

**Unaudited financial statements of
Raiffeisenbank Austria d.d. Zagreb
for the period 01/01/2009 – 31/03/2009**

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1. MANAGEMENT REPORT FOR THE FIRST QUARTER OF 2009

- **RBA profit after taxation 112 million kuna**
- **Total RBA assets 39.6 billion kuna**

Raiffeisenbank Austria d.d (RBA) prepared a financial statement for the first quarter of 2009 in accordance with the financial reporting standards applicable to banks in Croatia. In the reporting period, it made a profit before taxation of 122 million kuna, representing a reduction by 9% over the same period a year ago, while its net profit amounts to 112 million kuna.

The Bank's total income of 497 million kuna exceeded that in the same year-ago period by 164 million kuna. That increase was helped to a large extent by 76 million kuna in income from investment in the associated companies. A 12 million kuna fall in profit before taxation compared to a year ago resulted from an increase in operating costs and depreciation by 10 million kuna while only two million kuna is attributable to total income less provisioning. Larger operating costs and depreciation are a result of the expansion of the Bank's branch network which continued this year, despite deteriorating business conditions.

Provisions for impairment losses totalled 134 million kuna, stemming from deteriorating business conditions amid recession in both the global and the local economy.

Net interest income totalled 258 million kuna, 25 million kuna or 10.7% more than in the same year-ago period. Even though the interest expenditure growth rate of 14% exceeded the rate of the interest income growth, an increase of interest bearing assets led to a higher net interest income. A negative trend visible in the growth of financing costs continued this year, with a hike in deposit rates exerting continuous pressure on a subsequent lending rate increase.

Net fee and commission income in the amount of 78 million kuna exceeded last year's by 4 million kuna or 5.0%. While fee income shrank due to reduced investment banking income and income from the sale of non-banking financial products, the net increase of fee and commission income was possible thanks to lower costs, as a result of increased efficiency. Transaction banking fees are the largest single source of fees income, with no major changes in transaction banking income and costs compared to the same year-ago period.

Net trading profit and other operating income less income from the investment in associated companies came in at 59 million kuna, 36 million kuna higher than in the same period a year ago. Its increase is primarily a result of reduced losses in the valuation of the trading portfolio and financial derivative.

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Operating costs totalled 208 million kuna, or 5.0% more than a year ago, due to the network expansion but also as a result of a higher basis for the calculation of the deposit insurance cost.

At the end of the first quarter of 2009, the Bank's assets stood at 39.6 billion kuna – a fall by 2.0% compared to the end of last year.

Net loans to customers, totalling 26.4 billion kuna, rose by 0.5 billion kuna or 2.1% from the end of 2008.

As far as the structure of funding sources is concerned, there was a decline of deposits in the amount of 0.7 billion kuna compared to the end of last year, arising from the position of corporate transaction accounts. An erosion of liquidity at the level of the economy in the first quarter of 2009 thus led to a reduction of the Bank's funding sources.

In Zagreb, 8th May, 2009
Management Board Member
Vlasta Žubrinić-Pick

1 Unconsolidated balance sheet as of 31 March 2009

		31.03.2009.	31.03.2008.
		HRK	HRK
Assets			
1	Cash and deposits with CNB	4,581,812,026	4,388,570,639
1.1	Cash	315,591,891	417,412,256
1.2	Deposits with CNB	4,266,220,135	3,971,158,383
2	Deposits with banking institutions	948,334,114	2,249,055,991
3	Treasury bills of Ministry of Finance and treasury bills of CNB	975,998,511	1,021,462,088
4	Securities and other financial instruments held for trading	3,391,417,427	3,870,278,541
5	Securities and other financial instruments available for sale	10,704,191	10,022,392
6	Securities and other financial instruments held to maturity	803,416,748	793,827,456
7	Securities and other financial instruments that are not traded on active markets at fair value through profit and loss	359,123,745	361,524,479
8	Derivative financial assets	94,397,858	30,500,766
9	Loans to financial institutions	616,487,712	338,160,631
10	Loans to other clients	26,392,337,444	25,858,204,815
11	Investments in subsidiaries, affiliated companies and joint ventures	210,745,300	210,745,300
12	Reposessed assets	283,453	283,453
13	Tangible and intangible assets (minus depreciation and amortisation)	628,894,607	652,059,831
14	Interests, fees and other assets	563,602,965	593,412,368
A	Total assets	39,577,556,101	40,378,108,750

1 Unconsolidated balance sheet as of 31 March 2009 (continued)

		31.03.2009.	31.03.2008.
		HRK	HRK
Liabilities and equity			
1	<i>Borrowings from financial institutions</i>	2,044,583,774	3,018,423,134
1.1	Short-term borrowings	1,156,024,471	2,142,125,973
1.2	Long-term borrowings	888,559,303	876,297,161
2	<i>Deposits</i>	22,468,251,390	23,205,528,673
2.1	Deposits on giro-accounts and current accounts	3,262,350,800	4,135,037,479
2.2	Savings deposits	2,455,010,912	2,472,936,294
2.3	Term deposits	16,750,889,678	16,597,554,900
3	<i>Other borrowings</i>	8,080,362,607	7,220,007,121
3.1	Short-term borrowings	1,685,413,207	1,302,205,198
3.2	Long-term borrowings	6,394,949,400	5,917,801,923
4	Derivative financial liabilities and other trading financial liabilities	231,219,804	384,401,755
5	<i>Issued debt securities</i>	93,683,000	99,683,000
5.1	Issued short-term debt securities	-	-
5.2	Issued long-term debt securities	93,683,000	99,683,000
6	Issued subordinated instruments	-	-
7	Issued subordinated debt	-	-
8	Interests, fees and other liabilities	1,139,242,286	1,043,498,097
B	Total liabilities	34,057,342,861	34,971,541,780
	Equity		
1	Share capital	3,701,120,061	3,701,120,061
2	Current year gain/loss	112,964,471	500,810,031
3	Retained earnings/(loss)	1,162,399,755	736,335,477
4	Legal reserves	172,246,003	97,500,250
5	Statutory and other capital reserves	363,835,853	363,835,853
6	Unrealised gain /(loss) from available for sale fair value adjustment	7,647,097	6,965,298
C	Total equity	5,520,213,240	5,406,566,970
D	Total liabilities and equity	39,577,556,101	40,378,108,750

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2 Unconsolidated income statement for the period ended 31 March 2009		31.03.2009.	31.03.2008.
		HRK	HRK
1	Interest income	667,883,522	591,834,148
2	(Interest expenses)	(410,091,521)	(358,908,533)
3	Net interest income	257,792,001	232,925,615
4	Commission and fee income	100,932,126	106,807,347
5	(Commission and fee expenses)	(23,178,658)	(32,782,583)
6	Net commission and fee income	77,753,468	74,024,764
7	Gain/(loss) from investments in subsidiaries, affiliated companies and joint ventures	-	-
8	Gain/(loss) from trading activities	(31,880,777)	(46,903,822)
9	Gain/(loss) from embedded derivatives	25,217	-
10	Gain/(loss) from financial assets not traded on active markets at fair value through profit and loss	(4,384,352)	(4,531,231)
11	Gain/(loss) from financial assets available for sale	-	-
12	Gain/(loss) from financial assets held to maturity	-	-
13	Gain/(loss) from hedging transactions	-	-
14	Income from investments in subsidiaries, affiliated companies and joint ventures	76,000,000	-
15	Income from other equity investments	354,011	3,825
16	Gain/(loss) from foreign exchange differences	94,652,162	74,098,523
17	Other income	26,958,756	3,245,187
18	Other expenses	(32,640,520)	(10,632,191)
19	General and administrative expenses, depreciation and amortization	(208,422,180)	(198,454,519)
20	Net income before value adjustments and provisions for losses	256,207,786	123,776,151
21	Expenses from value adjustments and provisions for losses	(133,960,566)	10,394,837
22	Profit/(loss) before tax	122,247,220	134,170,988
23	Income tax	(9,282,749)	(29,502,840)

24	Current year profit/(loss)	112,964,471	104,668,148
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Unconsolidated statement of cash flow for the period ended 31 March 2009

	31.03.2009.	31.03.2008.
	HRK	HRK
Operating activities		
1.1. Gain/(loss) before tax	122,247,220	134,170,989
1.2. Value adjustments and provisions for losses	133,960,566	(10,394,837)
1.3. Depreciation and amortization	32,361,182	28,789,698
1.4. Net unrealised (gain)/loss from financial assets and liabilities at fair value through profit and loss	5,174,031	4,989,891
1.5. Gain/(loss) from tangible assets sale	2,531,602	1,949,309
1.6. Other (gains)/losses	(111,990,922)	(357,477,199)
1. Operating cash flow before operating assets movements	184,283,679	(197,972,149)
2.1. Deposits with CNB	(6,872,721)	(1,543,400,148)
2.2. Treasury bills of Ministry of Finance and treasury bills of CNB	45,463,577	45,738,358
2.3. Deposits with banking institutions and loans to financial institutions	(58,640,352)	293,343,285
2.4. Loans to other clients	(355,984,404)	(722,346,805)
2.5. Securities and other financial instruments held for trading	547,327,796	(493,224,799)
2.6. Securities and other financial instruments available for sale	-	-
2.7. Securities and other financial instruments that are not traded on active markets at fair value through profit and loss	8,769,628	30,146,277
2.8. Other operating assets	(41,533,364)	51,584,040
2. Net (increase)/decrease in operating assets	138,530,160	(2,338,159,793)
Increase/(decrease) in operating liabilities		
3.1. Demand deposits	(872,686,679)	(564,194,407)
3.2. Savings and term deposits	(254,874,825)	(629,812,467)
3.3. Derivative financial liabilities and other trading liabilities	(153,181,951)	56,969,295
3.4. Other liabilities	96,089,509	169,645,702
3. Net increase/(decrease) in operating liabilities	(1,184,653,946)	(967,391,877)
4. Net cash flow form operating activities before profit tax paying	(861,840,107)	(3,503,523,820)

**Unconsolidated statement of cash flow for the period ended 31
March 2009 (continued)**

	31.03.2009.	31.03.2008.
5. Paid profit tax	(29,369,601)	(29,502,840)
6. Net inflows/(outflows) of cash from operating activities	(891,209,708)	(3,533,026,660)
Investing activities		
7.1. Receipts from sale/(payments for purchasing) tangible and intangible assets	(33,538,312)	(31,119,523)
7.2. Receipts from sale /(payments for buying) investments in subsidiaries, affiliated companies and joint ventures	-	-
7.3. Receipts from collection/(payments for buying) securities and other financial instruments held to maturity	-	-
7.4. Received dividends	76,354,011	3,825
7.5. Other receipts/(payments) form investment activities	70,359,192	60,246,001
7. Net cash flow from investing activities	113,174,890	29,130,303
Financial activities		
8.1. Net increase/(decrease) in borrowings	(247,670,825)	399,394,028
8.2. Net increase/(decrease) in issued debt securities	(6,000,000)	(4,700,000)
8.3. Net increase/(decrease) in subordinated and subordinated debt	-	-
8.4. Receipts from issued share capital	-	1,464,800,000
8.5. (Dividends paid)	-	-
8.6. Other receipts/(payments) from financial activities	-	-
8. Net cash flow from financial activities	(253,670,825)	1,859,494,028
9. Net increase/(decrease) in cash and cash equivalents	(1,031,705,642)	(1,644,402,329)
10. Effects from foreign exchange rates changes on cash and cash equivalents	46,651,912	(57,797,285)
11. Net increase/(decrease) in cash and cash equivalents	(985,053,731)	(1,702,199,614)
12. Cash and cash equivalents at the beginning of the year	3,726,372,966	5,896,868,817
13. Cash and cash equivalents at the and of the year	2,741,319,235	4,194,669,204

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Unconsolidated statement of changes in equity for the year 2009

	Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Current year profit/loss	Unrealised gain/losses from available for sale financial assets fair value adjustment	Total capital and reserves
1. Balance at 1 January 2008	2,194,132,000	(698,475)	471,310,362	956,645,862	-	-	3,621,389,750
2. Changes of Accounting policies and error corrections	-	-	-	-	-	-	-
3. Restated current year balance	2,194,132,000	(698,475)	471,310,362	956,645,862	-	-	3,621,389,750
4. Sale of financial assets available for sale	-	-	-	-	-	-	-
5. Fair value changes of financial assets available for sale	-	-	-	-	-	6,965,298	6,965,298
6. Tax on items directly recognised or transferred from capital and reserves	-	-	-	-	-	-	-
7. Other gains or losses directly recognised in capital and reserves	-	-	-	-	-	-	-
8. Net gains/losses directly recognised in capital and reserves	-	-	-	-	-	6,965,298	6,965,298
9. Current year gain/(loss)	-	-	-	-	500,810,031	-	500,810,031
10. Total income and expenses recognised for the current year	-	-	-	-	500,810,031	6,965,298	507,775,329
11. Increase/ (decrease) in share capital	1,504,800,000	-	-	-	-	-	1,504,800,000
12. Buying/(sale) of treasury shares	-	(9,313,464)	-	-	-	-	(9,313,464)
13. Other changes	-	-	2,225,741	-	-	-	2,225,741
14. Transfer to reserves	-	-	74,745,753	-	(74,745,753)	-	-
15. Dividends paid	-	-	-	(220,310,386)	-	-	(220,310,386)
16. Distribution of profit	-	-	74,745,753	(220,310,386)	(74,745,753)	-	(220,310,386)
17. Balance at 31 December 2008	3,698,932,000	(10,011,939)	548,281,856	736,335,476	426,064,278	6,965,298	5,406,566,970
1. Balance at 1 January 2009	3,698,932,000	(10,011,939)	548,281,856	736,335,476	426,064,278	6,965,298	5,406,566,970
2. Fair value changes of financial assets available for sale	-	-	-	426,064,278	(426,064,278)	681,799	681,799
3. Current year gain/(loss)	-	-	-	-	112,964,471	-	112,964,471
4. Balance at 31 March 2009	3,698,932,000	(10,011,939)	548,281,856	1,162,399,754	112,964,471	7,647,097	5,520,213,240

6. Statement of the persons responsible for the preparation of the quarterly financial statements

To the best of our knowledge and belief:

1. the abbreviated set of quarterly financial statements of Raiffeisenbank Austria d.d., prepared in accordance with applicable accounting standards for banks in the Republic of Croatia, gives a true and fair view of the assets and liabilities of Raiffeisenbank Austria d.d., of its profits and losses and of the financial position and operations
2. the management report represents a fair account of the results of Raiffeisenbank Austria d.d. Zagreb's operations and of its financial position

Executive Accounting and Tax Advisory
Division Director
Robert Kuzmanić

Management Board Member

Vlasta Žubrinić-Pick