s.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Master Agreement on RIS Services	Raiffeisen investiční společnost a.s.	1 January 2013	Provision of RIS services / payment of contractual remunerations and fees
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	23 January 2013	Current account maintenance / payment of contractual fees
Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	14 February 2013	Stipulation of mutual rights and obligations of VAT group members
Agreement on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	29 March 2013	Agreement on the sublease of non-residential premises / payment of rent
Confidentiality Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Confidentiality agreement
Agreement to Issue a Debit Card	Raiffeisen investiční společnost a.s.	14 May 2013	Agreement to issue a debit card / payment of contractual fees
Risk Management Agreement	Raiffeisen investiční společnost a.s.	30 June 2013	Risk management related to funds / payment of contractual fees
Cooperation Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Agreement on cooperation (distribution of RIS funds) / payment of contractual remuneration
Service Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Provision of services - settlement of trades / payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	13 June 2013	Current Account maintenance / payment of contractual fees
Agreement on Direct Banking	Raiffeisen investiční společnost a.s.	18 June 2013	Setting up direct banking services / payment of contractual fees
Treasury Master Agreement	Raiffeisen investiční společnost a.s.	17 July 2013	Agreement on rights and obligations related to transactions in the financial market
FDP Loan Agreement	Raiffeisen investiční společnost a.s.	30 August 2013	Loan for financing bond opportunity fund client settlements / payment of contractual interest and principal
FEC Loan Agreement	Raiffeisen investiční společnost a.s.	30 August 2013	Loan for financing economic cycle fund client settlements / payment of contractual interest and principal
Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	19 September 2013	Agreement on the provision of IT services to RIS / payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	27 September 2013	Current account maintenance / payment of contractual fees
Amendment No. 1 to Service Agreement	Raiffeisen investiční společnost a.s.	1 January 2014	Modification of rights and obligations
Amendment No. 1 to Agreement on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	1 January 2014	Amendment to the Agreement on the sublease of non-residential premises / payment of rent
Amendment No. 1 to Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	1 January 2014	Remuneration amount update / payment of contractual remuneration
Amendment No. 1 to Treasury Master Agreement	Raiffeisen investiční společnost a.s.	31 January 2014	Modification according to EMIR
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	27 February 2014	Agreement to open and maintain a current account 5170010677-5500
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	21 March 2014	Agreement to open and maintain a current account for RFDP

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	21 March 2014	Agreement to open and maintain a current account for RCHFEC
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	21 March 2014	Agreement to open and maintain a current account for RCHFAP
Amendment No. 2 to Cooperation Agreement	Raiffeisen investiční společnost a.s.	10 April 2014	Appendix update, modification of rights and obligations
Amendment No. 3 to Cooperation Agreement	Raiffeisen investiční společnost a.s.		Appendix update
Amendment No. 1 to Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	13.5.2014	Contact information update
Settlement Agreement	Raiffeisen investiční společnost a.s.	18.6.2014	Settlement of mutual rights and obligations / payment of contractual fees
Amendment No. 2 to Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	1.7.2014	Remuneration amount update / payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	10.7.2014	Agreement to open and maintain a current account (5170011354-5500 USD, 5170011362-5500 EUR)
Agreement on Certain Issues Related to Management of Qualifying Investors' Fund	Raiffeisen investiční společnost a.s.	18.7.2014	Cooperation, compulsory disclosure in management of Leonardo, open-end mutual fund
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	8.10.2014	Agreement on discharge of obligation related to maintenance of account (EUR, USD) of RFD P
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	8.10.2014	Agreement on discharge of obligation related to maintenance of account (EUR, USD) of RCHFEC
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	8.10.2014	Agreement on discharge of obligation related to maintenance of account (EUR, USD) of RCHFAP
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	8.10.2014	Agreement on discharge of obligation related to maintenance of account (EUR, USD) of Leonardo, open-end mutual fund
Cooperation Agreement	Raiffeisen investiční společnost a.s.	1.12.2014	Agreement on cooperation (RCM funds) / payment of agreed commission
Investment Instrument Brokerage Agreement	Raiffeisen investiční společnost a.s.	5.12.2014	Brokerage of purchases/sales of investment instruments / payment of contractual remuneration
Agreement on the Use of Electronic Banking	Raiffeisen investiční společnost a.s.	17.12.2014	Agreement to provide international electronic banking

### 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	Master Agreement stipulating mutual terms and conditions of money marking trading
Amendment - Schedule to the ISDA Master Agreement	Raiffeisen Bank Zrt.	29 April 2011	Definition of detailed terms and conditions of money market trading

## Raiffeisen banka a.d.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Loan Contract	Raiffeisen banka a.d.	21 December 2004	Provision of a loan facility / payment of contractual interest
Amendment No. 1 to the Loan Contract of 21 December 2004	Raiffeisen banka a.d.	30 March 2005	Change of contractual relationships until 30 April 2005
Loan Contract	Raiffeisen banka a.d.	14 June 2005	Provision of a loan facility / payment of contractual interest

## Raiffeisenbank Austria d.d.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement to Open a Nostro Account	Raiffeisenbank Austria d.d.	21 May 2001	Maintenance of a nostro account / payment of contractual fees
ISDA Master Agreement	Raiffeisenbank Austria d.d.	8 June 2011	Master 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

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Risk Participation Agreement	Tatra Banka, a.s.	16 November 2005	Credit risk participation / payment of contractual fees
Contract for Pledge on Government Bonds	Tatra Banka, a.s.	19 May 2005	Establishment of pledge on bonds
Amendment No. 1 to the Contract for Pledge on Bonds of 19 May 2005	Tatra Banka, a.s.	16 November 2005	Adjustment of rights and obligations
Syndicated Investment Facility Agreement	Tatra Banka, a.s.	12 December 2005	Provision of a loan facility / payment of contractual interest
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	7 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	18 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2007	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	22 November 2007	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	27 February 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	8 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 August 2008	Credit risk participation / payment of contractual fees
Amendment No. 5 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	8 June 2009	Prolongation of the agreement
Amendment No. 6 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	16 December 2009	Agreement on joint order
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	Master Agreement stipulating mutual terms and conditions of money marking trading

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Amendment - Schedule to the ISDA Master Agreement	Tatra Banka, a.s.	5 October 2011	Definition of detailed terms and conditions of money market trading
Risk Participation Confirmation	Tatra Banka, a.s.	5 February 2013	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 September 2013	Credit risk participation / payment of contractual fees
Amendment No.7 to the Agreement on Shared Use of Banker 's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	19 December 2013	Amendment No.7 to the Agreement on Shared Use of Banker 's Almanac / payment of contractual remuneration
Risk Participation Confirmation	Tatra Banka, a.s.	20 December 2013	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	31 January 2014	Credit risk participation / payment of contractual fees (Geosan Development SK)
Amendment No.8 to the Agreement on Shared Use of Banker 's Almanac On-line	Tatra Banka, a.s.	29 April 2014	Amendment No.8 to the Agreement on Shared Use of Banker 's Almanac On-line / payment of contractual remuneration
Amendment No.9 to the Agreement on Shared Use of Banker 's Almanac On-line	Tatra Banka, a.s.	25 July 2014	Amendment No.9 to the Agreement on Shared Use of Banker 's Almanac On-line /

#### Tatra Asset Management, správ. spol., a.s.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement on Communication via Sharepoint Portal	Tatra Asset Management, správ. spol., a.s.	15 July 2012	Agreement on enabling mutual communication via a shared application
Agreement to Bank Guarantee Agreement between RBCZ and RPS	Tatra Asset Management, správ. spol., a.s..	22 December 2014	Agreement to the Agreement to issue a bank guarantee between RBCZ and RPS / payment of contractual remuneration

#### 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
Framework Agreement on Payment Card Processing	Regional Card Processing Centre, s.r.o	1 January 2011	Provision of payment card processing / payment of contractual fee
Statement of Work	Regional Card Processing Centre, s.r.o.	1 January 2011	Agreement on mutual cooperation as part of the bank's project / payment of contractual fee
Amendment No. 1 to the Statement of Work	Regional Card Processing Centre, s.r.o.	6 June 2012	Change of contractual terms
Amendment No. 1 to Framework Agreement on Payment Card Processing of 2011	Regional Card Processing Centre, s.r.o.	9 June 2014	Amendment to the Agreement, modification of the data processing and storing method

## 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	Master 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
Mutual Confidentiality Agreement - EVO	Raiffeisen Bank Polska S.A.	2 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Evo Payments International for a project
Mutual Confidentiality Agreement - Equens SE	Raiffeisen Bank Polska S.A.	2 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Equens SE for a project
Mutual Confidentiality Agreement - ATOS Worldline	Raiffeisen Bank Polska S.A.	26 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and ATOS Worldline for a project
Mutual Confidentiality Agreement - Six Payment Services	Raiffeisen Bank Polska S.A.	3 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Six Payment Services for a project
Mutual Confidentiality Agreement - Elavon Financial Service	Raiffeisen Bank Polska S.A.	3 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Elavon Financial Service for a project
Mutual Confidentiality Agreement - First Data	Raiffeisen Bank Polska S.A.	15 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and First Data for a project
Mutual Confidentiality Agreement - Global Payments Inc	Raiffeisen Bank Polska S.A.	1 October 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Global Payments Inc. for a project
Mutual Confidentiality Agreement - Provus	Raiffeisen Bank Polska S.A.	1 October 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Provus for a project

## 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 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
Distribution Agreement	Raiffeisen Centrobank AG	27 June 2012	Agreement on joint distribution of structured products / payment of contractual commission
Amendment No. 1 to the Distribution Agreement of 27 June 2012	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Amendment No. 1 to the Distribution Agreement	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Cost Sharing Agreement	Raiffeisen Centrobank AG	9 October 2012	Agreement on sharing costs of joint distribution

### Raiffeisen Banka d.d. (former 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

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

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Cooperation Framework 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 Cooperation Framework 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 Cooperation Framework 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. 5 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	27 August 2010	Specification of services for the use of a common platform for international payments
Annex No. 4 to Cooperation Framework 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. 1 to Amendment No. 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	6 December 2012	Detailed description of services for using a common international payments platform
Amendment No. 2 to Annex No. 4 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime
Amendment No. 2 to Annex No. 2 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime

### RZB Finance LLC

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Master 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

## 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
Agreement on the Sublease of Non-Residential Premises	ZUNO BANK AG	2 September 2013	Agreement on the sublease of non-residential premises / payment of rent
Amendments No. 1 and No. 2 to Agreement on the Sublease of Non-Residential Premises of 2 September 2013	ZUNO BANK AG	31 December 2013	Change of contractual terms
Digital Space Competence Centre Service Agreement	ZUNO BANK AG	1 April 2014	Provision of services for the Digital Space Competence Centre / payment of fees
Provision of Services for Digital Space Competence Centre	ZUNO BANK AG	1 April 2014	Provision of services for the Digital Space Competence Centre / payment of fees
Amendment No. 3 to Agreement on the Sublease of Non-Residential Premises	ZUNO BANK AG	12 May 2014	Amendment No. 3 to the Agreement on the sublease of non-residential premises / payment of rent
Amendment No. 4 to Agreement on the Sublease of Non-Residential Premises	ZUNO BANK AG	7 August 2014	Amendment No. 4 to the Agreement on the sublease of non-residential premises / payment of rent

## ZUNO BANK AG, organizační složka

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement on Maintenance of a Current/Correspondent Account	ZUNO BANK AG, organizační složka	22 September 2010	Maintenance of a current/correspondent account / payment of contractual fees
Cooperation Agreement	ZUNO BANK AG, organizační složka	31 October 2012	Agreement on mutual cooperation in ATM use

## ZAO Raiffeisenbank

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Correspondent Account Agreement	ZAO Raiffeisenbank	3 September 2008	Maintenance of a correspondent account / payment of contractual fees
ISDA Master Agreement	ZAO Raiffeisenbank	8 September 2011	Master 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

### RB International Finance LLC

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Risk Participation Confirmation	RB International Finance LLC	26 February 2013	Credit risk participation / payment of contractual fees

### Raiffeisen Kapitalanlage-Gesellschaft m.b.H (Raiffeisen Kag)

Investment Management Agreement (Raiffeisen CZK Balanced Fund)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H / Raiffeisen Zentralbank Österreich AG	30 November 2007	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Investment Management Agreement (Raiffeisen CZK Liquid Fund)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H / Raiffeisen Zentralbank Österreich AG	30 November 2007	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Investment Management Agreement (Raiffeisen CZK Aktien Fund)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H / Raiffeisen Zentralbank Österreich AG	30 November 2007	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Investment Management Agreement (Raiffeisen Czech Click Fund)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	3 October 2010	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Investment Management Agreement (Raiffeisen CZK LifeCycle Fund 2040)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	3 November 2010	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Investment Management Agreement (Raiffeisen Czech Bonds Fund)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	8 August 2011	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Management Agreement (Raiffeisen Czech Click Fund II)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	24 November 2011	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Memorandum of Understanding	Raiffeisen Kapitalanlage-Gesellschaft m.b.H / Raiffeisen investiční společnost a.s.	6 January 2013	Memorandum of understanding in transferring fund management to Raiffeisen investiční společnost a.s.
Termination Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	30 June 2013	Agreement to terminate the investment management agreements for the individual CZK funds above

## Ukrainian Processing Center

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Master Agreement - 3D Secure Payment Cards	Ukrainian Processing Center	26 March 2014	Master agreement - 3D Secure payment cards / payment of contractual fees
Price Sheet	Ukrainian Processing Center	29 April 2014	Price sheet to the Master Agreement / payment of contractual fees
Appendix 5 to Master Agreement	Ukrainian Processing Center	7 May 2014	Appendix 5 to the Master agreement, definition of contractual terms /
Amendment to Appendix 5 to Master Agreement	Ukrainian Processing Center	13 May 2014	Amendment to Appendix 5 to the Master Agreement, definition of contractual terms

In addition to contracts concluded in 2014 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, under which the Bank received or paid interest and fees.

## 5. LIST OF OTHER LEGAL ACTS

### 5.1 List of Other Legal Acts with Controlling Parties

#### Raiffeisen CEE Region Holding GmbH

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Resolution of Regular General meeting of Raiffeisenbank a.s. - Payment of Dividends for 2013	Raiffeisen CEE Region Holding GmbH	28 April 2014	Payment of dividends based on resolution of the regular general meeting

### 5.2 List of Other Legal Acts with Other Related Parties

#### Raiffeisen stavební spořitelna a.s.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Resolution of Regular General meeting of Raiffeisen stavební spořitelna a.s. - Payment of Dividends for 2013	Raiffeisenbank a.s.	29 April 2014	Acceptance of dividends based on resolution of the general meeting

#### Raiffeisen-Leasing, s.r.o.

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Resolution of General Meeting of Raiffeisen-Leasing, s.r.o. - Payment of a Share in the Company's Profits	Raiffeisenbank a.s.	30 June 2014	Acceptance of a share in profits based on resolution of the general meeting

### 5.3 Overview of actions made at the initiative or in the interest of the controlling party or entities controlled by it, if such actions applied to assets exceeding 10% of the controlled entity's equity

None.

## 6. LIST OF OTHER FACTUAL MEASURES

### 6.1 List of Measures Adopted at the Initiative of Controlling Parties

None.

#### General Limits

The Bank has approved general limits for transactions with related parties that apply to current and term deposits, loans, repurchase transactions, treasury shares, letters of credit, provided and received guarantees at request or to the benefit of the controlling party or other parties controlled by the same controlling entity.

### 6.2 List of Measures Adopted in the Interest of Other Related Parties

None.

## 7. CLOSING STATEMENT OF THE BOARD OF DIRECTORS OF RAIFFEISENBANK A.S.

We hereby represent that to our best knowledge, the Report on relations between the related parties of Raiffeisenbank a.s. prepared in accordance with Section 82 of the Act on Commercial Corporations for the reporting period from 1 January 2014 to 31 December 2014 includes all of the below, concluded or effected in the reporting period and known to us as at 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 Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and other controlling parties.

Furthermore, we represent that we are not aware of any detriment to assets 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 2014 to 31 December 2014.

The Board of Directors of Raiffeisenbank a.s. represents that as part of evaluation of the benefits and detriments, the Board is not aware of any material detriments arising out of the relations among the related parties, and in the Board's opinion, benefits arising out of these relations prevail, in particular benefits arising out of common synergies within the group. Furthermore, the Board of Directors of Raiffeisenbank a.s. represents that it is not aware of any material risks ensuing for Raiffeisenbank a.s. as the controlled entity.

Given in Prague, on 31 March 2015



Rudolf Rabiňák  
Deputy Chairman of the Board of Directors



Jan Pudilk  
Member of the Board of Directors

# General Information about the Issuer

**Company name:**

Raiffeisenbank a.s.

**Registered office:**

Hvězdova 1716/2b, 140 78 Prague 4

**Company registration number:** 49240901

**Incorporated:**

25 June 1993

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

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

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

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

**As of 31 December 2014, 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 in connection with point 6.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements**

In accordance with the bank's Articles of Association, no shareholders have the possibility to influence the activities of Raiffeisenbank a.s. other than by their votes. None of the members of their bodies had an ownership interest in Raiffeisenbank a.s. as at the date stated above.

**Section 118(4) letter a in connection with point 9.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements**

The bank declares that it is not aware of any conflict of interest between the obligations of the members of the steering and supervisory bodies to the bank and their personal interests or other obligations.

**Section 118(4) letter a in connection with point 10.1 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements**

Raiffeisen CEE Region Holding GmbH is the owner of 75% of the shares of the bank. Raiffeisen CEE Region Holding GmbH is a subsidiary of Raiffeisen Bank International AG (indirectly). Raiffeisen Bank International AG is a subsidiary of RaiffeisenZentralbankÖsterreich AG. The representatives of the majority shareholder are in the bank's supervisory board, in the Executive Board, and in the Audit Committee. A representative of the second shareholder is also in the supervisory board, i.e. RB Prag BeteiligungsGmbH, which is the owner of 25% of the shares of the bank and a representative of the employees. RB Prag BeteiligungsGmbH is the indirect 100% subsidiary of RaiffeisenlandesbankOberösterreich AG.

## Section 118(4) letter b:

Internal Control is defined as a process carried out/influenced by the bank's Board of Directors, the executive body, and other employees, devised in such a way as to provide adequate assurance in reaching objectives in three areas:

- Effectiveness, efficiency, and economy (the 3 "Es")
- Reliability of internal management and controls, including the protection of assets
- Harmonisation with the rules and regulations

Key concepts of Internal Control:

- Internal control is a process (a means of reaching objectives, not an objective in and of itself),
- Internal Control is carried out by people (it does not involve only forms and manuals, but people at each level of organisation),
- Internal control can only achieve a proportional level of certainty (not absolute certainty, with respect to the management of the organisation).

Control activities are an integral part of the everyday activities of the bank. The objective is to ensure that the risk undertaken was kept within the tolerance level set out by the management risk process.

Control activities include, in particular:

- Inspecting the management structure,
- Adequate control of mechanisms for the individual processes at the bank,
- Physical control.

The control system consists of, in particular:

- Control implemented by each employee when carrying out their work activities,
- Control implemented by the head employee when carrying out management activities,
- Compliance activities,
- Internal Audit activities.

The procedures for control activities are contained in the internal regulations of the bank and consist of approval procedures, authorisation, verification, approval, reconciliation, control of performance, securing assets, separation of obligations, or establishing rights and obligations. Compliance with the established procedures and their adequacy is regularly verified.

## Section 118(4) letter c:

The executive 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. One of the members of the Board of Directors is elected as the chair of the Board of Directors and one as the vice-chair. The first term of office is three years, and if re-elected, the term of office is five years. 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 chair 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 chair 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 chair of the Executive Committee. 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 chair 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 14 committees established by the Board of Directors exist in the company. These are as follows:

### Assets and Liabilities Committee

Quorum	Decision-making	
More than 50% of members present	Approval of all present members	
JELÍNEK TOMÁŠ	Executive Director Finance	Chair
DROSC MARIO	Chairman of the Board	Vice-Chair
PUDIL JAN	Member of the Board Markets & Investment Banking	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
BRDLÍK VÍT	Head of Trading	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
HOUFEK JAN	Head of Market Risk	Member
MELOUN VÁCLAV	Head of Asset & Liability Management	Member

### Credit Committee

Quorum	Decision-making	
At least three members of the committee and at least one must be from credit risk	Approval of all present members	
JEŽEK FRANTIŠEK	Member of the Board Risk	Chair
RABIŇÁK RUDOLF	Member of the Board for Corporate	Vice-Chair
DROSC MARIO	Chairman of the Board	Member
PŘÍHODA HYNEK	Head of Corporate and SE Risk	Member
HAVRÁNEK JIŘÍ	Head of Industry Risk	Member
GÜRTLER TOMÁŠ	Executive Director for Real Estate and Structured Finance	Member
RÝDL JAN	Head of Real Estate and Project Finance	Member

### Non-Performing Loans Committee

Quorum	Decision-making	
At least three members of the committee present and a minimum of one from Workout	Not specified	
JEŽEK FRANTIŠEK	Member of the Board for Risk	Chair
KLUMPAR JIŘÍ	Head of Workout	Vice-Chair
DROSC MARIO	Chairman of the Board	Member
PŘÍHODA HYNEK	Head of Corporate & SE Risk	Member
HÁJKOVÁ KATEŘINA	Head of Regional Risk	Member
STAŇKOVÁ VANDA	Head of Complex Cases Restructuring	Member
NOVOTNÝ MAREK	Lawyer Senior	Member

## Pricing and Interest Committee

Quorum	Decision-making	
More than 50% of members present	Consent of all present members needed for adopting a specific proposal.	
KREIDL VLADIMÍR	Member of the Board for Retail	Chair
JELÍNEK TOMÁŠ	Executive Director Finance	Vice-Chair
LANGMAYER JOSEF	Head of Controlling	Member
KOVÁŘOVÁ HANA	Head of Marketing	Member
ŠTĚTKA PETR	Head of Product Management	Member
KUBIČKA PAVEL	Head of Corporate Development	Member
DŽAVAN MATÚŠ	Head of Retail Risk & Collection	Member
HANUŠ MARTIN	Head of Risk Controlling	Member

## Investment Committee for Asset Management

Quorum	Decision-making	
If at least four members of the committee are present at the meeting, and at least one must be the chair or vice-chair	Consent of all present members needed for adopting a specific proposal.	
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Chair
ONDRUŠKA MICHAL	Head of Asset Management	Vice-Chair
HORSKÁ HELENA	Head of Economic Research	Member
VITÁSEK PETR	Executive Director Private Banking	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
ZEZULA MARTIN	Portfolio Manager	Member

## Retail Risk Management Committee

Quorum	Decision-making	
More than 50% of members present	The consent of all present members needed for adopting a specific proposal.	
JEŽEK FRANTIŠEK	Member of the Board Risk	Chair
KREIDL VLADIMÍR	Member of the Board for Retail	Vice-Chair
DŽAVAN MATÚŠ	Head of Retail Risk & Collections	Member
HUSÁK DAVID	Head of Retail Underwriting	Member
ŠTĚTKA PETR	Head of Product Management	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member

### Operational Risk Management Committee

Quorum	Decision-making	
More than 50% of members present and at least one represents Risk	The consent of more than 50% of all members needed to approve a specific proposal.	
Usnášeníschopnost	Rozhodování	
JEŽEK FRANTIŠEK	Member of the Board Risk	Chair
HANUŠ MARTIN	Head of Risk Controlling	Vice-Chair
PRAIBIŠ DAVID	Head of Operational Risk	Member
NAGY ALEXANDER	Head of Compliance & Security	Member
MATULA MILOŠ	Member of the Board for Operations	Member
JABŮREK TOMÁŠ	Head of IT Operations	Member
ONDRŮŠEK ČESTMÍR	Head of Legal, Organisation & Executive Support	Member
STRNAD MARTIN	Senior Finance Analyst	Member

### Project Committee

Quorum	Decision-making	
More than 50% of members present	The consent of a two-thirds majority of the present members is needed to adopt a proposal.	
SLADKOVSKÝ JAROMÍR	Head of Strategy	Chair
DROSC MARIO	Chairman of the Board	Vice-Chair
HAIN MILAN	Member of the Board for IT	Member
MATULA MILOŠ	Member of the Board for Operations	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
JELÍNEK TOMÁŠ	Executive Director Finance	Member
JEŽEK FRANTIŠEK	Member of the Board Risk	Member of Committee
RABIŇÁK RUDOLF	Member of the Board Corporate	Member of the senior team
NAGY ALEXANDER	Head of Compliance & Security	Member of the senior team
KUBÍN JAN	Head of Business Development	Member of the senior team
KOVÁŘOVÁ HANA	Head of Marketing	Member of the senior team
LANGMAYER JOSEF	Head of Controlling	Member of the senior team
KUBIČKA PAVEL	Head of Corporate Development	Member of the senior team

## Real Estate Investment Committee

Quorum	Decision-making	
More than a 50% majority and a representative of Risk Management must always be present	The consent of all present members needed for adopting a specific proposal.	
DROSC MARIO	Chairman of the Board	Chair
GÜRTLER TOMÁŠ	Executive Director Real Estate and Structured Finance	Vice-Chair
LANEGGER ALOIS	Member of Board of RLRE (subsidiary)	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member
PŘÍHODA HYNEK	Head of Corporate and SE Risk	Member
ALEVA JÚLIUS	Head of Accounting & Taxes	Member

## Marketing Committee

Quorum	Decision-making	
More than 50% of members present	The consent of all present members needed for adopting a specific proposal.	
KREIDL VLADIMÍR	Member of the Board for Retail	Chair
ŠTĚTKA PETR	Head of Product Management	Member
KOVÁŘOVÁ HANA	Head of Marketing	Member
MALÍŘ JOSEF	Head of Distribution Network	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member

## Steering Committee

Quorum	Decision-making	
More than 50% of all members. At least one present member of the committee must be a member of the board of directors.	More than 50% of all members	
DROSC MARIO	Chairman of the Board	Chair
RABIŇÁK RUDOLF	Member of the Board Corporate	Vice-Chair
HAIN MILAN	Member of the Board for IT	Member
MATULA MILOŠ	Member of the Board for Operations	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
PUDIL JAN	Member of the Board Markets & Investment Banking	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
VITÁSEK PETR	Executive Director Private Banking	Member
JELÍNEK TOMÁŠ	Executive Director for Finance	Member
SLADKOVSKÝ JAROMÍR	Head of Strategy	Member

### IT Change Control Committee

Quorum	Decision-making	
More than 50% of members present	The consent of a two-thirds majority of the present members is needed to adopt a proposal.	
SLADKOVSKÝ JAROMÍR	Head of Strategy	Chair
HAIN MILAN	Member of the Board for IT	Vice-Chair
DROSC MARIO	Chairman of the Board	Member
JELÍNEK TOMÁŠ	Executive Director for Finance	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
VITÁSEK PETR	Executive Director Private Banking	Member
RABIŇÁK RUDOLF	Member of the Board Corporate	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
MATULA MILOŠ	Member of the Board for Operations	Member
PUDIL JAN	Member of the Board Markets & Investment Banking	Member

### Investment Products Committee

Quorum	Decision-making	
The committee constitutes a quorum if more than 50% of all members participate.	A majority of all members is needed for adopting a proposal.	
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Chair
JELÍNEK TOMÁŠ	Executive Director Finance	Vice-Chair
PUDIL JAN	Member of the Board Markets & Investment Banking	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
VITÁSEK PETR	Executive Director Private Banking	Member
JEŽEK FRANTIŠEK	Member of the Board Risk	Member
KUBIČKA PAVEL	Head of Corporate Development	Member

### Corporate Products Committee

Quorum	Decision-making	
The committee constitutes a quorum if at least two members of the committee are present at the meeting.	The consent of two members is needed to adopt a proposal.	
RABIŇÁK RUDOLF	Member of the Board Corporate	Chair
JEŽEK FRANTIŠEK	Member of the Board Risk	Vice-Chair
MATULA MILOŠ	Member of the Board Operations	Member

Each member of the Board of Directors is entitled to attend any meeting of any committee. Each member of the Board of Directors has veto power over any decision made by any committee. In such case, the specific matter is to be discussed at the following meeting of the Board of Directors.

### Section 118(4) letter d:

The registered capital of the issuer is allocated to the relevant number of common bearer shares with a nominal value of CZK 10,000 each. The company's shares are dematerialised and are not quoted. The same rights and obligations are associated with all the company's shares. These rights and obligations are set out in the relevant provisions of the company's Articles of Association and the Companies Act. The rights associated with the company's

shares include the right to participate in the company's general meeting and to vote on matters within the competency of the general meeting, and the right to a share in the profit – dividends. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). None of the shares of the company have restrictions on voting rights. Each shareholder has the same rights to a share in the profit of the company – dividends – in the scope approved by the general meeting on the basis of the financial results of the company in a ratio equivalent to its share in the registered capital. Each shareholder has the same rights to participate in increasing the company's registered capital in proportion to its share in the registered capital and voting rights and also the obligation to pay up the subscribed shares by the deadline during an increase in the registered capital. There are no special rights or obligations associated with the company's shares, with the exception of those set out in the Articles of Association of the company and in the Companies Act.

### Section 118(4) letter e:

The competence of the General Meeting of the company is defined in the Companies Act and the Articles of Association of the companies.

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 two shareholders whose shares in the registered capital and voting rights are 75% and 25%. Decisions of the General Meeting require a two-thirds majority of the duly submitted votes of present shareholders, unless specified otherwise by law or these Articles of Association. Voting at the General Meeting is performed by a show of hands (acclamation). Voting at the General Meeting or decision-making outside the General Meeting (per rollam) make be carried out by technical means relating to all matters in the competency of the General Meeting.

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 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 to increase the registered capital,
- c) Decisions to issue bonds in accordance with Section 286 of the Companies Act,
- d) Election and recall of members of the Supervisory Board and other bodies specified in the Articles of Association,
- e) Approval of regular or exceptional accounting statements and consolidated financial statements, including, in legally mandated cases, interim financial statements, decisions on the distribution of profit, covering losses, and determining bonuses,
- f) Decisions on registration of the company's participating securities in accordance with special legal regulations, and for cancelling their registration,
- g) Decisions on liquidating the company,
- h) Decisions on mergers, transfer of equity to a single shareholder, or demergers, or change of legal form,
- i) Decisions on the conclusion of contracts for the transfer of the firm or its significant portion and/or its lease holding, or decisions on the conclusion of such contracts by controlled entities,
- j) Approval of controlling contracts, contracts for the transfer of profit, and contracts for silent partnerships and their modification,
- k) 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,
- l) Decisions on other matters which the law or the Articles of Association place under the competence of the General Meeting.

### Section 118(4) letter f:

Monetary and natural income received by top management from the issuer and from entities controlled by the issuer during the accounting period:

CZK thousand		Monetary income		Natural income
<b>Board of Directors</b>	Total	Remuneration – board member	43,320	59%
		Other	29,758	41%
			73,078	850
	From entities controlled by the issuer	0	0	
<b>Supervisory Board</b>	Total	Remun. – sup. board member	4,753	100%
		Other	0	0%
			4,753	0
	From entities controlled by the issuer	0	0	
<b>Other management</b>	Total	Wages via employment	12,709	100%
		Other	0	0%
			12,709	310
	From entities controlled by the issuer	396		

## 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

The members of the Board of Directors perform their offices under a mandate agreement, and in accordance with Act no. 90/2012 Coll., the Companies Act, hold no executive positions. The former agreements in the position of executive directors were terminated as at 30 June 2014. 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) - monetary remuneration,
- Flexible wage for performance as a board member upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the Supervisory Board),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital, complying with the operating costs and meeting the limit for weighted assets, 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.

Payment of the flexible component of salaries is duly regulated by the provisions of Annex 1 to Decree no. 163/2014 Coll., on performance of the undertakings of banks, savings banks, and credit institutions and securities traders, as amended, the application of which is contained in the Basic Regulations for Remuneration approved by the Supervisory Board on 2 October 2014. A substantial part of the remuneration, a minimum of 40%, is distributed over a period of three years. 50% of the flexible remuneration is paid in the form of a non-monetary instrument - a phantom stock plan.

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 submits a proposal for payment to the Supervisory Board.

The board members have company cars at their disposal for a total purchase price of CZK 7,367,213.

The above principles of remuneration for the members of the Board of Directors who are also in top management positions are valid as at June 2014.

### Remuneration of the supervisory board members

- The supervisory board members are:
  - a) appointed by the general meeting of the issuer (seven members), and
  - b) elected from among the employees of the company in accordance with the former legislation (two members).

Under the agreement on the performance of the office, all members of the Supervisory Board (appointed by the general meeting and elected from among the employees) are paid monetary remuneration. This remuneration is fixed in nature and is not dependent on the company's results. Shares in the profit or any other variable remuneration are not paid to members of the Supervisory Board. The supervisory board members have company cars at their disposal for a total purchase price of CZK 1,257,444.

### 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 3,113,351.

The principles of remuneration for the top managers of the issuer and the members of the Supervisory Board are established in the Basic Principles of Remuneration, approved by the Supervisory Board of the issuer on 3 October 2014. An amount equal to 1% of the purchase price of the cars used for private purposes times the number of months used and superior life insurance, if arranged, are included in natural income.

## Identification of top managers of the issuer, their job positions, and executive authority:

**Mario Drosch**, Chairman of the Board of Directors (until 31 December 2014)

**Rudolf Rabiňák**, Member of the Board of Directors

**František Ježek**, Member of the Board of Directors

**Miloš Matula**, Member of the Board of Directors

**Vladimír Kreidl**, Member of the Board of Directors

**Jan Pudil**, Member of the Board of Directors

**Milan Hain**, Member of the Board of Directors

**Petr Vitásek**, Executive Director of Private Banking

**Tomáš Jelínek**, Executive Director of Finance

**Jaromír Sladkovský**, Head of Strategy

**Herbert Štepic**, Member of the Supervisory Board (until 28 April 2014)

**Karl Sevelda**, Member of the Supervisory Board since 28 April 2014 (since 5 June 2014, Chairman of the Supervisory Board)

**Peter Lennkh**, Vice-Chairman of the Supervisory Board

**Aris Bogdaneris**, Member of the Supervisory Board

**Reinhard Schwendtbauer**, Member of the Supervisory Board

**Kurt Bruckner**, Member of the Supervisory Board (until 28 April 2014)

**Peter Novák**, Member of the Supervisory Board (until 28 April 2014)

**Michal Příkladka**, Member of the Supervisory Board

**Tomáš Jabůrek**, Member of the Supervisory Board (until 1 July 2014)

**Petr Rögner**, Member of the Supervisory Board

**Klemens Breuer**, Member of the Supervisory Board (since 28 April 2014)

**Johann Strobl**, Member of the Supervisory Board (since 28 April 2014)

**Martin Grüll**, Member of the Supervisory Board (since 31 July 2014)

## Section 118(4) letter j:

The bank was one of the first to fully comply with the Code of the Czech Banking Association – Standard no.19/2005, which institutes uniform guidelines governing the behaviour of banks towards their clients, especially with regard to the clients' right to access information. The Code in its entirety is available at [www.rb.cz/O](http://www.rb.cz/O).

The bank must also comply with the RZB Code of Conduct – an ethics code valid for all employees belonging to the Raiffeisen Group. The RZB Code of Conduct sets out the basic values of the bank and presents the framework for the firm's culture, which is in accordance with law and focuses on ethical principles. The Code of Conduct is available in Czech at [www.rb.cz/O](http://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](http://www.akatcr.cz/dokumenty).

The bank is a member of the Coalition for Transparent Business, which is an association geared to cultivating the business environment in the Czech Republic and which brings together Czech and international companies operating in the Czech Republic across all branches of business.

## Section 118(4) letter k:

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

	2014
<b>Consolidated</b>	<b>CZK thousand</b>
Audit	8,391
Tax consulting	569
Other consulting	938
<b>Individually for RB</b>	<b>CZK thousand</b>
Audit	6,097
Tax consulting	116
Other consulting	901

# 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 5.10/17

ISIN:	CZ0002001670
Issue date:	12 December 2007
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 5,500,000,000
Par value per security:	CZK 10,000
Quantity:	550,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.10% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

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

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

Bond currency: CZK

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

## Raiffeisenbank a.s. mortgage bond 5.50/17

ISIN:	CZ0002001928
Issue date:	20 December 2007
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 2,000,000,000
Par value per security:	CZK 10,000
Quantity:	200,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.50% p.a., payable once a year retrospectively to 20 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

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

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

Bond currency: CZK

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

### Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

## Raiffeisenbank a.s. bond programme

**Maximum volume of unpaid bonds:** CZK 50,000,000,000

**Duration of the programme:** 15 years

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

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

### GARANTINVEST XVII mortgage bond 3.30/16

ISIN:	CZ0002002314
Issue date:	4 May 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 3.30% p.a., payable once a year retrospectively to 4 May

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 4 May 2016.

### RBCZ KOMB bond/2015

ISIN:	CZ0003702920
Issue date:	15 June 2011
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 25,000,000
Par value per security:	CZK 10,000
Quantity:	2,500

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the yield on the basis of a discount, which is calculated as the difference between the issue rate and principal of each Bond, and the supplementary yield which is calculated as a yield in the amount of 7% of the par value of each security, paid once on 4 June 2012. For the sake of clarity, the supplementary yield is not per annum yield. Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 29 May 2015.

### RBCZ bond 4.45/16

ISIN:	CZ0003702938
Issue date:	1 July 2011
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 200,000,000
Par value per security:	CZK 50,000,000
Quantity:	4

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.45% p.a., payable once a year retrospectively on 1 July

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 1 July 2016.

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 27 July 2016.

## Raiffeisenbank a.s. subordinated bond 4.75/16

ISIN:	CZ0003702953;
Issue date:	21 September 2011
Class:	subordinated bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 125,000,000
Par value per security:	CZK 10,000
Quantity:	12,500

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 4.75% p.a., payable once a year 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.

## GARANTINVEST XX mortgage bond 2.70/17

ISIN:	CZ0002002439
Issue date:	11 January 2012
Class:	mortgage bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 285,000,000
Par value per security:	CZK 10,000
Quantity:	28,500;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.70% p.a., payable once a year retrospectively to 11 January

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 11 January 2017.

## RBCZ bond - FWR Step-Up/15

ISIN:	CZ0003703167
Issue date:	8 February 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 250,000,000
Par value per security:	CZK 1
Quantity:	250,000,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 1.50% p.a. for a period of one year after the issue date (i.e. for the first yield period from 8 February 2012 to 7 February 2013), fixed interest rate of 2.20% p.a. for the second year after the issue date (i.e. for the second yield period from 8 February 2013 to 7 February 2014), fixed interest rate of 3.50% p.a. for the third year after the issue date (i.e. for the third yield period from 8 February 2014 to 7 February 2015); payable once a year retrospectively to 8 February

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4;

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

Bond currency: CZK

Maturity of the bonds: the bonds will be paid in the amount of their principal on 8 February 2015.

## RBCZ bond - FWR VAR/17

ISIN:	CZ0003703175;
Issue date:	8 February 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 250,000,000
Par value per security:	CZK 1
Quantity:	250,000,000

Interest on bonds and maturity dates for interest or other yield: flexible 12M PRIBID interest rate plus 1% p.a., payable once a year retrospectively to 8 February

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 8 February 2017.

## RBCZ ZERO bond VIII/15

ISIN:	CZ0003703191
Issue date:	14 March 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 100,000,000
Par value per security:	CZK 10,000
Quantity:	10,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield).

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 25 February 2015.

## RBCZ bond – FWR II Step-Up/15

ISIN:	CZ0003703266
Issue date:	25 April 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 150,000,000
Par value per security:	CZK 1
Quantity:	150,000,000;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 1.50% p.a. for a period of one year after the issue date (i.e. for the first yield period from 25 April 2012 to 24 April 2013), fixed interest rate of 2.20% p.a. for the second year after the issue date (i.e. for the second yield period from 25 April 2013 to 24 April 2014), fixed interest rate of 3.50% p.a. for the third year after the issue date (i.e. for the third interest period from 25 April 2014 to 24 April 2015); payable once a year retrospectively to 25 April.

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 25 April 2015.

## RBCZ GARANTINVEST XXI bond 2.40/15

ISIN:	CZ0003703274
Issue date:	2 May 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 100,000,000
Par value per security:	CZK 1
Quantity:	100,000,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.40% p.a., payable once a year retrospectively to 2 May;

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 2 May 2015.

## RBCZ bond ZERO IX/15

ISIN:	CZ0003703365
Issue date:	3 July 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 60,000,000
Par value per security:	CZK 10,000
Quantity:	6,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is calculated as the difference between the issue rate and the principal of each Bond (discount yield). Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 3 July 2015.

## RBCZ bond - FWR III VAR/19

ISIN:	CZ0003703670
Issue date:	28 December 2012
Class:	bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 5,000,000,000
Par value per security:	CZK 1
Quantity:	5,000,000,000

Úročení dluhopisů a termíny splatnosti úroků jiného výnosu: the yield on the Bonds is composed of the flexible 6M PRIBOR interest rate and the supplementary yield which is calculated as a yield in the amount of 0.75% p.a., paid biannually always by 28 December and 28 June retrospectively each year.

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

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

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

Bond currency: CZK

Maturity of bonds: the bonds are payable in their par value on 28 December 2019.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

## International bond programme for Raiffeisenbank mortgage bonds

**Maximum volume of unpaid bonds:** EUR 5,000,000,000

The bond programme consists of a maximum unpaid bond volume of EUR 5,000,000,000. The prospectus for the bond programme containing the general issue terms was approved by the Commission de Surveillance du Secteur Financier in Luxembourg and was announced to the Czech National Bank.

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

### RBCZ VAR 5/12/2017

ISIN:	XS0861195369;
Issue date:	5 December 2012;
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 500,000,000
Par value per security:	EUR 1,000
Quantity:	500,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the flexible 6M EURIBOR interest rate and the supplementary yield in the amount of 1.15% p.a., paid biannually always by 5 December and 5 June retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

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

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 5 December 2017.

### RBCZ 0,75% 5/11/2019

ISIN:	XS1132335248;
Issue date:	5 November 2014;
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	EUR 500,000,000
Par value per security:	EUR 100,000
Quantity:	5,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is fixed interest rate 0.75 % p.a., paid annually always by 5 November retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

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

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 5 November 2019.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of Great Britain. The rights and obligations of the block of mortgage bonds is governed by the laws of the Czech Republic.

## Raiffeisenbank a.s. bond programme

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

**Duration of the programme:** 5 years

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

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

## eBanka, a. s. mortgage bond 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.

# Persons Responsible for the Annual Report

We hereby declare that, to the best of our knowledge, the annual report and the consolidated annual report provides a true and accurate picture of the financial situation, business activities, and financial results of the issuer and its consolidated whole for the previous accounting period and of the outlook for the future development of the financial position, business activities and financial results.

Prague, on 27 April 2015



Rudolf Rabiňák  
Vice-Chairman of the Board of Directors  
Raiffeisenbank a.s.



Tomáš Jelínek  
Executive Director and Head of the  
Finance Division Raiffeisenbank a.s.

# Raiffeisen Bank International at a glance

## A leading bank in CEE as well as Austria

Raiffeisen Bank International AG regards Central and Eastern Europe (including Austria) as its home market. For over 25 years, RBI has been operating in Central and Eastern Europe (CEE), where today it maintains a closely knit network of subsidiary banks, leasing companies and numerous specialized financial service providers. As a universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. At the end of 2014, around 52,000 RBI staff served approximately 14.8 million customers in around 2,900 business outlets in CEE.

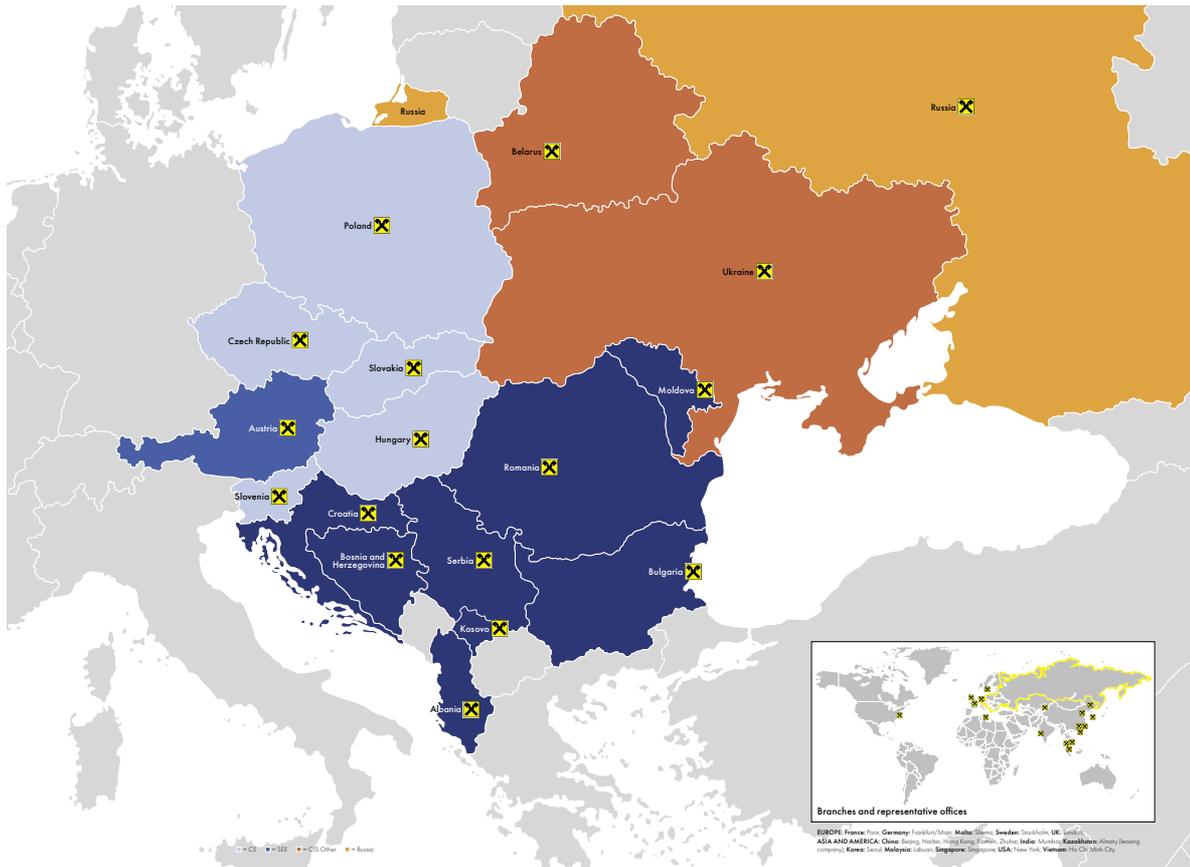
In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers and major multinational clients operating in CEE. All in all, RBI employs about 55,000 staff and has total assets of approximately € 122 billion.

## Long-term success story

Raiffeisen Zentralbank Österreich AG (RZB) was founded in 1927 as "Genossenschaftliche Zentralbank". RZB founded its first subsidiary bank in Central and Eastern Europe already back in 1987. Since then, further subsidiaries have been established. From 2000 onward, Raiffeisen's expansion into CEE countries has mainly been achieved by acquiring existing banks. These were subsequently combined into a holding company that operated under the name Raiffeisen International from 2003. In April 2005, Raiffeisen International was listed on the stock exchange in order to finance its future growth efficiently. Today's RBI was established in 2010 through the merger of Raiffeisen International with the principal business areas of RZB.

RBI has been listed on the Vienna stock exchange since 25 April 2005 (as Raiffeisen International up until 12 October 2010). RZB, which functions as the central institution of the Austrian Raiffeisen Banking Group (RBG), remained the majority shareholder following the merger. As at year-end 2014, RZB held approximately 60.7 per cent of RBI's stock, with the remaining shares in free float.

# Addresses



## Raiffeisen Bank International AG

### Austria

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[www.rbinternational.com](http://www.rbinternational.com)  
[ir@rbinternational.com](mailto:ir@rbinternational.com)  
[communications@rbinternational.com](mailto:communications@rbinternational.com)

# Banking network

## Albania

**Raiffeisen Bank Sh.a.**  
"European Trade Center"  
Bulevardi "Bajram Curri"  
Tirana  
Phone: +355-4-23 8 1000  
Fax: +355-4-22 755 99  
SWIFT/BIC: SGSBALTX  
www.raiffeisen.al

## Belarus

**Priorbank JSC**  
V. Khoruzhey Str. 31-A  
220002 Minsk  
Phone: +375-17-28 9-9090  
Fax: +375-17-28 9-9191  
SWIFT/BIC: PJCBBY2X  
www.priorbank.by

## Bosnia and Herzegovina

**Raiffeisen BANK d.d.**  
Bosna i Hercegovina  
Zmaja od Bosne bb  
71000 Sarajevo  
Phone: +387-33-287 101  
Fax: +387-33-21 385 1  
SWIFT/BIC: RZBABA2S  
www.raiffeisenbank.ba

## Bulgaria

**Raiffeisenbank (Bulgaria) EAD**  
Ulica N. Gogol 18/20  
1504 Sofia  
Phone: +359-2-91 985 101  
Fax: +359-2-94 345 28  
SWIFT/BIC: RZBBBGSF  
www.rbb.bg

## Croatia

**Raiffeisenbank Austria d.d.**  
Petrinjska 59  
10000 Zagreb  
Phone: +385-1-45 664 66  
Fax: +385-1-48 116 24  
SWIFT/BIC: RZBHHR2X  
www.rba.hr

## Czech Republic

**Raiffeisenbank a.s.**  
Hvězdova 1716/2b  
14078 Prague 4  
Phone: + 420-234-405-222  
Fax: +420-234-402-111  
SWIFT/BIC: RZBCCZPP  
www.rb.cz

## Hungary

**Raiffeisen Bank Zrt.**  
Akadémia utca 6  
1054 Budapest  
Phone: +36-1-48 444-00  
Fax: +36-1-48 444-44  
SWIFT/BIC: UBRTHUHB  
www.raiffeisen.hu

## Kosovo

**Raiffeisen Bank Kosovo J.S.C.**  
Rruga UÇK, No. 51  
10000 Pristina  
Phone: +381-38-22 222 2  
Fax: +381-38-20 301 130  
SWIFT/BIC: RBKOKXPR  
www.raiffeisen-kosovo.com

## Poland

**Raiffeisen Bank Polska S.A.**  
Ul. Piękna 20  
00-549 Warsaw  
Phone: +48-22-58 5-2000  
Fax: +48-22-58 5-2585  
SWIFT/BIC: RCBWPLPW  
www.raiffeisen.pl

## Romania

**Raiffeisen Bank S.A.**  
246 C Calea Floreasca  
014476 Bucharest  
Phone: +40-21-30 610 00  
Fax: +40-21-23 007 00  
SWIFT/BIC: RZBRROBU  
www.raiffeisen.ro

## Russia

### ZAO Raiffeisenbank

Smolenskaya-Sennaya Sq. 28  
119002 Moscow  
Phone: +7-495-72 1-9900  
Fax: +7-495-72 1-9901  
SWIFT/BIC: RZBMRUMM  
www.raiffeisen.ru

## Serbia

### Raiffeisen banka a.d.

Djordja Stanojevic 16  
11070 Novi Beograd  
Phone: +381-11-32 021 00  
Fax: +381-11-22 070 80  
SWIFT/BIC: RZBSRSBG  
www.raiffeisenbank.rs

## Slovakia

### Tatra banka, a.s.

Hodžovo námestie 3  
P.O. Box 42  
85005 Bratislava 55  
Phone: +421-2-59 19-1111  
Fax: +421-2-59 19-1110  
SWIFT/BIC: TATRSKBX  
www.tatrabanka.sk

## Slovenia

### Raiffeisen Banka d.d.

Zagrebska cesta 76  
2000 Maribor  
Phone: +386-2-22 931 00  
Fax: +386-2-30 344 2  
SWIFT/BIC: KREKSI22  
www.raiffeisen.si

## Ukraine

### Raiffeisen Bank Aval JSC

9, Vul Leskova  
01011 Kiev  
Phone: +38-044-49 088 88, +380 (800) 500 500  
Fax: +38-044-295-32 31  
SWIFT/BIC: AVALUAUK  
www.aval.ua

# Leasing companies

## Austria

### Raiffeisen-Leasing International GmbH

Am Stadtpark 3  
1030 Vienna  
Phone: +43-1-71 707-2071  
Fax: +43-1-71 707-76 2966  
www.rli.co.at

## Albania

### Raiffeisen Leasing Sh.a.

"European Trade Center"  
Bulevardi "Bajram Curri"  
Tirana  
Phone: +355-4-22 749 20  
Fax: +355-4-22 325 24  
www.raiffeisen-leasing.al

## Belarus

### JLLC "Raiffeisen-Leasing"

V. Khoruzhey 31-A  
220002 Minsk  
Phone: +375-17-28 9-9394  
Fax: +375-17-28 9-9974  
www.rl.by

## Bosnia and Herzegovina

### Raiffeisen Leasing d.o.o. Sarajevo

Danijela Ozme 3  
71000 Sarajevo  
Phone: +387-33-25 435 4  
Fax: +387-33-21 227 3  
www.rlbh.ba

## Bulgaria

### Raiffeisen Leasing Bulgaria OOD

Mladost 4, Business Park Sofia  
32A Cherni Vrah Blvd. Fl.6  
1407 Sofia  
Phone: +359-2-49 191 91  
Fax: +359-2-97 420 57  
www.rlbh.bg

## Croatia

### Raiffeisen Leasing d.o.o.

Radnicka cesta 43  
10000 Zagreb  
Phone: +385-1-65 9-5000  
Fax: +385-1-65 9-5050  
www.rl-hr.hr

## Czech Republic

### **Raiffeisen-Leasing s.r.o.**

Hvězdova 1716/2b  
140 78 Prague 4  
Phone: +420-221-511-611  
Fax: +420-221-511-666  
www.rl.cz

## Hungary

### **Raiffeisen Lízing Zrt.**

Késmark utca 11-13  
1158 Budapest  
Phone: +36-1-298 8000  
Fax: +36-1-298 8010  
www.raiffeisenlizing.hu

## Kazakhstan

### **Raiffeisen Leasing Kazakhstan LLP**

Shevchenko Str. 146, No. 12  
050008 Almaty  
Phone: +7-727-37 8-5430  
Fax: +7-727-37 8-5431  
www.rlkz.at

## Kosovo

### **Raiffeisen Leasing Kosovo**

Gazmend Zajmi n.n., Sunny Hill  
10000 Pristina  
Phone: +381-38-22 222 2  
Fax: +381-38-20 301 136  
www.raiffeisenleasing-kosovo.com

## Moldova

### **I.C.S. Raiffeisen Leasing S.R.L.**

Alexandru cel Bun 51  
2012 Chişinău  
Phone: +373-22-27 931 3  
Fax: +373-22-22 838 1  
www.raiffeisen-leasing.md

## Poland

### **Raiffeisen-Leasing Polska S.A.**

Ul. Prosta 51  
00-838 Warsaw  
Phone: +48-22-32 636-66  
Fax: +48-22-32 636-01  
www.rl.com.pl

## Romania

### **Raiffeisen Leasing IFN S.A.**

246 D Calea Floreasca  
014476 Bucharest  
Phone: +40-21-36 532 96  
Fax: +40-37-28 799 88  
www.raiffeisen-leasing.ro

## Russia

### **OOO Raiffeisen-Leasing**

Stanislavskogo Str. 21/1  
109004 Moscow  
Phone: +7-495-72 1-9980  
Fax: +7-495-72 1-9572  
www.raiffeisen-leasing.ru

## Serbia

### **Raiffeisen Leasing d.o.o.**

Djordja Stanojevica 16  
11070 Novi Beograd  
Phone: +381-11-220 7400  
Fax: +381-11-228 9007  
www.raiffeisen-leasing.rs

## Slovakia

### **Tatra-Leasing s.r.o.**

Černyševského 50  
85101 Bratislava  
Phone: +421-2-59 19-3168  
Fax: +421-2-59 19-3048  
www.tatraleasing.sk

## Slovenia

### **Raiffeisen Leasing d.o.o.**

Letališka cesta 29a  
SI-1000 Ljubljana  
Phone: +386 1 241-6250  
Fax: +386 1 241-6268  
www.rl-sl.si

## Ukraine

### **LLC Raiffeisen Leasing Aval**

9, Moskovskiyi Av.  
Build. 5 Office 101  
04073 Kiev  
Phone: +38-044-59 024 90  
Fax: + 38-044-20 004 08  
www.rla.com.ua

## Branches and representative offices - Europe

### France

#### **RBI Representative Office Paris**

9-11 Avenue Franklin D. Roosevelt  
75008 Paris

Phone: +33-1-45 612 700

Fax: +33-1-45 611 606

### Germany

#### **RBI Frankfurt Branch**

Mainzer Landstraße 51  
60329 Frankfurt

Phone: +49-69-29 921 918

Fax: +49-69-29 921 9-22

### Sweden

#### **RBI Representative Office Nordic Countries**

Drottninggatan 89, 14<sup>th</sup> floor  
113 60 Stockholm

Phone: +46-8-440 5086

Fax: +46-8-440 5089

### UK

#### **RBI London Branch**

10 King William Street

London EC4N 7TW

Phone: +44-20-79 33-8000

Fax: +44-20-79 33-8099

## Branches and representative offices – Asia and America

### China

#### **RBI Beijing Branch**

Beijing International Club Suite 200  
2<sup>nd</sup> floor

Jianguomenwai Dajie 21

100020 Beijing

Phone: +86-10-65 32-3388

Fax: +86-10-65 32-5926

#### **RBI Representative Office Harbin**

Room 1104, Pufa Plaza No. 209

Chang Jiang Street

Nang Gang District

150090 Harbin

Phone: +86-451-55 531 988

Fax: +86-451-55 531 988

#### **RBI Hong Kong Branch**

Unit 2102, 21<sup>st</sup> Floor,

Tower One, Lippo Centre

89 Queensway, Hong Kong

Phone: +85-2-27 30-2112

Fax: +85-2-27 30-6028

#### **RBI Xiamen Branch**

Unit B, 32/F, Zhongmin Building,

No. 72 Hubin North Road,

Xiamen, Fujian Province

361013, P.R. China

Phone: +86-592-26 2-3988

Fax: +86-592-26 2-3998

#### **RBI Representative Office Zhuhai**

Room 2404, Yue Cai Building

No. 188, Jingshan Road, Jida,

Zhuhai, Guangdong Province

519015, P.R. China

Phone: +86-756-32 3-3500

Fax: +86-756-32 3-3321

### India

#### **RBI Representative Office Mumbai**

803, Peninsula Heights

C.D. Barfiwala Road, Andheri (W)

400 058 Mumbai

Phone: +91-22-26 230 657

Fax: +91-22-26 244 529

## Korea

### **RBI Representative Office Korea**

# 1809 Le Meilleur Jongno Tower  
24 Jongno 1-ga  
Seoul 110-888  
Republic of Korea  
Phone: +82-2-72 5-7951  
Fax: +82-2-72 5-7988

## Malaysia

### **RBI Labuan Branch**

Licensed Labuan Bank No. 110108C  
Level 6 (1E), Main Office Tower  
Financial Park  
Labuan  
Phone: +607-29 1-3800  
Fax: +607-29 1-3801

## Singapore

### **RBI Singapore Branch**

One Raffles Quay  
#38-01 North Tower  
Singapore 048583  
Phone: +65-63 05-6000  
Fax: +65-63 05-6001

## USA

### **RB International Finance (USA) LLC**

1133 Avenue of the Americas,  
16<sup>th</sup> Floor  
10036 New York  
Phone: +01-212-84 541 00  
Fax: +01-212-94 420 93

### **RZB Austria Representative Office New York**

1133 Avenue of the Americas,  
16<sup>th</sup> Floor  
10036 New York  
Phone: +01-212-59 3-7593  
Fax: +01-212-59 3-9870

## Vietnam

### **RBI Representative Office Ho-Chi-Minh-City**

35 Nguyen Hue Str.,  
Harbour View Tower  
Room 601A, 6<sup>th</sup> Floor, Dist 1  
Ho-Chi-Minh-City  
Phone: +84-8-38 214 718, +84-8-38 214 719  
Fax: +84-8-38 215 256

# Raiffeisen Zentralbank AG

## Austria

Am Stadtpark 9  
1030 Vienna  
Phone: +43-1-26 216-0  
Fax: +43-1-26 216-1715  
www.rzb.at

## Selected Raiffeisen Specialist Companies

### **Kathrein Privatbank Aktiengesellschaft**

Wipplingerstraße 25  
1010 Vienna  
Phone: +43-1-53 451-300  
Fax: +43-1-53 451-8000  
www.kathrein.at

### **Raiffeisen Centrobank AG**

Tegetthoffstraße 1  
1015 Vienna  
Phone: +43-1-51 520-0  
Fax: +43-1-51 343-96  
www.rcb.at

### **ZUNO BANK AG**

Muthgasse 26  
1190 Vienna  
Phone: +43-1-90 728 88-01  
www.zuno.eu

# Raiffeisen in the Czech Republic

## Raiffeisen stavební spořitelna a.s.



Raiffeisen stavební spořitelna (RSTS) was founded in 1993 as the first building society in the Czech Republic. For more than 20 years, it has arranged for clients favourable building savings, housing loans, and comprehensive financial advice. In 1998, the company became a part of the strong Raiffeisen financial group, which operates in 37 countries around the world. A milestone in the history of the company occurred in 2008 when it merged with HYPO stavební spořitelna. During the same year, the ownership structure of RSTS was changed for both shareholders, and currently, Raiffeisen Bausparkassen Holding GmbH owns a 90% share, and Raiffeisenbank a.s. holds the remaining 10%.

Raiffeisen stavební spořitelna is a traditional but modern bank with branches throughout the Czech Republic. In more than 200 consultancy locations and also through the branches of its business partners, RSTS offers its clients comprehensive solutions for quality housing, as well as securing families, assets and retirement.

Raiffeisen stavební spořitelna a.s.  
 Koněvova 2747/99  
 130 45 Prague 3  
 Tel: 271 031 111  
 Fax: 222 581 156  
 Email: rsts@rsts.cz  
 www.rsts.cz  
 Toll-free info line: 800 11 22 11

RSTS received a number of prestigious awards in 2014. In May, it was awarded second place in the 12th year of the prestigious survey for the best financial products of the year, Zlatá koruna 2014. The company received a silver crown in the category of people's choice. In November, RSTS defended its first place position in the award for the best digital projects of the year, WebTop 100 awards, for its web pages. This year, RSTS received another first place across the categories for the best Mobile Web of the year.

Corporate social responsibility through non-profit projects is an integral part of RSTS's everyday activities. The majority of the assistance each year goes to projects that help support housing needs. Most of the funds went to the now traditional employee charity. In 2014, employees contributed CZK 400,000 to selected projects. Thanks to these, the long-term assistance continued to Diaconia of the Evangelical Church of Czech Brethren. In addition, construction work was finished for the Centre for Mistreated and Abandoned Women ROSA, the Sue Rider retirement home, or the civil association Cesta domů.



## UNIQA pojišťovna

UNIQA pojišťovna, a.s. commenced its operations on the Czech insurance market in 1993, originally under the name Česko-rakouská pojišťovna. The company changed its name to UNIQA pojišťovna in 2001 as a part of the international strategy of the parent concern to integrate the company's identity under the UNIQA brand name. 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 19 countries throughout Europe and serves more than 11 million clients.

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 the insurance needs of all private and corporate clients.

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 170 business locations throughout the Czech Republic. Its portfolio includes more than 720,000 insurance policies. Annual prescribed premiums in 2014 were approximately CZK 5.5 billion.

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

UNIQA pojišťovna has closely cooperated with the Raiffeisen group for many years. This cooperation has also successfully expanded in other European countries where both brands are active on the financial market. Insurance is an integral part of financial services, and hence UNIQA pojišťovna has prepared optimal products for this purpose, such as leasing, credit and mortgage transactions.

The same as in previous years, UNIQA continued the successful sale of life insurance at the Raiffeisenbank branch offices under the brand Raiffeisen life insurance DIVIDENDA. In 2014, bankers concluded nearly 3,000 life insurance policies with clients, and total annual premiums reached close to CZK 33 million. Great success was achieved once again in the sale of property insurance primarily to Raiffeisenbank's mortgage clients. Increased market interest in mortgages was reflected in the results of prescribed premiums, which amounted to approximately CZK 55 million. A total of 5,300 insurance policies have been opened. An important product relating to bank insurance is casualty insurance offered with the eKonto bank account for private individuals. This product continues to produce a positive response from clients, and the company has secured 75,000 clients since its establishment. Significant results were also reached in the sale of insurance with payment cards issued by Raiffeisenbank. Clients may select with their payment cards travel insurance, purchasing insurance, insurance for financial damage incurred by the misuse of payment cards, or insurance for withdrawn credit card amounts.

In 2014, CZK 250 million was prescribed to premiums for the sale of insurance products at Raiffeisenbank.

## Raiffeisen investiční společnost



Raiffeisen investiční společnost (RIS) commenced its operations in mid-2013 upon listing its two first funds on the capital market. For the first partial business year 2013, RIS managed to issue mutual funds for more than CZK 1.8 billion. During the successful business year 2014, RIS managed to issue mutual funds for another CZK 5.4 billion and to expand its portfolio to nine offered funds.

RIS funds now offer a full scale of investment opportunities for all types of investors depending on their risk profile. In addition to funds for conservative investors (e.g. Raiffeisen bond stability fund), potential investors may also select funds with a higher level of risk (e.g. Raiffeisen stock market fund). As an alternative to pension savings, more and more clients are taking advantage of the Raiffeisen regular investment fund. For the FWR private banking clients, RIS has prepared two special funds geared exclusively to wealthier clientele.

Raiffeisen investiční společnost a.s.  
Hvězdova 1716/2b, Postal code 140 78 Prague 4  
Phone: +420 844 100 900  
E-mail: info@rb.cz, www.rfis.cz

An important event in 2014 was the successful launch of the cross-border merger of the Austrian RCM crown funds with their Czech mirror funds. Thanks to this step, transparent and client-friendly funds sold to clients in the Czech Republic were created. A secondary effect of the merger was the treatment of potential tax risks for Czech clients investing in Austrian tax-transparent funds. In addition, the assets managed in the individual funds have sharply increased. This allows more effective, and for clients, even more profitable management of their funds. The overall volume of investments in RIS funds reached CZK 9.4 billion by the end of 2014.

In October 2014, there was a change in the CEO position at the company when an experienced manager from the RB group, Jaromír Sladkovský, was hired for this position. The company has registered capital of CZK 40 million, which is divided into 40 book-entry registered shares with a nominal value of CZK 1,000,000 each. The 100% shareholder is Raiffeisenbank a.s.



## Raiffeisen-Leasing, s.r.o..

Raiffeisen-Leasing, s.r.o., founded in 1994, offers companies and individuals comprehensive services for financing their investment needs, such as a wide range of movables as well as real estate and development projects. Raiffeisen-Leasing's partner institutions are Raiffeisenbank a. s. and Raiffeisen-Leasing International GmbH Wien. The company is a member of the Czech Leasing and Financial Association and the Czech-German Chamber of Industry and Commerce.

Effective from 1 January 2015, Raiffeisen-Leasing Real Estate, s.r.o. was merged by acquisition with Raiffeisen-Leasing, s.r.o., which is the successor company. With this step, two successful leasing companies in the Raiffeisen financial group have joined together into one strong entity which offers on the Czech market a unique spectrum of financing for fixed assets, such as real estate and developer financing, financing of machinery, equipment, freight vehicles and tractors, locomotives, boats and aircraft, as well as the financing and fleet management of private and commercial vehicles.

In 2014, Raiffeisen-Leasing expanded its business objectives to include the financing of private and commercial vehicles and very successfully introduced its new product to the market – fleet management and operative leasing with services for vehicles up to 3.5 tonnes.

In 2014, Raiffeisen-Leasing and Raiffeisen-Leasing Real Estate managed to finance commodities and real estate for a total purchase-price volume of CZK 5.207 billion, which is an increase of almost 54% year-on-year. The purchase-price volume for new commercial cases rose by more than 110% during the past two years.

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

The net profit for both companies (according to the IFRS) rose by 42% in comparison with 2013, following one-off adjustments to profit in 2013, such as the sale of a share in Raiffeisen-Leasing Real Estate and the accounting impact from hedging. This was the most successful year in the history of Raiffeisen-Leasing.

In 2014, Raiffeisen-Leasing continued to strengthen its business team and continued in the process of changes with the goal of optimising internal processes, utilising synergies, and improving cooperation with the business networks of Raiffeisenbank and Raiffeisenbank International. Thanks to this, the company again managed to significantly increase the volume of financing for banking clients through leasing financial products in comparison with the previous year.

In the area of real estate, Raiffeisen-Leasing was also successful in implementing projects as the financing partner and development activities. For example, Building B of the commercial centre H-Park Brno was successfully put into operation in Brno in 2014, construction of the new Austrian high school was launched in Prague Modřany, and the construction of row houses continued in Prague Písnice.

In 2015, Raiffeisen-Leasing will find additional suitable market opportunities for financing its clients' investment needs, will focus on acquisition and expanding transport financing, and will continue to improve its cooperation with Raiffeisenbank. The company will also focus on promoting the development of vendor programmes and the retention programme for existing clients and optimising processes with the goal of increasing customer satisfaction.

# Raiffeisenbank's branches:

Branch	Address	Phone
Beroun	Husovo náměstí 45, 266 01 Beroun	311 600 026
Brno - Campus	Netroufalky 770, 625 00, Brno	518 700 711
* Brno - Česká	Česká 12, 604 46 Brno	517 545 111
Brno - Masarykova	Masarykova 30, 602 00 Brno	532 196 823
Brno - Gaute	Lidická 26, 602 00 Brno	532 195 620
* Brno - Jánská	Jánská 1/3, 601 00 Brno	542 221 370
Brno - Královo Pole	Malátova 2, 612 00 Brno - Královo Pole	517 546 153
Brno - Nám. Svobody	Nám. Svobody 2, 602 00 Brno	531 022 900
Brno - Olympia	Olympia, U dálnice 777, 664 42 Modřice	547 243 868
Brno - Union	Vídeňská 281/77, 639 00 Brno	542 424 811
Brno - Globus	Hradecká 408/40, 621 00 Brno - Ivanovice	549 122 411
Česká Lípa	Nám. T.G.M 193, 470 01 Česká Lípa	487 525 704
České Budějovice - Lannova třída	Lannova třída 51/23, 370 01, České Budějovice	383 709 011
České Budějovice - Nám. P. Otakara	Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice	386 707 411
České Budějovice - Milady Horákové	Milady Horákové 1498, 370 05 České Budějovice	385 790 111
* České Budějovice - Hroznová	Hroznová 7, 370 01 České Budějovice	386 357 815
Český Krumlov	Náměstí Svornosti 15, 381 01 Český Krumlov	380 712 705
Děčín	Myslbekova 3/84, 405 01 Děčín	412 510 057
Domažlice	Msgr. B. Staška 68, 344 01 Domažlice	379 775 911
Frýdek-Místek	J. V. Sládka 84, 738 02 Frýdek Místek	558 441 310
Haviřov	Hlavní třída 438/73, 736 01 Haviřov	596 808 311
* Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 811
* Hradec Králové V Kopečku	V Kopečku 75, 500 01 Hradec Králové	495 069 666
Hradec Králové - TESCO	Rašínova třída 1669, 500 02, Hradec Králové	498 511 011
Hradec Králové - S.K.Neumanna	S.K.Neumanna 487, 500 01 Hradec Králové	493 334 111
Cheb	Májová 16, 350 02 Cheb	354 433 629
* Chomutov	Žižkovo náměstí 120, 430 01 Chomutov	474 930 909
Jablonec nad Nisou	Komenského 8, 466 01 Jablonec nad Nisou	483 737 141
* Jihlava	Masarykovo náměstí 35, 586 28 Jihlava	567 578 911
* Karlovy Vary	Krále Jiřího 39, 360 01 Karlovy Vary	353 167 777
Karviná	Masarykovo nám. 28/15, 733 01, Karviná	597 497 711
Kladno	Osvobozených politických vězňů 656, 271 01 Kladno 1	312 709 412
* Kolín	Kutnohorská 43, 280 02 Kolín	321 338 982
* Liberec Na Rybníčku	Na Rybníčku 1, 460 01 Liberec	485 340 033
Liberec Jánská	Jánská 9, 460 01 Liberec	482 711 730
Liberec Pražská	Pražská 6, 460 01 Liberec	483 519 080
* Mladá Boleslav TGM	T. G. Masaryka 1009, 293 01 Mladá Boleslav	326 700 981
Mladá Boleslav - Bondy	V. Klementa 1459, 293 01 Mladá Boleslav	326 509 611
Most	Budovatelů 1996, 434 01 Most	476 140 211
Olomouc Nár. Hrdinů	nám. Národních hrdinů 1, 771 11 Olomouc	585 206 900
* Olomouc Nár. dům	Národní dům, 8. Května 464/21, 722 00 Olomouc	582 800 400
Olomouc Horní lán	Horní lán 1328/6, 779 00 Olomouc	582 800 901
Opava	Horní náměstí 32, 746 01 Opava	553 759 311
Ostrava - Nová Karolina PARK	28.října 3348/65, 702 00 Ostrava	597 011 541
Ostrava Poruba	Opavská 6230/29a, 708 00 Ostrava - Poruba	596 912 835
* Ostrava - Dlouhá	Dlouhá 3, 702 00 Ostrava	596 111 863
Ostrava - Nová Karolína	Jantarová 3344/4, Forum Nová Karolína, 702 00 Ostrava 2	596 664 171
Ostrava - Tesco	Sjízdná 2, 721 00 Ostrava	596 966 432

Branch	Address	Phone
Ostrava - Kotva	Výškovická 114, 702 00 Ostrava	596 797 011
Ostrava - Avion	Rudná 114/3114, Avion Shopping Park, 700 30 Ostrava	558 944 011
Pardubice K Polabinám	K Polabinám 1893-4, 530 02 Pardubice	466 512 486
* Pardubice	17. listopadu 238, 530 02 Pardubice	466 610 016
Písek	Velké náměstí 116, 397 01 Písek	382 759 111
Plzeň Americká 1	Americká 1, 306 29 Plzeň	377 236 582
Plzeň Americká 66	Americká 66, 306 29 Plzeň	377 279 411
* Plzeň Bedřicha Smetany	Bedřicha Smetany 11, 301 00 Plzeň	377 222 830
Plzeň - Olympia	Písecká 1, 301 00 Plzeň	377 462 493
Praha 1 - Astra	Václavské náměstí 773/4, 110 00, Praha 1	234 093 311
Praha 1 - Národní	Národní 9, 110 00 Praha 1	221 411 911
Praha 1 - Vodičkova	Vodičkova 38, 111 21 Praha 1	221 141 261
Praha 1 - Jalta	Václavské náměstí 43, 110 00 Praha 1	222 115 590
Praha 1 - Na Poříčí	Na Poříčí 37, 110 00 Praha 1	222 311 612
Praha 1 - Palladium	Náměstí Republiky 1, 110 00 Praha 1	225 376 500
Praha 1 - Spálená	Spálená 16, 110 00 Praha 1	224 948 883
Praha 1 - Na Příkopě	Na Příkopě 24, 110 00 Praha 1	225 374 011
Praha 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 náměstí	Karlovo náměstí 10, 120 00 Praha 2	224 900 711
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 Syнкů	Náměstí Bratří Syнкů 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 - Petřilkova	Petržilkova 2706/30, 158 00, Praha 5	296 334 011
Praha 5 - Zličín	Metropole Zličín, Řevnická 1/121, 150 00 Praha 5	226 082 264
Praha 5 - Zlatý Anděl	Nádražní 23, 150 00 Praha 5	251 510 444
Praha 6 - Dejvická	Dejvická 11, 160 00 Praha 6	233 089 711
Praha 6 - Evropská	Evropská 136, 160 00 Praha 6	234 715 111
Praha 6 - 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 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

Branch	Address	Phone
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 - Štěrboholy	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	Hlaváčkovo náměstí 3, 796 01 Prostějov	582 400 800
Přerov	Komenského 758/11, 750 02, Přerov	587 800 911
Říčany	Masarykovo nám. 155, 251 01 Říčany	323 209 011
* Šumperk	17. listopadu 9, 787 01 Šumperk	583 219 734
* Tábor	Bílková 960, 390 02 Tábor	381 201 611
Teplice 28. října	28. října 7, 415 01 Teplice	417 816 061
Teplice Náměstí Svobody	Nám. Svobody 3316, 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	Forum, Bílinská 3490/6, 400 01 Ústí nad Labem	478 050 111
* Zlín Kvítková	Kvítková 552, 760 01 Zlín	577 008 040
Zlín Náměstí Míru	Nám. Míru 9, 760 01 Zlín	577 011 124
Znojmo	Obroková 15, 669 02 Znojmo	515 209 711
* Žďár nad Sázavou	Náměstí Republiky 42, 591 01 Žďár nad Sázavou	566 652 711

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Frýdek-Místek	J. V. Sládka 84, 738 02 Frýdek Místek	558 441 310
Hradec Králové	V Kopečku 75, 500 01 Hradec Králové	495 069 677
Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 811
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
Most	Budovatelů 1996, 434 01 Most	476 140 211
Olomouc	8. května 21, Olomouc	582 800 400
Opava	Horní náměstí 32, 746 01 Opava	553 759 311
Ostrava	Dlouhá 3, 702 00 Ostrava	596 128 863
Ostrava Poruba	Opavská 6230/29a, 708 00 Ostrava - Poruba	596 912 835
Pardubice	K Polabinám 1893-4, 530 02 Pardubice	467 002 510
Plzeň	Americká 1, 306 29 Plzeň	379 305 542
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 1 - Vodičkova	Vodičkova 38, 111 21 Praha 1	221 141 261
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
Tábor	Bílková 960, 390 02 Tábor	381 201 611
Ústí nad Labem	Pařížská 20, 400 01 Ústí nad Labem	475 237 186
Znojmo	Obroková 15, 669 02 Znojmo	515 209 711
Zlín	Kvítková 552, 760 01 Zlín	577 008 042

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