

Reporting period:

**01.01.2009**

to

**30.09.2009**

**Quarterly financial report for credit institutions-TFI-KI**

Identification number (MB): **00901717**  
 Subjects identification number (MBS): **080002366**  
 Personal identification number (OIB):

Issuer company: **Raiffeisenbank Austria d.d. Zagreb**  
 Post office number and city: **10000 Zagreb**  
 Street and number: **Petrinjska 59**  
 E-mail address: **info@rba.hr**  
 Internet address: **www.rba.hr**

Code and name of municipality/city: **133**  
 Code and name of county: **21 City of Zagreb**  
 Number of employees: **2,515**  
 (as at the quarter-end)

Consolidated report: **YES** Code in NKD: **6419**

Companies included in consolidation (according to IFRS):

Headquarters:

MB:

<b>RAIFFEISEN LEASING d.d.</b>	<b>Radnička 43 , Zagreb</b>	<b>01464477</b>
<b>RAIFFEISEN INVEST d.o.o.</b>	<b>Magazinska 69 , Zagreb</b>	<b>01606328</b>
<b>RAIFFEISEN FACTORING d.o.o.</b>	<b>Radnička c. 41 , Zagreb</b>	<b>01650343</b>
<b>RAIFFEISEN CONSULTING d.o.o.</b>	<b>Petrinjska 59 , Zagreb</b>	<b>01473620</b>
<b>RAIFFEISEN MIROVINSKO OSIGURAVAJUĆE DRUŠTVO d.o.o.</b>	<b>Magazinska 69 , Zagreb</b>	<b>01639404</b>
<b>RAIFFEISEN MIROVINSKO DRUŠTVO ZA UPRAVLJANJE DOBROVOLJNIM MIROVINSKIM FONDOM d.o.o.</b>	<b>Magazinska 69 , Zagreb</b>	<b>01587528</b>
<b>RAIFFEISEN MIROVINSKO DRUŠTVO ZA UPRAVLJANJE OBVEZNIM MIROVINSKIM FONDOM d.d.</b>	<b>Magazinska 69 , Zagreb</b>	<b>01583484</b>
<b>RAIFFEISEN UPRAVLJANJE NEKRETNINAMA d.o.o.</b>	<b>Petrinjska 59 , Zagreb</b>	<b>01759922</b>

Accounting: \_\_\_\_\_  
 Contact person: **Kuzmanić Robert / Trbović Ljiljana**  
 (only name and surname of contact person is included)  
 Phone: **01/6174-180 i 6174-182** Fax: **01/4604-875**  
 E-mail address: **robert.kuzmanic@rba.hr, ljiljana.trbovic@rba.hr**  
 Surname and name: **Zdenko Adrović**  
 (person representing the company)

Documentation to be published:

1. Financial reports (balance, income statement, cash flow statement, statement on changes in equity and notes to financial statements)
2. Statement of person responsible for preparation of financial reports
3. Management Report on the condition of the company

M.P.

(signature of the President of the Management Board)

CONSOLIDATED BALANCE SHEET

as at

30.09.2009

Amounts in HRK thousand

Position name	AOP code	Previous period 31.12.2008.	Current period 30.09.2009.
1	3	4	5
<b>ASSETS</b>			
A) Cash and deposits with CNB	001	4,388,580	4,243,814
I. Cash	002	417,422	344,137
II. Deposits with CNB	003	3,971,158	3,899,677
B) deposits with banks	004	2,374,287	3,803,217
C) Treasury bills with ministry of finance	005	1,068,210	1,215,809
D) Securities and other financial instruments held for trading	006	3,870,279	4,742,762
E) Securities and other financial assets available for sale	007	10,022	12,958
F) Securities and other financial instruments held to maturity	008	884,161	890,367
G) Financial assets at fair value through profit or loss	009	412,793	628,320
H) Derivative financial assets	010	29,837	91,837
I) Loans to banks	011	340,544	569,710
J) Loans to other customers	012	27,771,618	25,360,875
K) Investment in subsidiaries, associates and joint ventures	013	211	235
L) Foreclosed assets	014	283	1,110
M) Tangible assets	015	1,463,303	1,417,237
N) Interest, fees and other assets	016	983,439	1,080,162
O) Total assets	017	<b>43,597,567</b>	<b>44,058,413</b>
<b>LIABILITIES</b>			
A) CAPITAL AND RESERVES	018	5,610,381	5,770,328
I. Core (paid in) capital	019	3,701,120	3,703,530
II. Capital reserves	020	2,790	2,993
III. Profit reserves	021	461,836	545,748
IV. Revaluation reserves	022	0	0
V. Retained earnings	023	890,207	1,049,082
VI. Loss brought forward	024	0	0
VII. Profit for the period	025	467,798	368,928
VIII. Loss for the period	026	0	0
IX. Unrealised gain/loss from revaluation of financial assets available for sale	027	6,633	6,656
X. Minority interests	028	79,997	93,391
B) Borrowings from banks	029	3,026,534	3,170,506
C) Deposits	030	23,018,654	23,739,634
D) Other borrowings	031	10,068,134	9,818,820
E) Derivative financial liabilities and other traded financial liabilities	032	382,448	154,871
F) Issued debt securities	033	99,683	92,283
G) Issued subordinated instruments	034	0	
H) Issued hybrid instruments	035	0	
I) Interest, fees and other liabilities	036	1,391,733	1,311,971
J) TOTAL LIABILITIES	037	<b>43,597,567</b>	<b>44,058,413</b>
K) OFF BALANCE SHEET ITEMS	038	<b>8,799,159</b>	<b>7,781,837</b>
<b>BALANCE SHEET SUPPLEMENT (to be input by issuer preparing consolidated financial reports)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the Bank	039	5,530,384	5,676,937
2. Attributable to minority interests	040	79,997	93,391

CONSOLIDATED INCOME STATEMENT

for the  
period

01.01.

to

30.09.2009.

Amounts in HRK thousand

Position name	AOP code	Previous period 30.09.2008.		Current period 30.09.2009.	
		Cumulative	Quarterly	Cumulative	Quarterly
1	3	4	5	6	7
<b>1. Interest income</b>	<b>041</b>	1,923,965	662,123	2,050,942	669,052
a) from individuals	<b>042</b>	797,552	282,302	872,793	291,397
b) from companies	<b>043</b>	593,862	201,078	630,051	195,810
c) from financial insitutions	<b>044</b>	290,817	99,106	214,010	68,198
d) other interest income	<b>045</b>	241,734	79,637	334,088	113,647
<b>2. Interest expense</b>	<b>046</b>	-1,158,640	-396,920	-1,239,436	-421,528
a) to individuals	<b>047</b>	-318,987	-115,192	-413,545	-141,484
b) to companies	<b>048</b>	-201,466	-65,058	-199,417	-63,868
c) to financial insitutions	<b>049</b>	-633,138	-214,761	-613,136	-212,621
d) other interest expense	<b>050</b>	-5,049	-1,909	-13,338	-3,555
<b>3. Net interest income</b>	<b>051</b>	765,325	265,203	811,506	247,524
4. Fees and commissions income	<b>052</b>	437,966	143,697	383,243	138,285
5. Fees and commissions expense	<b>053</b>	-97,234	-32,287	-76,341	-27,089
<b>6. Net fees and commissions income</b>	<b>054</b>	340,732	111,410	306,902	111,196
7. Gains/(losses) from investment in subsidiaries, associates and joint ventures	<b>055</b>	-104	-104	25	25
8. Gains/(losses) from trading activities	<b>056</b>	-116,054	-71,510	-22,445	-25,554
9. Gains/(losses) from embedded Derivatives	<b>057</b>	0	0	25	0
10. Gains/(losses) from financial assets designated at fair value through profit or loss	<b>058</b>	-7,822	1,032	-31,968	-26,829
11. Gains/(losses) from financial assets available for sale	<b>059</b>	7,945	-94	0	0
12. Gains/(losses) from financial investments held to maturity	<b>060</b>	174	1	17	17
13. Gains/(losses) from Hedging Transactions	<b>061</b>	0	0	0	0
14. Exchange gains/(losses) from foreign currency	<b>062</b>	262,805	89,770	264,039	109,987
15. Other Income	<b>063</b>	225,969	86,803	298,337	89,522
16. Other Expenses	<b>064</b>	-59,885	-26,651	-58,499	-14,394
17. General administrative expenses and depreciation	<b>065</b>	-838,059	-299,775	-854,255	-281,347
18. Profit (loss) from operations before value adjustment, impairment and provisions for losses	<b>066</b>	581,026	156,085	713,684	210,147
19. Impairment and provisions for losses	<b>067</b>	-48,784	-22,239	-326,233	-44,916
20. Profit before tax	<b>068</b>	532,242	133,846	387,451	165,231
21. Income tax expense	<b>069</b>	-78,236	-29,296	-1,467	73
22. Profit (loss) for the period	<b>070</b>	454,006	104,550	385,984	165,304
<b>INCOME STATEMENT SUPPLEMENT (to be input by issuer preparing consolidated financial statements)</b>					
I.* Profit attributable to shareholders of the Bank	<b>071</b>	478,658	141,695	368,928	159,961
II.* Profit attributable to minority interests	<b>072</b>	-24,652	-37,145	17,056	5,343
III.* Loss attributable to shareholders of the Bank	<b>073</b>	0	0	0	0
IV.* Loss attributable to minority interests	<b>074</b>	0	0	0	0

## CONSOLIDATED CASH FLOW STATEMENT - Indirect method

for the period 01.01. to 30.09.2009

Amounts in HRK thousand

Position name	AOP code	Previous period 30.09.2008.	Current period 30.09.2009.
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit (loss) before tax	<b>075</b>	532,242	387,451
2. Impairment and provisions for losses	<b>076</b>	48,784	326,233
3. Depreciation	<b>077</b>	224,978	233,723
4. Net unrealised (profit) loss from financial assets and liabilities designated at fair value through profit or loss	<b>078</b>	12,488	30,402
5. Profit/loss from sale of tangible assets	<b>079</b>	108,850	99,008
6. Other profit (loss)	<b>080</b>		0
7. Other increase of cash flow	<b>081</b>	-409,203	4,589
8. Net increase/decrease of deposits with CNB	<b>082</b>	-444,216	181,334
9. Net increase/decrease of treasury bills from Ministry of finance and treasury bills with CNB	<b>083</b>	187,800	-147,599
10. Net increase/decrease of deposits with banks and loans to financial institutions	<b>084</b>	46,901	-71,669
11. Net increase/decrease of other loans	<b>085</b>	-2,924,989	1,887,047
12. Net increase/decrease of securities and other financial instruments designated at fair value through profit or loss	<b>086</b>	213,416	-914,111
13. Net increase/decrease of securities and other financial assets available for sale	<b>087</b>	-8,141	-3,051
14. Net increase/decrease of securities and other financial instruments actively traded and designated at fair value through profit or loss	<b>088</b>	159,260	-224,612
15. Net increase/decrease of demand deposits	<b>089</b>	-683,981	-697,902
16. Net increase/decrease of savings and term deposits	<b>090</b>	2,017,182	1,500,204
17. Net increase/decrease of derivative financial liabilities	<b>091</b>	75,634	-227,578
18. Net increase/decrease of other liabilities	<b>092</b>	-404,859	-369,402
<b>19. Net cash inflow/(outflow) from operating activities</b>	<b>093</b>	<b>-1,247,854</b>	<b>1,994,067</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Receipts from sale/(payments for buying) of tangible and intangible assets	<b>094</b>	-602,650	-296,756
2. Receipts from sale/(payments for buying) of investments in subsidiaries, associates and joint ventures	<b>095</b>	3,535	0
3. Receipts from sale/(payments for buying) of securities and other financial instruments held to maturity	<b>096</b>	704	-4,518
4. Received dividends	<b>097</b>	967	1,745
5. Other receipts/(payments) from investment activities	<b>098</b>	25,384	35,896
<b>6. Net cash inflow/(outflow) from investment activities</b>	<b>099</b>	<b>-572,060</b>	<b>-263,633</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Net increase/(decrease) in borrowings	<b>100</b>	-403,258	-45,350
2. Net increase/(decrease) of issued debt securities	<b>101</b>	-41,750	-7,400
3. Net increase/(decrease) of issued subordinated and hybrid instruments	<b>102</b>	0	0
4. Receipts from issued share capital	<b>103</b>	1,504,800	0
5. Dividends paid	<b>104</b>	-223,972	-231,326
6. Other receipts/(payments) from financial activities	<b>105</b>	0	0
<b>7. Net cash inflow/(outflow) from financial activities</b>	<b>106</b>	<b>835,820</b>	<b>-284,076</b>
Total increase of cash flow	<b>107</b>	0	1,446,358
Total decrease of cash flow	<b>108</b>	-984,093	0
Cash and cash equivalents at the beginning of the period	<b>109</b>	5,989,874	3,821,367
Increase in cash and cash equivalents	<b>110</b>	0	1,446,358
Decrease in cash and cash equivalents	<b>111</b>	-984,093	
Cash and cash equivalents at the end of the period	<b>112</b>	5,005,781	5,267,725

CONSOLIDATED STATEMENT ON CHANGES IN EQUITY

for the period **31.12.2008** to **30.09.2009**

Amounts in HRK thousand

Position name	AOP code	Previous period	Increase	Decrease	Current period
		31.12. 2008.			30.09.2009.
1. Capital paid	<b>113</b>	3,701,120	2,410	0	3,703,530
2. Capital reserves	<b>114</b>	2,790	203	0	2,993
3. Profit reserves	<b>115</b>	461,836	83,912	0	545,748
4. Retained earnings	<b>116</b>	890,207	159,322	447	1,049,082
5. Profit (loss) for the period	<b>117</b>	467,798	368,928	467,798	368,928
6. Revaluation of long term tangible assets	<b>118</b>	0	0	0	0
7. Revaluation of intangible assets	<b>119</b>	0	0	0	0
8. Revaluation of financial assets available for sale	<b>120</b>	6,633	305	282	6,656
9. Other revaluations	<b>121</b>	0	0	0	0
<b>10. Total capital and reserves</b>	<b>122</b>	<b>5,530,384</b>	<b>615,080</b>	<b>468,527</b>	<b>5,676,937</b>
11. Exchange rate differences relating to net investments abroad	<b>123</b>	0	0	0	0
12. Current and deferred taxes (part)	<b>124</b>	0	0	0	0
13. Cash flow hedging	<b>125</b>	0	0	0	0
14. Changes in accounting policies	<b>126</b>	0	0	0	0
15. Correction of significant errors in previous period	<b>127</b>	0	0	0	0
16. Other changes in capital	<b>128</b>	79,997	17,056	3,662	93,391
<b>17. Total increase or decrease of capital</b>	<b>129</b>	<b>5,610,381</b>	<b>632,136</b>	<b>472,189</b>	<b>5,770,328</b>
17 a. Attributable to equity holders of the Bank	<b>130</b>	5,530,384	615,080	468,527	5,676,937
17 b. Attributable to minority interests	<b>131</b>	79,997	17,056	3,662	93,391

Positions that decrease capital have to be input with negative sign.

Data under AOP codes 113 to 121 have to be input as balance, at balance sheet date

Reporting period:

01.01.2009

to

30.09.2009

## Quarterly financial report for credit institutions-TFI-KI

Identification number (MB): 00901717

Subjects identification number (MBS): 080002366

Personal identification number (OIB):  

Issuer company: Raiffeisenbank Austria d.d. Zagreb

Post office number and city: 10000

Zagreb

Street and number: Petrinjska 59

E-mail address: info@rba.hr

Internet address: www.rba.hr

Code and name of municipality/city: 133

Code and name of county: 21 City of Zagreb

Number of employees: 2,317

(as at the quarter-end)

Consolidated report: NO

Code in NKD: 6419

Companies included in consolidation (according to IFRS):

Headquarters:

MB:


Accounting:  

Contact person: Kuzmanić Robert / Trbović Ljiljana

(only name and surname of contact person is included)

Phone: 01/6174-180 i 6174-182

Fax: 01/4604-875

E-mail address: robert.kuzmanic@rba.hr, ljiljana.trbovic@rba.hr

Surname and name: Zdenko Adrović

(person representing the company)

Documentation to be published:

1. Financial reports (balance, income statement, cash flow statement, statement on changes in equity and notes to financial statements)
2. Statement of person responsible for preparation of financial reports
3. Management Report on the condition of the company

M.P.

\_\_\_\_\_  
(signature of the President of the Management Board)

UNCONSOLIDATED BALANCE SHEET

as at 30.09.2009

Amounts in HRK thousand

Position name	AOP code	Previous period 31.12.2008.	Current period 30.09.2009.
1	3	4	5
<b>ASSETS</b>			
A) Cash and deposits with CNB	001	4,388,570	4,243,804
I. Cash	002	417,412	344,127
II. Deposits with CNB	003	3,971,158	3,899,677
B) Deposits with banks	004	2,249,056	3,634,578
C) Treasury bills with ministry of finance	005	1,021,462	1,163,695
D) Securities and other financial instruments held for trading	006	3,870,279	4,742,762
E) Securities and other financial assets available for sale	007	10,022	9,906
F) Securities and other financial instruments held to maturity	008	793,827	787,604
G) Financial assets at fair value through profit or loss	009	361,524	619,687
H) Derivative financial assets	010	30,501	91,837
I) Loans to banks	011	338,161	569,710
J) Loans to other customers	012	25,858,204	23,631,827
K) Investment in subsidiaries and associates	013	210,745	210,745
L) Foreclosed assets	014	283	1,110
M) Tangible assets	015	419,891	395,934
N) Interest, fees and other assets	016	825,583	885,961
O) TOTAL ASSETS	017	40,378,108	40,989,160
<b>LIABILITIES</b>			
A) CAPITAL AND RESERVES	018	5,406,567	5,570,590
I. Core (paid in) capital	019	3,701,120	3,703,530
II. Capital reserves	020	2,790	2,993
III. profit reserves	021	458,546	540,894
IV. Revaluation reserves	022	0	0
V. Retained earnings	023	736,336	927,134
VI. Loss brought forward	024	0	0
VII. Profit for the period	025	500,810	389,190
VIII. Loss for the period	026	0	0
IX. Unrealised gain/loss from revaluation of financial assets available for sale	027	6,965	6,849
X. Minority interests	028	0	0
B) Borrowings from banks	029	3,018,423	3,170,506
C) Deposits	030	23,206,529	23,931,737
D) Other borrowings	031	7,220,007	6,911,774
E) Derivative financial liabilities and other trading financial liabilities	032	384,402	156,027
F) Issued debt securities	033	99,683	92,283
G) Issued subordinated instruments	034	0	0
H) Issued hybrid instruments	035	0	0
I) Interests, fees and other liabilities	036	1,043,497	1,156,243
J) TOTAL LIABILITIES	037	40,379,108	40,989,160
K) OFF BALANCE SHEET ITEMS	038	8,835,804	7,817,246
<b>BALANCE SHEET SUPPLEMENTS (to be input by issuer preparing consolidated financial reports)</b>			
<b>CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the Bank	039		
2. Attributable to minority interests	040		

**UNCONSOLIDATED INCOME STATEMENT**

for the period 01.01. to 30.09.2009.

**Amounts in HRK  
thousand**

Position name	AOP code	Previous period 30.09.2008.		Current period 30.09.2009.	
		Cumulative	Quarterly	Cumulative	Quarterly
1	3	4	5	6	7
<b>1. Interest income</b>	<b>041</b>	<b>1,817,235</b>	<b>625,527</b>	<b>1,964,656</b>	<b>644,478</b>
a) from individuals	042	790,121	274,871	866,037	284,629
b) from companies	043	509,398	176,468	560,697	181,364
c) from financial insitutions	044	283,194	96,728	208,957	66,442
d) other interest income	045	234,522	77,460	328,965	112,043
<b>2. Interest expense</b>	<b>046</b>	<b>-1,064,253</b>	<b>-360,402</b>	<b>-1,161,520</b>	<b>-399,058</b>
a) to individuals	047	-331,380	-119,878	-413,545	-141,484
b) to companies	048	-171,823	-53,229	-199,419	-187,928
c) to financial insitutions	049	-538,527	-180,135	-535,232	-187,928
d) other interest expense	050	-22,523	-7,160	-13,324	-5761
<b>3. Net interest income</b>	<b>051</b>	<b>752,982</b>	<b>265,125</b>	<b>803,136</b>	<b>245,420</b>
4. Fees and commissions income	052	353,990	119,547	334,413	123,085
5. Fees and commissions expense	053	-98,597	-32,438	-72,664	-25,770
<b>6. Net fees and commissions income</b>	<b>054</b>	<b>255,393</b>	<b>87,109</b>	<b>261,749</b>	<b>97,315</b>
7. Gains/(losses) from investment in subsidiaries, associates and joint ventures	055	0	0	0	0
8. Gains/(losses) from trading activities	056	-107,664	-67,412	-19,222	-22,101
9. Gains/(losses) from embedded derivatives	057	0	0	25	0
10. Gains/(losses) from financial assets designated at fair value through profit or loss	058	-5,536	1455	-31,702	-27,234
11. Gains/(losses) from financial assets available for sale	059	8,039	0	0	0
12. Gains/(losses) from financial investments held to maturity	060	0	0	0	0
13. Gains/(losses) from Hedging transaction	061	0	0	0	0
14. Exchange gains/(losses) from foreign currency	062	226,573	68,211	256,202	103,467
15. Other Income	063	91,093	38,495	112,654	2,444
16. Other Expenses	064	-46,611	-22,943	-55,969	-10,129
17. General administrative expenses and depreciation	065	-615,054	-218,767	-626,562	-210,385
18. Profit (loss) from operations before value adjustment, impairment and provisions for losses	066	<b>559,215</b>	<b>151,273</b>	<b>700,311</b>	<b>178,797</b>
19. Impairment and provisions for losses	067	-47,373	-23,896	-309,435	-40,088
20. Profit before tax	068	<b>511,842</b>	<b>127,377</b>	<b>390,876</b>	<b>138,709</b>
21. Income tax expense	069	-78,455	-29,369	-1,686	0
22. Profit (loss) for the period	070	<b>433,387</b>	<b>98,008</b>	<b>389,190</b>	<b>138,709</b>
<b>INCOME STATEMENT SUPPLEMENT (to be input by issuer preparing consolidated financial statements)</b>					
I.* Profit attributable to shareholders of the Bank	071				
II.* Profit attributable to minority interests	072				
III.* Loss attributable to shareholders of the Bank	073				
IV.* Loss attributable to minority interests	074				



UNCONSOLIDATED CASH FLOW STATEMENT - Indirect method

for the period 01.01. to 30.09.2009

Amounts in HRK thousand

Position name	AOP code	Previous period 30.09.2008.	Current period 30.09.2009.
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit (loss) before tax	075	511,842	390,876
2. Impairment and provisions for losses	076	47,373	309,435
3. Depreciation	077	87,025	98,488
4. Net unrealised (profit) loss from financial assets and liabilities designated at fair value through profit or loss	078	9,822	30,706
5. Profit/loss from sale of tangible assets	079	364	541
6. Other profit (loss)	080	0	0
7. Other increase of cash flow	081	-450,065	-68,895
8. Net increase/decrease of deposits with CNB	082	-444,216	181,334
9. Net increase/decrease of treasury bills with Ministry of finance and treasury bills with CNB	083	187,800	-142,232
10. Net increase/decrease of deposits with banks and loans to financial institutions	084	337,622	-71,669
11. Net increase/decrease of other loans	085	-2,393,254	1,752,490
12. Net increase/decrease of securities and other financial instruments designated at fair value through profit or loss	086	213,416	-914,111
13. Net increase/decrease of securities and other financial assets available for sale	087	-7,806	0
14. Net increase/decrease of securities and other financial instruments actively traded and designated at fair value through profit or loss	088	124,990	-272,342
15. Net increase/decrease of demand deposits	089	-854,957	-874,126
16. Net increase/decrease of savings and term deposits	090	1,905,629	1,681,656
17. Net increase/decrease of derivative financial liabilities	091	75,930	-199,427
18. Net increase/decrease of other liabilities	092	-221,211	-48,686
<b>19. Net cash inflow/(outflow) from operating activities</b>	<b>093</b>	<b>-869,696</b>	<b>1,854,038</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Receipts from sale/(payments for buying) of tangible and intangible assets	094	-130,929	-87,866
2. Receipts from sale/(payments for buying) of investments in subsidiaries, associates and joint ventures	095	7,400	0
3. Receipts from sale/(payments for buying) of securities and other financial instruments held to maturity	096	0	0
4. Received dividends	097	82,130	81,408
5. Other receipts/(payments) from investment activities	098	23,391	34,313
<b>6. Net cash inflow/(outflow) from investment activities</b>	<b>099</b>	<b>-18,008</b>	<b>27,855</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Net increase/(decrease) in borrowings	100	-1,246,121	-105,487
2. Net increase/(decrease) of issued debt securities	101	-41,750	-7,400
3. Net increase/(decrease) of issued subordinated and hybrid instruments	102	0	0
4. Receipts from issued share capital	103	1,504,800	0
5. Dividends paid	104	-220,310	-227,664
6. Other receipts/(payments) from financial activities	105	0	0
<b>7. Net cash inflow/(outflow) from financial activities</b>	<b>106</b>	<b>-3,381</b>	<b>-340,551</b>
Total increase of cash flow	107	0	1,541,342
Total decrease of cash flow	108	-891,087	0
Cash and cash equivalents at the beginning of the period	109	5,896,869	3,726,373
Increase in cash and cash equivalents	110		1,541,342
Decrease in cash and cash equivalents	111	-891,087	0
Cash and cash equivalents at the end of the period	112	5,005,782	5,267,715

UNCONSOLIDATED STATEMENT ON CHANGES IN EQUITY

for the period **01.01.2009** to **30.09.2009.**

Amounts in HRK thousand

Position name	AOP code	Previous period 31.12.2008.	Increase	Decrease	Current period 30.09.2009.
1. Capital paid	<b>113</b>	3,701,120	2,410	0	3,703,530
2. Capital reserves	<b>114</b>	2,790	203	0	2,993
3. Profit reserves	<b>115</b>	458,546	82,348	0	540,894
4. Retained earnings	<b>116</b>	736,336	190,798	0	927,134
5. Profit (loss) for the period	<b>117</b>	500,810	389,190	500,810	389,190
6. Revaluation of long term tangible assets	<b>118</b>	0	0	0	0
7. Revaluation of intangible assets	<b>119</b>	0	0	0	0
8. Revaluation of financial assets available for sale	<b>120</b>	6,965	0	116	6,849
9. Other revaluations/minority interest	<b>121</b>	0	0	0	0
<b>10. Total capital and reserves</b>	<b>122</b>	<b>5,406,567</b>	<b>664,949</b>	<b>500,926</b>	<b>5,570,590</b>
11. Exchange rate differences relating to net investments abroad	<b>123</b>	0	0	0	0
12. Current and deferred taxes (part)	<b>124</b>	0	0	0	0
13. Cash flow hedging	<b>125</b>	0	0	0	0
14. Changes in accounting policies	<b>126</b>	0	0	0	0
15. Correction of significant errors in previous period	<b>127</b>	0	0	0	0
16. Other changes in capital	<b>128</b>	0	0	0	0
<b>17. Total increase or decrease of capital</b>	<b>129</b>	<b>5,406,567</b>	<b>664,949</b>	<b>500,926</b>	<b>5,570,590</b>
17 a. Attributable to equity holders of the Bank	<b>130</b>	0	0	0	0
17 b. Attributable to minority interests	<b>131</b>	0	0	0	0

Positions that decrease capital have to be input with negative sign.

Data under AOP codes 113 to 121 have to be input as balance, at balance sheet date

## **Statement of persons responsible for preparation of quarterly and semi-annual financial statements**

To the best of our knowledge and belief:

1. the set of consolidated and non-consolidated quarterly and semi-annual financial statements of Raiffeisenbank Austria d.d. and Group, which have been prepared pursuant to the financial reporting standards applicable for banks in the Republic of Croatia, present a complete and fair view of assets and liabilities, profits and losses and financial position and business operations of Bank and Group
2. the Management Board statement represents a fair account of the operating results and standing of Bank and Group

Executive Director Accounting  
and Tax Advisory Division

Robert Kuzmanić

Chairman of Management Board

Zdenko Adrović

**Unaudited financial statements of  
Raiffeisenbank Austria d.d. Zagreb  
for the period 01 January 2009 to 30 September 2009**

**Contents:**

1. Management Board report for third quarter 2009

**MANAGEMENT BOARD REPORT FOR THIRD QUARTER OF 2009.**

- **RBA Group profit before tax: HRK 387 mn**
- **RBA consolidated total assets: HRK 44 bn**

Raiffeisenbank Austria d.d (RBA) prepared the consolidated financial statement for the first three quarters of 2009 pursuant to the CNB methodology. At the end of the analyzed period the RBA Group consists of the Bank and the following bank subsidiaries:

subsidiary	activity	Held by Bank at
Raiffeisen mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.d.	pension fund management	100%
Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o.	pension fund management	100%
Raiffeisen Consulting d.o.o.	Financial and tax advisory services	100%
Raiffeisen Leasing d.o.o.	leasing	50%
Raiffeisen mirovinsko osiguravajuće društvo d.o.o.	Pension insurance company	100%
Raiffeisen Invest d.o.o.	Investment fund management	100%
Raiffeisen Factoring d.o.o.	factoring	100%
Raiffeisen upravljanje nekretninama d.o.o.	Real estate management	100% indirectly

Apart from these subsidiaries, the Group also holds a 20% stake in Raiffeisen trening centar d.o.o. (Raiffeisen Training Center), which provides training and education services within the Raiffeisen Group in Croatia and for Raiffeisen groups from neighbouring countries.

**Market**

All Group members have been founded in Croatia for the purpose of providing services for customers on the Croatian financial market. The Group result depends on the level of development of the domestic financial market, as well as the market conditions and results achieved by local companies, and the households' income. This year, the market conditions for financial institutions business and also the companies on the Croatian market underwent significant changes. A period of explicit volatility of the exchange rate and interest rates at local money markets marked the first quarter, due to the depreciation pressure caused by a stop in capital inflow and the consequential increase in demand for

foreign currency. By conducting parallel actions on releasing FX liquidity in the banking segment and by increasing the FX market supply from CNB reserves, the market was stabilised at the end of the first quarter. In the second quarter, the government's participation in the international financial market with a new Eurobond issue of EUR 750 mn allowed the government to stabilise the local financial market. In the third quarter the FX inflow was increased, which provided for a normalization of the financial market, along with easing access to acquiring foreign debts for local companies and institutions. The positive influence of the financial market stabilisation on the decrease of interest rates on deposits and loans is expected in the last quarter of this year, after the government's new appearance on the international capital market.

Unlike the stabilized financial market, the real economy recorded a drop of 6.7% in the first and 6.3% in the second quarter. Judging by the significant drop in retail trade realization and a drop in industrial production of 9% in the third, after a drop of 11% and 9.4% in the previous two quarters, we can expect a similar drop of GDP in the third quarter as well. A drop in retail trade and a drop of import had the most significant impact on the decrease of government budget inflow from indirect taxes (VAT and excises), so the growth of budget deficit demanded more severe measures. Even after two summer budget revisions, no progress was made concerning budget expenses, so a «crisis tax» was introduced in August, parallel with the VAT rate increase and a new excise on mobile telecommunications, as an effort to balance the budget. However, only the government's appearance on the international debt market by issuance of 10-year bonds in the amount of USD 1.5 bn will stabilise the budget in the last quarter.

A reduced demand for the goods and services of companies on local and foreign markets had an adverse effect on the creditworthiness of companies. However, the adaptation to a drop in demand was additionally complicated by a reduced access to financial sources, due to a stop in capital inflow from external markets and local crowding-out effect from banks' lending potential by the government deficit. The greatest problem, as far as companies are concerned, is the growth of illiquidity within the corporate sector, which comes from public companies. Namely, the public companies have failed to timely adjust the costs of operations and investments to the changed terms on the market, so in conditions of declined access to capital, they increased the period for payment of liabilities to local suppliers, thereby initiating an illiquidity spiral. The illiquidity growth, which was in the first quarter manifested on the financial market due to depreciation pressures and measures of the monetary government for the stabilisation of the HRK rate, has been transferred to real economy in the second quarter. In spite of an increased cash inflow from tourism and the public companies' facilitated access to external capital markets, the illiquidity in the corporate sector was not reduced in the third quarter.

The household sector shows a decreased demand for financial products and services, due to a growing insecurity of future income in conditions marked by decreasing employment and threats of numerous company bankruptcies. An additional problem in forming demand for financial products and services is an increased interest rate on loans. Therefore, the number of non-performing loans increased in banks and financial

institutions that offer loan substitutes. In the second and third quarters, a rally in prices was recorded on the capital market, although there is no fundamental base for the same. Subsequently, an expectation of an adverse adjustment in the near future is predominant among investors. This resulted in decreased turnover and the consequential lack of income in financial institutions, related to capital market.

### **RBA Group**

After a reduction of assets in the first two quarters due to repayment of matured borrowings, the RBA group increased its assets in the third quarter to HRK 44,058 mn, i.e. by 6.8% in comparison with the second quarter, i.e. 1.1% in comparison with the beginning of the year. Out of the total amount of increase of HRK 2,807 mn in the third quarter, the largest part relates to the growth of placement to banks, and trading assets. This means that the liquid assets have been increased, which is understandable in conditions of money and capital markets uncertainty. At the same time, loans to clients have been reduced, since in the period of recession fewer placements are approved to clients whose realization is elastic to crisis. Along with a general drop in demand for the use of financial products by private individuals and small entrepreneurs, the total drop of placements to clients in the third quarter amounted to 4.3%, and cumulated from the beginning of the year, even 8.7%.

In comparison with the end of last year, the Group capital is increased due to accumulation of the current period's profit, and amounts to HRK 5,770 mn. The clients' deposits are, after a decrease in the first two quarters, increased by 3.9% and amount to HRK 23,740 mn. The deposit increase in the third quarter is a result of the expected positive influence which the tourist season had on increase of employment and cash receipts in the corporate and retail sectors. Still, a more significant increase of the Group's sources is a result of credit sources. In the third quarter alone, the borrowed assets have been increased by HRK 1,818 mn and in total amount to HRK 12,990 mn, in comparison to the realised deposit increase of HRK 892 mn. The aim of borrowing was to strengthen the Group's liquidity, which will, parallel with the realised stabilisation at the local financial market, be used for increasing the lending to clients.

The business result of the Group in the analysed period was most affected by a decrease of realisation and a deterioration of liquidity in corporate sector. This renders the collection of receivables from clients more difficult, which lead to a decreased profit as compared to the same period last year. Also, the decrease of new placement on portfolio quality has more lasting effects, as a fast recovery of the real sector is not expected, so there shall be no repetition of the growth based on the model of credit expansion and domestic private consumption rise. The necessary reduction of public consumption shall mark a longer period of adjustment, during which no high rates of economic growth shall be realised.

The Group's profit before tax at the end of the third quarter 2009 amounts to HRK 387 mn, and represents a 27% reduction of profit in comparison with the same period last year. Analyzed by quarters, HRK 51 mn profit was realised in the first quarter, HRK 171

mn in the second and HRK 165 mn in the third. Reasons for less profit realised in the first quarter are in smaller net income from interest by HRK 43 mn as well as in the negative difference in trade activities by HRK 75 mn. Profit or loss on trading assets in a short period depends primarily on the portfolio revalorisation based on the market prices, and in a longer period it depends on the realised difference in price on the occasion of trading in assets. Since this year's first quarter was marked by the growth of risk on financial markets and a decline of financial assets market value, the loss was registered for the period. The risk premium was decreased, parallel to the growth of financial assets prices and the consequential positive difference on revalorisation of the trading portfolio. The third quarter was marked by stagnation of financial assets prices and appearance of respective adverse revalorisation of trading assets due to non-redemption of matured corporate debt instruments by the issuer, which caused a decrease of the operative result of the Group in the third quarter. After the realised operative result of HRK 191 mn in the first quarter, HRK 312 mn was realised in the second quarter under the positive influence of revalorisation income, and HRK 210 mn in the third quarter.

Interest expenses were increased in the third quarter due to growth of deposit and borrowings. In total, they exceed the ones made in the second quarter by 11.5%. Interest income has simultaneously declined by 1.9%, since the base for interest income was decreased. The funding increase was not promptly placed to clients, but a liquidity reserve was formed. Interest rates did not change in the third quarter, except in part where they are tied to the reference interest rate with money markets. Interest rates on money markets were slightly reduced in the third quarter, but without a significant influence on net interest income of the Group, which was reduced by 18.5% in the third quarter as compared to the second quarter. The total net interest income of the Group amounted to HRK 811 mn at the end of the period.

Income from fees for the third quarter amount to HRK 111 mn, and they are by 7.7% greater as compared to the second quarter. Since income from fees is the main income of non-banking members of the Group, an expected consequence of the recovery of investment fund assets is a higher fee for asset management, and also the total net income from fees. The income from fees was the lowest in the first quarter of this year; however the recovery of capital market in the second quarter resulted in an increase of asset value and growth of income from fees. The amount of assets was slightly increased in the third quarter, which leads to a further increase of net income from fees, which amount to HRK 307 mn at the end of the period.

The costs of the Group's operations amounted to HRK 854 mn at the end of the third quarter, which is an increase of 1.9% in comparison with the last year, and are a consequence of the branch network expansion. Business processes are rationalised this year, in keeping with a decreased demand for the Group's financial services. At the same time, the positive effects of last year's investments in the improvement of the technological support to business operations shall materialise. The impact of the said measures is manifested in a decline of cost of operations, so the costs of the third quarter are 0.5% less as compared to the second quarter of this year.



The risk provisions amounts to HRK 326 mn. The increase of risk provisions is a result of credit risk growth. In comparison with the first quarter last year, the realised losses have been exceeded by 5.6 times. Analysed by quarters, the largest impact on the Group's result was realised in the first two quarters, HRK 140 mn in each quarter, however in the third quarter the realisation of losses amounted to only HRK 45 mn. Although the said amount is double the amount in the same period last year, considering the negative tendencies in the collection at the local market, it represents a significant improvement in the trend.

### **The Bank**

The Bank assets increased by HRK 2.8 bn in the third quarter, primarily due to an increase in liquid assets. Namely, after the decrease of the balance in the second quarter due to a repayment of EUR 400 mn of due syndicated loan, the Bank has significantly increased the liquidity from borrowings in the third quarter. Additional assets are funded from the syndicated loan in the amount of EUR 115 mn, and borrowings from the international parent group. Client deposits have been additionally increased by HRK 81 mn, which has significantly improved the Bank's liquid position.

The liquid assets in bank were increased in the third quarter by HRK 3.0 bn, and trading assets by an additional HRK 1.0 bn. Placements in loans to clients were decreased by HRK 1.2 bn, and deposits with CNB by a further HRK 0.3 bn. The Bank's loan portfolio amounts to HRK 23.6 bn at the end of the third quarter.

The Bank's profit before tax at the end of the third quarter amounts to HRK 391 mn, and is 23.6% less in comparison with the same period last year. The primary cause of profit decrease includes increased risk provisions. The difference between total income and costs of the Bank before risk provisions is 25.2 % more than in the same period last year, mostly due to an increase of net interest income by 6.7%. Incomes from fees are exceeded by 2.5%. Lower income was realised from investment banking and from the sale of non-banking financial products, however fees in payment transactions, as the largest source of income from fees as compared to the same period last year, have no significant changes in realised income and costs.

A profit of HRK 205 mn was realised in trading activities together with the exchange differences. The profit realised from the said activities last year amounted to HRK 121 mn, as consequence of a sudden drop of index value on the local capital market. It was precisely this positive difference, together with an increased net interest income, which resulted in an increase of the Bank's operative income by HRK 162 mn in comparison with the same period last year. The costs of operations amount to HRK 626 mn and are increased by 1.9% in comparison with the same period last year. The increase in costs of operations was affected by additional costs due to the expansion of the branch network, but also a higher base for the calculation of deposit insurance cost. In an adverse course, the Bank acted by rationalising the business processes and a program of savings on business costs.

Risk provisions in the amount of HRK 309 mn are the base factor of the profit reduction for the period, as compared to the last year. The significant increase of risk costs was impacted by the growing corporate illiquidity, which is mirrored on the growth of the Bank's matured claims over 90 days past due, and also on the increase of the balance of partially collectible and uncollectible loans. Also, the stop in realisation of completed housing construction objects has caused an increase of risk in project financing. This is why the Bank initiated the action for the approval of favourable housing loans for the purchase of apartments from its housing construction portfolio, along with lowering the prices of apartments by the investor.

The Bank has increased the activities for the collection of due claims, and also the process of collection from assumed collateral. Still, the further growth of risk provisions primarily depends on the movements of real retail income, and also on business and liquidity of corporate clients, Bank's clients.

Zagreb, October 30<sup>th</sup>, 2009.  
Chairman of Management Board  
Zdenko Adrović