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Annual Financial Statement 2007
Raiffeisen International Bank-Holding AG

Raiffeisen INTERNATIONAL
Member of RZB Group

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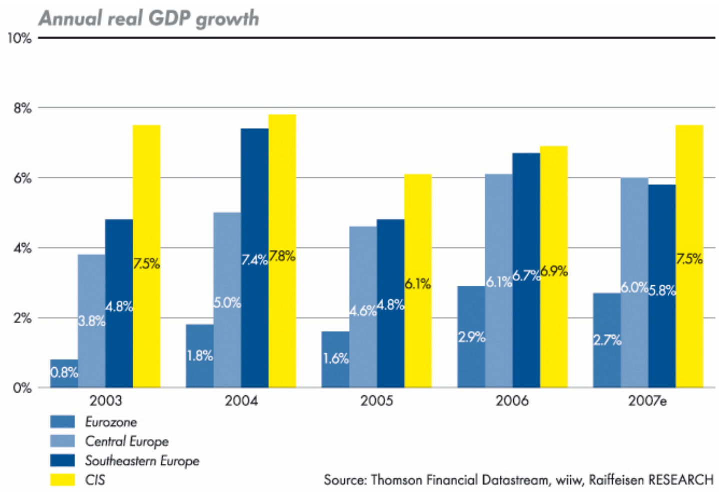
Economic operating environment

Central and Eastern Europe's economies: still growing fast

The economies of Central and Eastern Europe (CEE) grew in 2007 at a rate nearly matching that of 2006. The EU's new member states in CEE (Poland, Hungary, the Czech Republic, Slovakia and Slovenia) registered GDP growth (in real terms), according to the latest estimates, of an average of 5.8%, just under 2006's record of 6.1%. This minor slowdown was caused by the budget consolidation measures undertaken by the Hungarian government to deal with the substantially cooling off of the country's economy. The Southeastern European countries (Romania, Bulgaria, Croatia, Serbia, Bosnia and Herzegovina, Albania and Moldova) grew less dynamically in 2007 (5.8% rate of GDP growth) than in 2006 (6.6%). This decline is largely attributable to the harvest failures suffered by Romania. The first year of their accession to the EU did not have any noticeable and positive ramifications for Romania and Bulgaria.

The Confederation of Independent States (CIS – Russia, Ukraine and Belarus) experienced an acceleration of growth, which went from an average of 6.8% in 2006 to 7.5% in 2007. The weakening of growth registered by the Ukraine and Belarus was counterbalanced by Russia's further rise.



Though its amount varied on a country-by-country basis, 2007's growth was caused by the same factors as 2006's. Its prime engines were the strong rises in consumer demand, which was produced by increases in real wages and in credits granted, and in gross capital investments.

Also registering strong and sustained growth were the economies of the "old" EU member countries. As these in turn are both the most important markets for and sources of FDI (foreign direct investment) in CEE, their growth had a positive affect on the latter's economic development. The increasing dynamism of growth being registered by the EU's new members, by the accession candidates, and by those who are striving to become such is attributable to these factors, which also benefit the foreign investments made in the region. This FDI continues to be at a high level. It is, in fact, still rising in Southeastern Europe. The only countervailing trend in the period under review was the countries' net exports, with the exception of Slovakia, Slovenia and Hungary.

Increase in inflation in second half of 2007

Some of the CEE countries recorded strong rises in their rates of inflation during the second half of 2007. Prime causes were the high prices of oil and food. The latter stems from the prices prevailing on world markets for grains and corn. These increases, in turn, resulted from the strong demand for bioethanol. Another cause was the devastation wreaked by weather on harvests. This curtailed supply.
The low rate of inflation prevailing during the first six months of 2007 helped keep down the annual rate's rise. CEE's rate of inflation in 2007 came to some 3.5%, up somewhat from 2006's 2.2%. The countries of Southeastern Europe (4.9%) and of the CIS (9.5%) actually recorded drops from the previous year (6.8% and 9.6% respectively). These declines are attributable to the persistent weakness shown by the US dollar, and to the real and nominal rises experienced in the countries' rates of exchanges. These, in turn, decreased the prices of imports and, as well, inflation. The only national market served by Raiffeisen International registering a double-digit rate of inflation was the Ukraine (12.7%).

USA's real estate crisis encumbers financial markets

For international financial markets, the USA's real estate crisis and its ramifications dominated the second half of 2007. None directly impacted upon the CEE countries. Indirect consequences have, however, made themselves apparent, as the divergent developments of the region's rates of exchange details. CEE's currencies were quickly able to compensate for the losses registered. This was not the case in southern Europe and specifically in Romania, whose leu dropped to a new and stable rate of exchange some 15% below mid-2007's high mark. A region-wide trend towards increasing the markup for risk manifested itself. This increase was, however, limited in size, especially when considering the potential implications for the world's financial markets of the USA's real estate crisis. Confirmation for this point of view comes from players on financial markets, which, in differentiating between the trends in America and elsewhere, continue to forecast economic stability and growth for CEE.

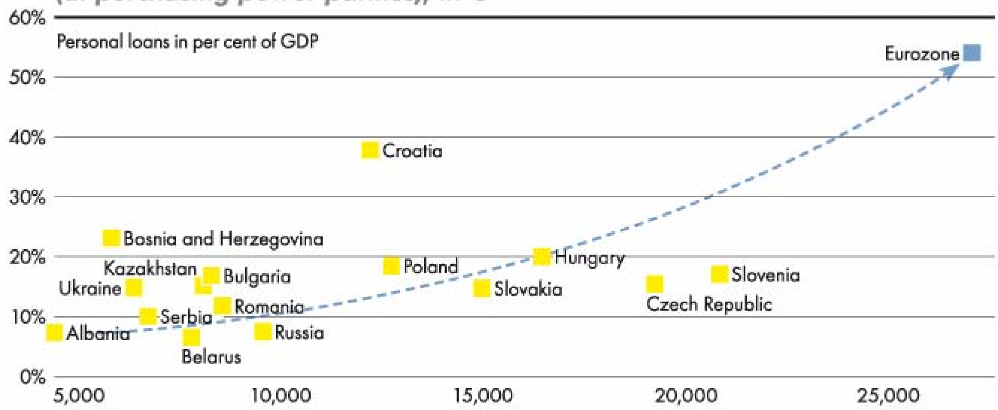
Current account deficits: a phenomenon characteristic of fast-developing economies

Several countries in, particularly, Southeastern Europe and in the rest of CEE have seen their annual current account deficits repeatedly rise. These rises are primarily due to revaluations of their currencies (both in real and, in several cases, nominal terms), the investment booms fostered by the countries' being integrated into the EU, and the strong and sustained demand for private credit. International institutions have joined the countries' Central banks in repeatedly expressing concerns about the nations' economic stability and sustainability of development. The strong rates of investment growth and the relatively low rates of saving being recorded by the countries create a demand for capital. This can only be satisfied by foreign investors – with all of the attendant effects on the balances of current account. This phenomenon is to be observed in all fast-growing economies. Mitigating it is the fact that a large part of the current account deficits is attributable to FDI. The accession to the EU of Romania and Bulgaria will cause this situation to set itself forth in the years to come. This situation does not, however, constitute a threat to economic stability. In the long run, the construction, modernization and expansion of product facilities will lead to reductions in balances of trade. This course of development took place over the last few years in Central Europe.

Developments in Central and Eastern Europe's banking sector

The total assets held by banks in Central and Eastern Europe continued in 2007 to strongly rise, notwithstanding the restrictive regulations imposed by several Southeastern European countries and the after-effects of the USA's real estate crisis, which in turn necessitated the difficult refinancing of CIS banks which are dependent upon financial markets. The region-wide rise in assets was engendered by the consumer credits and mortgage areas, with the latter profiting from the expectation that real estate prices and income will continue to rise. As had been the case in 2006, the corporate banking sector – in which SMEs (small and medium-sized enterprises) are playing an increasingly important role – also grew strongly. Although remaining at a low level in absolute terms, open-ended investment and pension funds registered very high rates of growth.

Personal loans in per cent of GDP vs. GDP per capita (at purchasing power parities), in €



Note: Data as of end 2007, source: Local central banks, wiiw, Raiffeisen RESEARCH

Business in 2007

Changes in corporate legal status

At the annual general meeting held on June 5, 2007, it was resolved to increase the paid-in equity capital (capital adjustment) by €931,108.69. This move was undertaken to give the amount of equity capital accruable to each share the even value of €3.05. This was accomplished by the transforming of committed capital reserves. On October 5, 2007, the equity capital was increased by €36,287,375.00 through the issuance of 11,897,500 shares (Secondary Public Offering). As of December 31, 2007, the company's equity capital came to €471,735,875.00, comprised of 154,667,500 shares of no par value (bearer shares). At the annual general meeting of June 5, 2006, in a move approved by the supervisory board, and in accordance with § 169 of the Securities Act, the executive board was authorized to increase the company's equity capital by June 7, 2011 and through the issuing of up to 71,385,000 common shares made out to the bearer, by up to €217,258,695.65. At the annual general meeting of June 5, 2007, the resolution previously passed and approving an authorized capital (unused) was revoked. In a concurrent move, one approved by the supervisory board, the executive board was empowered to increase the company's equity capital within five years after the registration of the appropriate change in the articles of association in the Commercial Registry by issuing up to 71,385,000 voting shares made out to the bearers and for the payment of cash and/or the provision of consideration. This is to occur in a way maintaining shareholders' legal rights of procurement, and is to increase the company's equity capital by up to €217,724,250,00 (approved capital).

October's capital increase was successful

Meeting on September 19, 2007, the supervisory board approved the executive board's proposal to take up the approved capital to the amount of up to €36,287,375,00, through the issuing of up to 11,897,500 new shares. The determination of the capital increase's final amount and of its prices of procurement and tendering were reserved for a subsequent resolution by the executive board. In a concurrent move, the supervisory board gave a working committee the brief to pass such a resolution.
Completed in October 2007, Raiffeisen International's capital increase produced an inflow of capital of €1.24 billion (with this not taking into account the costs of issuing). These figures make the transaction one of the largest capital increases ever taking place on Austria's capital market. The capital increase caused the number of shares issued to rise to 154,667,500. The new 11,897,500 shares were issued at a price of €104.00. The offering was well received by both private and institutional investors. The new shares, for which shareholders exercised no right of procurement, were doubly subscribed. The increase in its capital base is primarily intended to finance the further organic growth of Raiffeisen International. It could also be employed to acquire carefully selected equity stakes. As of December 31, 2007, the amount of non-utilized approved capital came to €181,436,875,00.

Raiffeisen International's stock was highly volatile in 2007. The year's lows and highs were €92.00 und €123.90. The stock's quote on the last trading day of 2007 was €103.60, yielding a market capitalization of €16.0 billion. In 2007, a total of 73 million Raiffeisen International shares were traded on exchanges. Turnover came to some €7.9 billion, with the daily average amounting to 294,787 shares.

The annual general meeting of June 5, 2007 empowered the executive board to, while according to the provisions of the Securities Act, and without having to secure an appropriate resolution at the annual general meeting, repurchase the company's shares. The percentage of these shares, with this including those already purchased, cannot amount to no more than 10% of the company's current equity capital. This empowerment is limited to the 18 months subsequent to the annual general meeting's having passed the resolution.

– The minimum consideration to be paid is €1 (one euro) per share; the maximum cannot be more than 10% greater than the average of the unweighted daily quotes of the ten days preceding the exercising of this authorization.

– To be published are the resolution, the repurchasing programme which it has authorized, and any programmes of resale.

– The executive board is authorized, after securing the approval of the supervisory board, to resolve upon a way of selling the company's shares which is not performed via a securities exchange or via the making of a public tender precluding the shareholders' exercising their rights of procurement. This right is to be precluded only in those cases in which the sale of proprietary shares is undertaken to furnish the consideration required to purchase a company or equity stakes in same, or to implement a programme of employee participation, or a stock option plan for staff members, senior executives and board members of the company and of its affiliates. The inclusion of the supervisory board is mandated by the fundamental principles of the Securities Act, by the company's own statutes, and by the code of procedure applying to the supervisory and executive boards.

This authorization replaces the one resolved upon at the annual general meeting of June 7, 2006, and enabling the purchasing and utilization of proprietary shares. This authorization refers to the utilization already undertaken of the stock of the company's repurchased shares.

As of December 31, 2007, the company possessed 826,223 of its shares. A further 321,973 shares were acquired in a series of purchases in January 2008.

As of December 31, 2007, Cembra BeteiligungsGmbH, Vienna (on behalf of Raiffeisen Zentralbank) held 68.5% of the company's equity capital. The remaining shares are owned by a large number of shareholders.

The regulations applying to the appointing and removing of members of the executive and supervisory boards are:

Persons who are 68 or older cannot be appointed to the executive board. Nor can they be elected for a further term of office. Persons who are 75 or older cannot be elected to the supervisory board. Nor can they be elected for a further term of office. Persons holding more than 8 positions in supervisory boards of publicly-listed companies are also not eligible for election. The holding of a chairmanship of a supervisory board of a publicly-listed company is to be counted doubly.

Business developments

The major events in 2007 were the sustaining of strong growth by the bank's units, the preparing for and implementing of the mergers of the Russia-based ZAO Raiffeisenbank and OAO Impexbank, and the furthering of the integration of the Ukraine-based VAT Raiffeisen Bank Aval.

On November 23, 2007, OAO Impexbank, Moscow (of whose equity Raiffeisen International holds 100%) was merged, after securing all necessary approvals, into ZAO Raiffeisenbank, Moscow (of whose equity Raiffeisen International holds 100%). The merger was accompanied by ZAO's granting of 4,437 of its ordinary shares, each with a nominal value of RUB 1,004,000.00. The carrying value of OAO Impexbank, Moscow, which amounted to €509,730,197.07, has been reclassified to the shares held in ZAO Raiffeisenbank, Moscow, in these annual accounts. The post-merger unit goes by the name "ZAO Raiffeisenbank Russia".

As had been the case in previous years, several units required support, with this taking the form of capital increases and the further purchasing of a limited amount of shares, to achieve growth.

The only additions during the year which are to be regarded as major (with these not including the additions arising from discrete valuation units) are the increases in equity capital undertaken by Moscow-based ZAO Raiffeisen Bank, Moscow (€303.1 million), by VAT Raiffeisen Bank Aval, Kiev (€211.6 million), by Raiffeisen banka a.d., Belgrade (€115 million), and by the Sofia-based Raiffeisenbank (Bulgaria) EAD (€110 million).

The financial year's large-sized disposals include those of 49% of the shares in eBanka a.s., Prague (carrying value at time of disposal: €63.7 million). Purchasers were RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Wien (which took a 24.0% stake) and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Linz (25.0%).

The group's organic growth was facilitated by and found expression in the further increasing of the number of banking offices. These increased from 2,848 as of the end of 2007 to 3,015. The number of customers went from 12.1 million as of 2007 to some 13.7 million.

Also being expanded in 2008 was Raiffeisen International's leasing business. This was fostered by the founding of offices, via Raiffeisen Leasing International, in Kosovo and Moldova.

Key financial indicators

Assets and finances

In financial year 2007, the balance sheet total rose from €3,666.90 million to €4,210.50 million. This increase in assets primarily resulted from changes in the stakes held in affiliated companies and in participations.

As of the balance sheet date, Raiffeisen International held participations worth €4,007.60 million (€3,260.60 million as of December 31, 2006), with this including holdings in affiliates worth €4,006.90 million, and participations worth €680 million (in 2006, this item was solely comprised of shares in affiliated companies). Of the affiliated companies total, €3,720.10 million (as of December 31, 2006: €3,016.0 million) stemmed from banking participations, with the remainder still predominately being in holding companies. The participation is a small-sized stake in European Investment Fund S.A., Luxemburg, which provides financing to SMEs.

Changes in the line-up of affiliated companies are elucidated on page 7.

The rise in other receivables, which forms part of the receivables due from affiliates item, is primarily attributable to alterations in hedges (discrete valuation units).

On the liabilities side, the increase in equity was due to a capital increase of €2,371.50 million, which brought the total to €3,576.20 million. The share of the balance sheet sum accounted for by equity rose from 64.6% to 84.9%.

The increase in funds arising from the capital increase and from the reduction of cash at banks was invested in financial assets. It also went to reduce the amount of short-term financial liabilities.

Consortium agreements have been concluded with companies on the joint shareholdings in the following participations:

Raiffeisenbank a.s., Prague; Tatra Banka a.s., Bratislava; Raiffeisen Bank Zrt, Budapest, and Raiffeisen-RBHU Holding GmbH, Vienna; Raiffeisen Krekova banka d.d., Maribor; and Raiffeisenbank Austria d.d., Zagreb. The consortium agreements primarily establish reciprocal rights of pre-emptive purchase of stakes. Changes in operative control, which could arise from the receipt of a takeover offer, suffice to nullify these contracts.

The shareholders' agreement concluded with the London-based European Bank for Reconstruction and Development (EBRD) involves the Minsk-based OAO Priorbank. The contract foresees a change in operative control's giving EBRD the right to exercise its option to sell all of the shares it holds in OAO Priorbank to Raiffeisen International.

The company has an operating office in Prague, Czech Republic.

To secure against the risks arriving from equities being maintained in local currencies, several of the banks' participations have entered into currency hedges with Raiffeisen Zentralbank. Discrete valuations units were set up for each of the participations affected. This arrangement ensures that opposing developments of currencies' rates of exchange will be compensated for by the interplay of the underlying (participation) and the hedge. The hedges took the form of spot transactions and currency futures.

Earnings

The decline in revenues vis-ŕ-vis that of 2006 is especially attributable to the alteration in the reporting of earnings resulting from charged-on expenditures, which are now included in the other operating income item. The consulting and management services comprised in the revenues item pertain exclusively to affiliated companies.

In addition to the above-mentioned reclassification, the increase in other earnings was caused by a rise in the income from guarantee commitments and from commissions for the provision of stand-by facilities. These rises were a product of a greater volume of operation. The operating performance rose as a consequence by €8.4 million or 24.6% to €42.7 million.

In a contrasting development, expenditures for operating performance rose in 2007 by €16.6 million to €93.8 million. The increase of €5.6 million in staff cost resulted from the expansion in business operations and the accompanying rise in net number of staff members, and from the larger expenditures necessitated by the company's share incentive plan. The other operating expenditures item registered increases in outlays for IT, and for third party, consulting, advertising and marketing services.

These expenditures caused the profit from operating activities to decline from - €43.0 million to - €51.1 million.

The net income for 2007 came to €85.9 million (2006: €643.9 million). This resulted from the incorporation of financial earnings, which amounted to €130.8 million. The figure for 2006 – €687.6 million – was largely attributable to the one-time effects of the disposal of participations, which yielded €668.2 million. Financial earnings principally arose in 2007 from earnings from participations, which amounted to €162.6 million, from a rate of exchange-derived profit on a loan denominated in dollars and amounting to €34.1 million (reported in the other interest and similar earnings item), as well as from earnings from income tax coming to €6.2 million (2006: a deficit of €0.8 million).

Risk management

Raiffeisen International's core business is comprised of the purchasing, ownership and management of majority holdings in banks and other financial institutions active in Central and Eastern Europe. Prior to their being acquired, objects are subjected to intensive audits conducted on an in-house basis. Should the situation so demand, the services of non-corporate consultants are availed upon. Annual accounts incorporate figures stemming from participations. The company's holdings in these are the products of comprehensive-range contracts. These, in turn, provide the company with extensive rights of operations control, with the actual extent being a product of the percentage of holding. The contracts also establish the processes of consultation to be undertaken with minority shareholders in cases of asset sales. These rights are pursued by Raiffeisen International's management and staff members. The company's business developments are disclosed and analysed in the reports issued every month, quarter and year.

Handled by a dedicated team at the company's head office, the proper management of risk is one of Raiffeisen International's key proficiencies.

Principles of risk management

Raiffeisen International manages risk by employing systems of measurement and monitoring to implement a comprehensive set of principles. The system's objective is to assess and manage all of the risks arising in and from network banks and special-purpose transactions. These processes are facilitated by the setting up of a results-producing organization. Risk-related policies are formulated at corporate headquarters and exemplify the following principles:

- The management of risks arising from or relating to loans, countries, markets, liquidity and other operations is undertaken at all levels of corporate activity.
- The group-wide application of directives ensures the consistent and coherent implement of a risk management approach whose formulation occurs in consultation with RZB, the company's corporate parent.
- The risk management principles applying to the corporate operations and SME divisions are contained in a handbook – the credit manual – whose use is obligatory for the entire Raiffeisen International group. The credit manual is derived from that of the RZB group.
- The rating methods applied are to be implemented throughout the group.
- The credit directives are reformulated and approved on an annual basis, with this forming part of the budgeting and planning processes.
- The management of business activities and of risks are handled by discrete teams whose operations are strictly separated.
- Provisions constituted for non-performing corporate loans take into account risks of losses arising from individual debts and from value adjustments on portfolios as a whole. Provisions are generally made for non-performing loans provided to private customers using the portfolio approach.
- Approval has to be secured from the group's head office prior to introducing new retail products.

Risk management: operating advantages

The implementation of the corporate risk management principles in daily business operations requires a depth of dedicated expertise. The first of its set of risk management operating advantages, Raiffeisen International's expertise stems from its more than 20 years of successfully pioneering banking operations and the risk management associated with them in Central and Eastern Europe. This expertise is deployed by the high-capability, dedicated teams constituted and working in the company's head office in Vienna and at the network banks. These locally-active teams are headed by a chief risk officer, and linked to each other and to the head office by an infrastructure supporting the problem-free exchange of information.

The second operating advantage possessed by Raiffeisen International is the standardization undertaken in the formulation of loan approval processes. Applied throughout the group, this standardization is based upon the use of a credit manual. The rating and reporting processes are also pursued employing methods and standards consistently applied throughout the group. A code of rules governing the constituting of provisions for non-performing loans and seminars attended by personnel staffing network banks and the head office also ensure the implementation of non-varying, group-wide practices.

Raiffeisen International's third advantage in successfully structuring risk management is the important role that it is had accorded to the company's head office in management and assessment operations. This importance is detailed by the fact that the introduction of new products requires the permission of the head office, which also handles the creation, commissioning and monitoring of the reporting platforms and local scorecards comprising the risk management system. The head office also dispatches teams to locally-active banks, at which they assist in the monitoring of credits.

Basel II and data quality management

Raiffeisen International has committed itself in the Basel II and data quality management areas to creating standards of credit provision and valuation applying to all aspects of corporate and retail banking, and to furthering the company's strategy of optimally positioning the group's risk management system.

The first phase of Basel II related implementation activities was successfully concluded in 2007. This conclusion has enabled all of the bank's units, with these including those active in both banking and leasing, to calculate, on an initial basis and using the standard approach, the risks incurring from assets. Now currently being tested for commissioning by corporate parent RZB and by several units based in new EU member countries is the IRB (internal rating basis) approach. The official plan of implementation stipulates that this is to be concluded by mid-2008. The group has set itself the objective of calculating all of the risks incurring from assets contained in material portfolios using the IRB approach. For this reason, its implementation will be pursued in all other countries (including Russia and the Ukraine) at the level of priority prevailing in previous years.

To ensure that the risk-weighted calculation of asset valuations is correctly undertaken, that it accords to group practices and Austrian law, and that it exploits national-level options, Raiffeisen International's head office in Vienna has set up a special competence centre. Its brief is the supporting and coordinating of the work of locally-based and dedicated project teams.

One of the main thrusts of the Basel II related implementation is the assurance of data quality. To assure this, key performance indicators developed at the head office are deployed in the conducting of monthly audits of data. Any deficiencies revealed are processed and corrected on a non-delay basis. The proactive preclusion of deficiencies is ensured through the undertaking of supplementary measures whose formulation forms part of the head office's optimisation of credit provision processes.

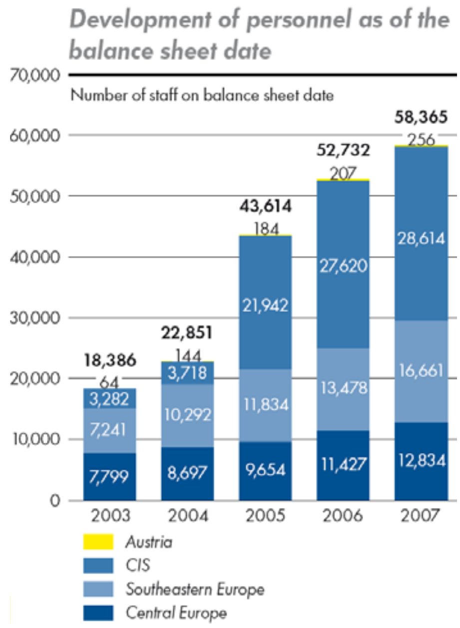
The fine tuning of in-house instruments deployed in the management of banking processes is conducted on an ongoing basis, and using the results of the validation of models employed in the identification and assessment of risks contained in portfolios and elsewhere.

Human Resources

One of Central and Eastern Europe's best-loved employers

The sustained growth achieved by Raiffeisen International has been accompanied by a correspondingly large increase in the number of staff members. This primarily resulted in 2007 from the network banks' organic growth. As of December 31, 2006, 52,732 staff members (expressed in FTE – full-time equivalent units) were employed at by the group. A year later this number had grown by 10.7% to 58,365. Of them, 188 worked for the group's corporate parent in Vienna (2006: 143).

The average age of the personnel staffing the network banks remains relatively low 34. As this figure reveals, Raiffeisen International is one of the youngest and most dynamic banks around. Another fact about our staff members: they are highly qualified. As of the end of 2007, a remarkable 70% had university degrees. This level varies on a country-by-country basis, with this reflecting the fact that the conditions in the countries in which Raiffeisen International operate are also highly heterogeneous. These conditions involve workforce demographics, qualities of educational systems and economic parameters. The same applies to the percentage accounted for by women in the total workforce. For the banking group as a whole, the percentage came to 69% as of the end of 2007.



Performance management successfully launched

A close accordance between the objectives formulated for the group as a whole and for each of its staff members constitutes a precondition for the successful implementation of the group's strategy. To achieve this intermeshing, Raiffeisen International's executive board launched in 2006 a group-wide initiative. Its objective is the group-wide implementation of a performance management system. The system's goals are the creation of objectives for staff members which are easy to understand and monitor, the receipt of feedback and recognition on a regular basis, and the setting up of a system evaluating the performances of staff members, with the system being used to spur the further development of staff members and to establish remuneration. The performance management system has also been set up to foster those key competencies needed to propagate and incorporate Raiffeisen's guiding values and image to and in the network banks and their operations. The net result of all this is the achieving and strengthening of a single, group-wide identity.

The performance management system is structured to ensure a balancing of the objectives set for the company and for its individual staff members. The system is also responsible for the measurement of how closely these objectives have come to being realized in the context of cyclical business processes. The system is also used to evaluate the performances of individual staff members. These evaluations impact upon the goals set and the career plans made for and by the staff members. The evaluations also form the basis of individual remuneration.

The implementation of the performance management system had achieved the following milestones by the end of 2007:

- The systems evaluating the performance of the top three echelons of executives staffing the network banks had been configured to adhere to group-wide standards. In many banks, this adherence has been achieved for all of the systems monitoring executive and other staff member performance.
- These systems are being used as the bases for the formulation of performance-derived remuneration systems.
- Six key cultural competencies designated for group-wide application have been incorporated into the systems evaluating the performance of level one and two executives.
- Undertaken has also been the further development and stepping up of locally-based activities devoted to training executives and other staff members in the employment and deployment of performance management systems.

Purposeful ongoing occupational education

Highest-quality personnel qualifications constitute a company's most important asset. This holds especially true for service providers. To achieve this quality of qualification, Raiffeisen International has instituted a program of proactive personnel development. It is comprised of a broad-ranging portfolio of vocational and ongoing occupational education measures.

New training centre in the Ukraine

A key component of this program was created by the group in the period under review for the Kiev-based Bank Aval. The restructuring of the bank's training and development division in 2006 was followed on July 18, 2007 by the commissioning of the ultra-modern FARBA training centre.

E-Learning

Raiffeisen International set forth its implementation of E-learning initiatives in 2007. In important moves, the programmes existing for banks based in Poland, Romania, Russia and the Czech Republic were joined by those for ones in Belarus and the Ukraine.

To provide these national-level projects with the requisite support, and to foster the inculcation of their personnel's international level skills, the group's head office launched in 2007 the creation of a main E-learning system. It will network the E-learning programmes maintained by the head office and the subsidiaries.

The E-learning programmes have enabled Raiffeisen International to step up its speed, directness and efficiency of provision of support to group vocational and occupational education programs. These traits, in turn, constitute an important engine of corporate success.

Raiffeisen International will continue to pursue in the years to come its objective of creating a corporate learning system that is capable of cultivating and managing talent on a group-wide basis.

Competitive advantages: talent management and successor planning

Our abilities to recruit the most talented executives and other staff members, and to offer them ways of developing their skills while pursuing their careers constitute, along with our capability of convincing them to stay with our company, one of the main reasons why we are so successful on Central and Eastern Europe's fast-growing markets. This success of recruiting and retention is a product of the thoroughgoing implementation of our talent management strategy, and of the effective measures comprising our successor planning system. These, in turn, form the instruments guaranteeing the sustaining of Raiffeisen International's success.

The "Spot! – Grow! – Lead!" initiative was launched in 2007 by Raiffeisen International's executive board. It encompasses the talent management of and successor planning for senior executives working for the network banks. The project's objectives are:

– to recruit and retain "top talents" – those capable of leading the company,
– to systematically and purposefully train these staff members to assume management positions,
– to identify any key executive positions needed filling at an early stage.

This initiative will create a "top talent pool". From each and every group division and subsidiary, and from every country of operation, these highly-qualified staff members are to readied, via programs of promotion and of skills development, for the occupying of top positions at network banks. This international-level talent pool is to be complemented by locally-based ones. The latter are to satisfy the ever-growing need prevailing at all levels of operation for highly-qualified and adept specialists and managers.

Planned for 2008 is the development of "Spot! – Grow! – Lead!" into one of the main tools used in the scheduling and managing of executive development and career planning. Another focus for the year will be the development of a group wide "international acceleration pool". The pool is designed to provide highly-motivated and highly capable top performers working for the network banks with opportunities to embark upon international-level careers. This pool will enable the filling of key positions on a rapid and transnational basis.

Prospects

Economic prospects

CEE's economies turned in record growth in 2006 and 2007. This year should experience a moderately sized cooling off. The 6.8% real GDP growth recorded by CEE in 2007 is forecast to drop to 5.3% in 2008. This rise is still, however, very robust. The causes of this forecast decline of 1.5 percentage points are the business cycle (the upswing is coming to a natural end) and the drop-off in growth expected to be experienced in the Eurozone – CEE's most important market of trade and source of investment. The Eurozone's GDP rise is expected to drop from 2007's 2.7% to 1.6% in 2008. This weakening of economic performance will probably be augmented by the USA's real estate crisis and its impact upon the American economy as a whole. This crisis will, however, have little direct effect upon CEE's economies.

Over the last few years, private consumption joined foreign demand and corporate investments as a main engine of economic growth in CEE. This rise in private consumption was stoked by rises in employment, remuneration and the amount of private credits provided, with the latterly being especially strong and sustained. The increase in inflation expected to materialize should cause the rise (in real terms) of remuneration to be lower this year, notwithstanding the further rises in employment expected to occur in CEE economies in 2008. A further negative factor is forecast to be the increasing of the costs of private credits. This is attributable to the higher costs and lower availability of refinancing facing banks procuring such on capital markets. These trends are also ascribable to the USA's mortgage crisis.

Such a weakening of private demand would, however, constitute a benefit for those Southeastern European economies contending with strongly-rising balance of current account deficits. The declines in these deficits would foster the sustaining over the medium and long run of economic growth. A factor also to be considered is the durability shown by CEE economies, which have demonstrated that they are eminently capable of shrugging off the negative effects emanating from a short-term cooling off of Eurozone economies. These trends indicate that the CEE economies will largely overcome their weaknesses in consumer demand, and will remain in the fast lane of economic growth. Should they manage to do such, the revaluation of their currencies – in both (in several cases) nominal and real terms – is probable.

Events of special importance taking place after the balance sheet date

No events took place after the balance sheet date that could substantially influence the company's assets, finances or earnings.

Appropriation of profits

The executive board will propose to the annual general meeting the distribution of a dividend of €0.93 per ordinary share.

Balance sheet as of December 31, 2007

Assets

	31.12.2007 EUR	31.12.2006 TEUR
A. Fixed assets		
I. Intangible assets		
Software	***787,397.74***	***265***
II. Tangible fixed assets		
Other facilities, operating furnishings and fittings	***48,697.11***	***57***
III. Financial investments		
1. Shares held in affiliates	4,006,947,046.62	3,260,575
2. Participations	680,066.18	0
3. Securities held as investments	40,228.00	41
	4,007,667,340.80	***3,260,616***
	4,008,503,435.65	**3,260,938**
B. Current assets		
I. Receivables and other assets		
1. Accounts receivable	82,738.64	60
2. Accounts receivable from affiliates	142,476,031.09	42,001
3. Other receivables and assets	7,582,863.26	4,377
	150,141,632.99	***46,438***
II. Securities and stakes held	***34,964,455.80***	***10,690***
III. Cash on hand and at banks (exclusively at affiliates	***15,617,389.44***	***347,860***
	200,723,478.23	**404,988**
C. Prepayments and accrued income	**1,286,466.63**	**965**
	4,210,513,380.51	**3,666,891**

Liabilities

	31.12.2007 EUR	31.12.2006 TEUR
A. Equity		
I. Equity capital	***471,735,875.00***	***434,517***
II. Ca Capital reserves		
1. Committed	1,852,592,104.11	669,977
2. Non-committed	97,066,398.80	97,067
	1,949,658,502.91	***767,044***
III. Retained earnings reserves		
1. Legally constituted reserves	5,000,000.00	5,000
2. Other reserves (freely disposable) of which reserves for own shares EUR 34,964,455.80; 2006: TEUR 10,690	983,780,717.89	983,781
	988,780,717.89	***988,781***
IV. Unappropriated retained earnings	***165,993,419.79***	***181,180***
of which, profits carried forward: EUR 80,061,013.67; 2006: TEUR 28,918		
	3,576,168,515.59	**2,371,522**
B. Provisions		
1. For termination of employment compensation	674,134.55	247
2. For pensions	4,641,616.31	2,802
3. For taxes	0.00	455
4. Other provisions	22,811,202.86	15,509
	28,126,953.72	**19,013**
C. Obligations		
1. Obligations to banks	90,173,277.35	372,932
2. Accounts payable	2,296,610.06	1,302
3. Obligations to affiliates	511,006,196.98	868,197
4. Other obligations of which, from taxes: EUR 73,764.69; 2006:: TEUR 61 of which, from social security: EUR 296,040.46; 2006: TEUR 230	1,306,410.14	33,925
	604,782,494.53	**1,276,356**
D. Accruals and deferred income	**1,435,416.67**	**0**
	4,210,513,380.51	**3,666,891**
Contingent liabilities from guarantees	2,049,859,031.81	1,059,880
Outstanding commitments to pay-in	1,635,000.00	35

Income statement for financial year 2007

T€: thousands of €

	2007 €	2006 T€
1. Revenues	25,947,934.13	28,775
2. Other operating income		
a) Income from the retransferring of reserves	*796,689.81*	*155*
b) Other income	*15,956,739.85*	*5,331*
	16,753,429.66	5,486
3. Staff costs		
a) Salaries	*-28,191,317.65*	*-22,107*
b) Expenditures for termination of employment compensation and outlays to providential funds for staff members	*-944,908.90*	*-463*
c) Expenditures for old age care	*-333,364.56*	*-2,287*
d) Legally-required expenditures for social charges and Charges and compulsory contributions	*-3,640,300.79*	*-2,625*
e) Other social account payments	*-301,754.23*	*-290*
	-33,411,646.13	-27,772
4. Depreciation of intangible and tangible fixed assets	-242,635.48	-92
5. Other operating expenditures		
a) Taxes	*0.00*	*-1*
b) Others	*-60,189,660.27*	*-49,349*
	-60,189,660.27	-49,350
6. Sum of Z 1 to 5 (operating income)	***-51,142,578.09***	***-42,953***
7. Earnings from participations of which due from affiliates: € 162,568,524.11; 2006: T€ 115,010	162,568,524.11	115,917
8. Earnings from other securities held as financial investments	1,271.25	1
9. Other interest and similar earnings of which due from affiliates: € 39,443,217.27; 2006: T€ 5,315	44,313,750.04	8,161
10. Earnings from the disposal of financial investments	1,201,665.41	668,211
11. Expenditures for financial investments	-133,385.09	-13,908

Notes to the accounts

of December 31, 2007

of

Raiffeisen International Bank-Holding AG

A. Elucidation of the methods of accounting and valuation

General principles

These annual accounts were compiled using **principles of orderly accounting** and adhering to the definition of true and fair depiction contained in § 222 para. 2 of the Commercial Code. The result is the most accurate depiction possible of the company's assets, finances and earnings.

Adhered to in the compilation of these accounts in the principle of **completeness**.

The valuation of the individual assets and liabilities was carried out using and assuming the **individual evaluation and going concern principles**.

The **principle of prudence** was taken into account by the reporting only those earnings actually realized as of the balance sheet date. The income statement provided for all recognizable risks and pending losses.

Fixed assets

Intangible and tangible fixed assets are valuated at their costs of procurement less scheduled depreciation.

Scheduled depreciation is carried out using the straight-line method and assuming a term of utility of three to four years (for intangible assets) and four years (for tangible fixed assets).

Additions recognized in the first half of the business year are fully depreciated at the annual rate; those recognized in the second half, at half of the annual rate.
Assets of negligible value (whose cost of procurement is to up €400) are fully depreciated in the year of their acquisition. They are reported in the fixed assets tables as additions and disposals.

Financial investments (stakes held in affiliates and participations, and securities held as investments) are, as a general rule, valuated as their costs of procurement.

Non-scheduled depreciation is carried out on **shares held in affiliates and participations** in those cases in which their fair values are lower as of the balance sheet date than their carrying values, and when these value impairments are set to be long-term in nature. Write-ups are performed up to the costs of procurement in those cases in which the reasons for the value impairments no longer exist. No non-scheduled depreciation was performed in the financial year.

Securities held as investments are recognized at the lower of costs or market.

Exchange rate hedges undertaken for participations taking the form of discrete valuation units (please see appendix III/5) are recognised using the individual evaluation principle. This is applied at the valuation units level.

Current assets

Receivables are recognised at their nominal values, unless individually-applicable risks are recognisable. In such cases, they are recognised at the lower value. Receivables maintained in foreign currencies are recognised at the buying rate prevailing on the date of their coming into existence, or at the buying rate prevailing on the balance sheet date, should that be lower.

Securities and shares (proprietary shares) are recognised as a general rule at their costs of procurement, less any writedowns performed, in those cases in which the stock quote as of the balance sheet date is lower than the costs of procurement. Propriety shares committed to the Share Incentive Program (SIP) are depreciated over the term remaining of the program in question (terms of three years each). To get the details of the SIP, please see the section on provisions on page 9.

Provisions

All of the benefits-oriented provisions comprised of capital and made to satisfy social requirements **(provision for termination of employment compensation and pensions)**—with the exceptions of the pensions compiled for two executive board members--are determined, in accordance with IAS 19 – Employee Benefits, using the Projected Unit Credit Method. The right of choice contained in IAS 19.92 (corridor method) is not exercised.

Used in the actuarial calculation of termination of employment compensation and pension commitments is an assumed rate of annual interest of 5.0% (2006: 4.5%). The parameters used in calculating obligations to pay termination of employment compensation remained unchanged from the previous year: an annual average increase in wages of 3% and a career trend of 2% per annum.

The biometric basis of the calculations made for provisions of capital for social accounts was furnished by the Association of Austrian Actuaries' underlying calculations for pension insurance - Pagler & Pagler – contained in the version for staff members, and incorporating a life expectancy factor. The calculations assume a beginning of the drawing of pensions at the age of 65. The calculations also take into account the legal stipulations governing the transition from working life to pensioner status, and the special features of individual-level contracts.

In accordance with contractual conditions, the provisions for pensions constituted for two executive board members correspond to the amount of coverage provided by pension reinsurance policies taken out to meet the obligations.

Provisions for taxes and other items are constituted at the amount of utilisation required. The provisions take into account all recognisable risks and all liabilities whose amount has not yet been determined.

Liabilities

The **liabilities** are recognised at their amounts of repayment, with this being determined using the principle of prudence. Liabilities maintained in foreign currencies are recognised at their costs of procurement, or at the foreign exchange rate prevailing at the balance sheet date, should that be higher.
Options are recognised at their market values. The determination of fair value is carried out using an appropriate option price model.

Forwards are translated at the forward rate prevailing on the balance sheet date. Provisions are constituted for any pending losses resulting from this.

Income statement

Profit and loss are calculated using the total costs procedure.

B. Elucidations of balance sheet items

1. Assets

Fixed assets

The development and composition of fixed assets are detailed in appendix I (fixed assets table reported in accordance with § 226 (1) Commercial Code) and in appendix II of these notes (reporting of the shares held in affiliates as of December 31, 2007 in accordance with § 238 (2) Commercial code).

To secure against the risks arising from the maintaining of equity in local currencies of the following companies

- eBanka a.s., Prague
- OAO Priorbank, Minsk
- Raiffeisen banka a.d., Belgrade
- Raiffeisenbank a.s., Prague
- Raiffeisenbank Austria d.d., Zagreb
- Raiffeisen Bank Polska S.A., Warsaw
- "RI-RBHU Holding GmbH", Vienna (Raiffeisen Bank Zrt., Budapest)
- Ukrainian Processing Center JSC, Kiev
- VAT Raiffeisen Bank Aval, Kiev
- ZAO Raiffeisenbank, Moscow

currency hedges were entered into with Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), Vienna.

Discrete evaluation units were set up for the above participations. This ensures that the countervailing development of the associated foreign currency’s value will be compensated by the interplay between the underlying (participation) and the hedge. The assessment of the hedge’s efficiency takes into consideration the local currency’s performance. Such hedges can, however, also make use of currencies showing a great degree of correlation. The changes in values are reported in the valuation of participations (for the underlying) and in the receivables due or from affiliates (for the hedge). Doing such precludes any impact on the income statement.

Current assets

The **accounts receivable** amounted to €82,738.64 (2006: T€60) in 2007. All of these had in 2007 and 2006 a remaining term of up to one year.

The **accounts receivable from affiliates** came to €142,476,031.09 (2006: T€ 42,001). This item is comprised of accounts receivable amounting to €738,016.80 (2006: T€ 1,400) and other receivables amounting to €141,738,014.29 (2006: T€ 40,601). The other receivables are largely comprised of the €104,571,561.49 (2006: T€ 22,827) resulting from the valuation of currency hedges (evaluation unit), the €19,897,304.86 (2006: T€ 15,312) from dividend-related receivables, and from € 13,835,783.40 (2006: T€ 2.321) from tax apportionments. All of these had in 2007 and 2006 a remaining term of up to one year.

The **other receivables and assets** came to €7,582,863.26 (2006: T€ 4,377) in 2007. They largely comprise the premium reserves accruing from reinsurance policies and amounting to €4,653,276.57 (2006: T€ 804), as well as the €1,123,219.77 (2006: T€ 1,016) in receivables accruing from Vienna's tax authorities, and the €712,506.41 (2006: T€ 1.009) stemming from the charging on of IT projects. Other receivables amounting to €5,015,154.77 (2006: T€ 1.010) had in 2007 and 2006 a remaining term of more than one year. The remaining receivables, amounting to €2,567,708.49 (2006: T€ 3,367), have a remaining term of up to one year.

The **securities and shares** amounted to €34,964,455.80 (2006: T€ 10.690) and included 826,223 (2006: 262,260) proprietary shares, of which 235,712 (2006: 199,833) shares are devoted to the company's Share Incentive Program (SIP) (Details are provided in the section on provisions on page 9). Acquired in financial year 2007 were 563,963 proprietary shares at a weighted average price of €51.20 per share.

Cash at credit institutes came to €15,616,409.00 (2006: T€ 347,858) Most of this is deposited at Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna; all of it with affiliated companies. These deposits had a remaining term of one year in 2007 and 2006.

Prepaid expenses and deferred income

Prepaid expenses came to €1.286.466,63 (2006: T€ 965). This item is largely comprised of expenditures for advertising (€644,372.95; 2006: T€ 565), for user fees (€358,207.02; 2006: T€ 283), and for IT projects.

2. Liabilities

Equity

Meeting on June 5, 2007, the annual general meeting resolved to increase the company's capital from business funds (capital correction) by €931,108.69, so as to give the capital ascribable to each share the relatively even amount of €3.05. This was accomplished by transforming committed capital. This move joined with the capital increase carried out on October 5, 2007 and amounting to € 36,287,375.00, with this arising from the issuing of 11,897,500 shares, in causing the company's **equity** to amount to €471,735,875.00 as of December 31, 2007. This capital is comprised of 154,667,500 shares of no par value (bearer shares).

The annual general meeting of June 7, 2006, in a move approved by the supervisory board, and in accordance with § 169 of the Securities Act, empowered the executive board to increase the company's equity capital by June 7, 20011 by up to €217,258,695.65 through the issuing of up to 71,385,000 ordinary bearer shares. The annual general meeting of June 5, 2007 revoked the resolution authorising an approved (and unused) capital. In a concurrent move, the executive board was authorised, in a move approved by the supervisory board, to increase the company's equity capital within five years after the registration of the appropriate change in the articles of association in the Commercial Registry by issuing up to 71,385,000 voting shares made out to the bearers and for the payment of cash and/or the provision of consideration. This is to occur in a way maintaining shareholders' legal rights of procurement, and is to increase the company's equity capital by up to €217,724,250,00 (approved capital).

Meeting on September 19, 2007, the supervisory board approved the executive board's proposal to take up the approved capital to the amount of up to €36,287,375,00, through the issuing of up to 11,897,500 new shares. The determination of the capital increase's final amount and of its prices of procurement and tendering were reserved for a subsequent resolution by the executive board. In a concurrent move, the supervisory board gave a working committee the brief to pass such a resolution.

A meeting of the executive board held on October 3, 2007 irrevocably established the dimensions and conditions of the capital increase. On the same day, at another meeting, the working committee of the supervisory board approved the capital increase, and resolved, in accordance with § 4 para 5 and § 12 para 2 of the articles to make the corresponding changes in Raiffeisen International's articles of association.

As a result of these resolutions, the company's equity was increased on October 5, 2007 by €36,287,375.00 to €471,735,875.00 through the issuing of 11,897,500 bearer shares at the price established by the executive board of €104.00 each.

The premium earned through the transactions of €1,201,052,625.00 was consigned, after deducting the costs directly ascribable to the issuing of €17,506,494.74, to the committed capital reserves.

As of December 31, 2007, the approved and unutilised capital came to €181,436,875.00.

As of December 31, 2007, Cembra Beteiligungs GmbH, Vienna (on behalf of RZB) held 68.5% of the company's equity. The remainder of the shares is held by a large number of shareholders.

The shares of Raiffeisen International Bank-Holding AG have been listed since **April 25, 2005** on the **Vienna Securities Exchange**'s Prime Market. The initial offering price was € 32.50; the initial trading quote, €39.00. On April 28, 2005, the shares were included in the ATX, Austria's equivalent to the Dow Jones. As of December 31, 2007, Raiffeisen International's shares were trading at €103.60.

The **committed capital reserves** increased in financial year 2007 from €669,977,082.54 to €1,852,592,104.11. This increase was caused by the consigning of the premium arising from the capital increase and amounting to €1,201,052,625.00 (minus the expenditures directly incurred in the issuing of the shares of €17,506,494.74) to the reserves. This was partially offset by the transformation of committed capital amounting to €931,108.69 into equity, with this taking place in conjunction with the capital adjustment.

The **non-committed capital reserves** remained at €97,066,398.80 throughout the financial year.

The **retained earnings reserves** are comprised of the **legally-constituted** reserves, which remained at 2006's amount of €5,000,000.00 and **other (freely disposable) reserves** coming to €983,780,717.89. A sum accruing to the **other (freely disposable) reserves** of €34,964,455.80 (2006: T€ 10,690) has been constituted to provide for proprietary shares.

The committed capital reserves and the legally-constituted retained earnings reserves are greater than the amount stipulated by § 130 para. 3 of the Securities Act.

Reserves

The **other reserves** amounted to €22,811,202.86 in 2007 (2006: T€ 15,509). Of this, €10,164,034.00 (2006: T€ 8,867) is comprised of reserves constituted for balance sheet and other premiums; €4,427,295.00 (2006: T€ 4,295), for risks arising from affiliates; €2,224,208.74 (2006: T€ 826), for provisions made for the Share Incentive Plan (SIP); €3,946,194.26 (2006: T€ 596) for outstanding invoices; and €800,390.22 (2006: T€ 560), for vacations which have yet to be taken.

To strengthen and reward corporate high-achievers' sense of affiliation with the group, Raiffeisen International's executive board, in a move approved by the supervisory board, has set up a **Share Incentive Program (SIP)**. This performance-determined allocation of shares goes to top managers who have completed a three-year qualifying period. The allocation is based upon three agreements, each with of identical content, taking effect on July 1, 2005 (SIP - Tranche 2005); May 15, 2006 (SIP - Tranche 2006); and June 14, 2007 (SIP – Tranche 2007).

Eligible for inclusion in the Share Incentive Program are members of the executive boards of Raiffeisen International and of its subsidiaries, and selected senior executives of Raiffeisen International Bank-Holding AG. To participate in the SIP, these top managers have to invest their own funds in the purchasing of Raiffeisen International's shares. Once purchased, the shares have to be retained by the managers for three years.

The number of shares allocated depends upon the manager's fulfilment of two equally weighted indicators of performance. The first indicator is the performance of Raiffeisen International during the qualifying period, as measured in the period's average ROE (return on equity). The second indicator is the evaluation of Raiffeisen International shares' total shareholder return, with this being done via a comparison to all of the banks listed in the Dow Jones and EuroStoxx Banks indexes.

The shares required for the SIP were acquired in a programme of repurchasing proprietary shares. As of December 31, 2007, the company held 826,223 (2006: 262,260) of its own shares (equivalent to 0.53 % or T€ 2,520 of the company's total equity). Of the total, 235,712 (2006: 199,833) shares were consigned to the SIP. Of these, 111,687 shares were accounted for by the allocation in 2005; 69,452 shares by the allocation in 2006; and 54,573 shares, by the allocation in 2007.

Liabilities

The **liabilities due to banks** amounted to €90,173,277.35 (2006: T€ 372,932) in 2007. These liabilities are comprised of the €90,000,000.00 (2006: T€ 0) owed to Raiffeisen Malta Bank plc., Sliema (an affiliated company), of the €173,277.35 (2006: T€ 341,450) owed to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna (an affiliated company); and the € 0.00 (2006: T€ 31,482) owed to RAIFFEISENLANDESBANK NIEDERÖSTERREICH-VIENNA AG, Vienna. These liabilities, as was the case in 2006, have a remaining term of up to one year.

The **accounts payable** amounting to € 2,296,610.06 (2006: T€ 1,302) are largely comprised of the invoices for consulting and advertising services outstanding as of the balance sheet date. As was the case in 2006, the invoices had in 2007 a remaining term of up to one year.

The **liabilities due to affiliated companies** amounted to €511,006,196.98 in 2007 (2006: T€ 868,197). These were comprised of €503,631,444.45 (T€ 861,792) in financial liabilities; of € 7,312,227.48 (2006: T€ 6,372) of accounts payable; and of €62,525.05 (2006: T€ 33) of other liabilities.
The financial liabilities were due to RI FINANCE (JERSEY) Limited, Channel Islands, and amounted to €503,631,444.45 (2006: T€ 503,026). These liabilities took the form of the issuing of a certificate of obligation drawn up by a merchant (with its including deferred interest). This certificate is subordinated, as the term is defined by § 45 para. of the Banking Code. €500,000,000.00 (2006: T€ 500,000) of the liabilities have a remaining term of more than five years; €11,006,196.98 (2006: T€ 368,197), a remaining term of up to one year.

The **other liabilities** come to €1,306,410.14 (2006: T€ 33,925) and are comprised of €73,764.69 (2006: T€ 61) arising from tax liabilities; of €296,040.46 (2006: T€230) arising from social security liabilities; and of €936,604.99 (2006: T€33.634) from other liabilities.
As was the case in 2006, all these other liabilities had a remaining term of up to one year.
Reported in the miscellaneous liabilities are expenditures amounting to €509,050.49 (2006: T€531) and which will affect liquidity and only take effect after the balance sheet date.

Details of other financial obligations

		the following financial year €	the following five financial years €
Obligations from leasing contracts		90.802,00	486.923,00
	2006:	*95.422,00*	*477.112,00*
Rental obligations due to affiliated companies (from Service Level Agreements concluded with ZHS Office- & Facilitymanagement GmbH, Vienna)		2.354.700,00	12.626.998,00
	2006:	*1.165.000,00*	*7.111..000,00*
Obligations due to affiliated companies and arising from the technical implementation of Basel II's provisions		5.463.900,00	29.299.977,00
	2006:	*7.340.000,00*	*32.693.000,00*
Other obligations due to affiliated companies (from Service Level Agreements)		19.597.000,00	105.088.244,00
	2006:	*15.096.800,00*	*85.761.836,00*
		27.506.402,00	147.502.142,00
2006:		*23.697.222,00*	*126.042.948,00*

Contingent liabilities

The contingent liabilities amounted to €2,049,859,031.81 (2006: T€1,059,880) in 2007, and are comprised of €1,879,093,586.81 (2006: T€954,115) of guarantees rendered to affiliates; and of €170,765,445.00 (2006: T€105,765) of guarantees rendered to third parties. The contingent liabilities arising from guarantees rendered to affiliated companies are owed to Eastern European Invest GmbH, Vienna, and amount to €1,879,093,586.81 (2006: T€854,086), and to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, and amounting to €0.00 (2006: T€100,029). The guarantees rendered to third parties were made to Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne, and amounting to €55,000,000.00 (2006: T€40,000); to Council of Europe Development Bank, Paris, and amounting to €50,000,000.00 (2006: T€0); to European Bank for Reconstruction and Development, London, and amounting to €40,000,000.00 (2006: T€40,000); to Kreditanstalt für Wiederaufbau (KfW), Frankfurt am Main, and amounting to €25,000,000.00 (2006: T€25,000); and also comprised miscellaneous guarantees amounting to €765,445.00 (2006: T€765) and rendered to RAIFFEISENLANDESBANK NIEDERÖSTERREICH-VIENNA AG, Vienna.

As of the balance sheet date in 2007, Raiffeisen International had provided affiliates with stand-by facilities amounting to €435,000,000.00 (2006: T€307.965).

As of December 31, 2007 there existed a possible claim by the guarantor resulting from a guarantee rendered for RI and amounting to €199,754,560.35 (2006: T€100,029).

Outstanding obligations to pay into the share capital amount to €1,648,626.15 (2006: T€35) and are largely held vis-à-vis the European Investment Fund S.A., Luxemburg.

As of the balance sheet date, the following **financial instruments** were reported in the following balance sheet items:

	Currency	Nominal amount TWE	Fair value €	Balance sheet item	Carrying value €
Purchases of exchange futures					
	HRK	1.098.600	-716.080,64	Other reserves	716.080,64
Sales of exchange futures					
	RSD	8.173.990	2.020.665,68	-	-
	RUB	14.427.570	0,00	-	-

C. Elucidation of income statement

The **revenues from sales** amount to €25,947,934.13 (2006: T€28,775) and are entirely comprised of recompense for consulting and administrative services. Viewed on a geographic basis, the revenues accrued as follows: €25,923,496.45 (2006: T€28,739) from central and eastern Europe; €23,687.68 (2006: T€36) from Austria; and €750,00 (2006: T€0) from other areas.

A change in reporting methods has changed the apportionment between revenues from sales and other operating income. This change precludes the making of comparisons with 2006's figures.

The **other operating income** amounted to €16,753,429.66 (2006: T€5,486). It was comprised of €796,689.81 (2006: T€155) arising from the retransferring of reserves; and of €15,956,739.85 (2006: T€5,331), from other operating earnings. These, in turn, are comprised of €7,859,104.80 (2006:

T€5,265) in earnings from charging-ons (licenses); and of €7,173,018.41 (2006: T€0) in earnings from guarantee commitments and of commissions for the preparation of credits.

The **other operating expenditures** came to €60,189,660.27 (2006: T€49,349). They were comprised of €23,290,096.75 (2006: T€18,148) of IT-caused expenditures; of €18,787,109.08 (2006: T€16,720) for legal, auditing and consulting services; of €4,253,456.89 (2006: T€2,625) for advertising and marketing services; of €3,431,009.94 (2006: T€1,894) in expenditures for third party personnel; and of €2,388,985.76 (2006: T€2,007) in travel expenses.

Staff costs came to €33,411,646.13 (2006: T€27,772). These contain €944,908.90 (2006: T€463) in expenditures for termination of employment compensation and to corporate providential funds for staff members. The latter accounted for €208,785.16 (2006: T€174); the former for €736,123.74 (2006: T€289).

The income taxes item comprised a tax credit of €6,218,963.77 (2006: expenditure of T€784). 2007’s figure was the net of a tax credit resulting from tax levies and amounting to €10,795,107.05 (2006: T€2,321) and from expenditures for non-Austrian withholding tax amounting to €4,096,420.30 (2006: T€2,455). There was also a charging-on from the holding company (expenditure) amounting to €479,722.98. This was necessitated by recalculations of the previous years’ taxes.

The company has been since financial year 2005 a **member of the** Viennese-based Raiffeisen Zentralbank Österreich Aktiengesellschaft **corporate group**, as defined by § 9 Corporate Tax Code.

Deferred tax assets amounting to €3,787,739.75 were not reported in financial year 2007.

D. Other disclosures

The company employed in financial year 2007 an average of 161 (2006: 134) staff members (salaried employees).

The **supervisory board** was comprised in the period under review of the following members:

Dr. Walter Rothensteiner (Chairman)
Mag. Manfred Url (Deputy Chairman)
Patrick Butler
Stewart Gager
Dr. Karl Sevelda
Peter Woicke (until December 31, 2007)

Remuneration of the supervisory board:

Meeting on June 5, 2007, the annual general meeting set the annual remuneration of the members of the supervisory board to be €330,000. The AGM commissioned the board with the determination of this sum's distribution. Meeting on June 5, 2007, the supervisory board set the distribution to be carried out as follows: chairman, €70,000; vice-chairman, €60,000; members, €50,000. No recompense is provided for attendance of meetings. In financial year 2007, the supervisory board's remuneration came to €330,000. The figure for 2006 was €195,000 (with this not including cash reimbursements). No contracts requiring approval, as defined by §95 para. 5 Z 12 of the Securities Act, were concluded in 2007 with supervisory board members.

The **executive board** was comprised in 2007 of the following members:

Dkfm. Dr. Herbert Stepic (chairman)
Aris Bogdaneris
Dkfm. Rainer Franz
Mag. Martin Grüll
Mag. Peter Lennkh
Mag. Heinz Wiedner

Remuneration of executive board

The following remuneration was paid to Raiffeisen International Bank-Holding AG's executive board:

amounts in T€	2007	2006
preset and results-determined remuneration	5,864	6,786
payments to pension funds and to reinsurers	80	100
total	**5,944**	**6,886**

This chart lists preset and results-determined remuneration. This includes recompense for the holding of management positions in affiliated companies, bonuses and consideration. In financial year 2007, the share of results-determined remuneration came to 45.1% (2006: 58.5%).

The amount of results-determined remuneration is determined by the company's reaching of its objectives in the profits after taxes, return on standard capital, and cost/income ratio categories. The amount also depends on the managers' attaining of the goals agreed upon with them on an annual basis. No major changes were made in 2007 in the fundamentals of the participation in results.

Made in 2006 were commitments to pay bonuses amounting to €4,750,000 for acquisitions made. The paying out of these bonuses has been set for 2009 at the earliest. This payout is largely dependent upon the subsidiaries' acquired reaching the goals set for them in the return on standard capital, cost/income ratio and profits after taxes categories.

The chairman of the board is also member of the executive board of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), Vienna. The calculation of the remuneration received by the chairman occurred separately in 2007. The remuneration reported for the chairman from this bank does contain income from his position at RZB.

Expenditures in 2007 for termination of employment compensation and for pensions came to:

amounts in T€	pension expenditure	termination of employment expenditure
executive board	80	283
staff members	253	662
total	**333**	**945**

As of December, 31, 2007, the following executives had been granted the **right of authorized signature**, with this power to be exercised jointly with a member of the executive board or with another person enjoying this unrestricted right:

Ferenc Berszan
Dr. Kurt Bruckner
Dr. Roman Hager
Mag. Renate Kattinger
Dr. Robert Kaukal
Mag. Susanne Langer
Dr. Herbert Maier
Mag. Susanna Mitter
Dr. Friedrich Sommer
Dr. Rudolf Vogl

This company forms part of the group headed by Raiffeisen-Landesbanken-Holding GmbH, Vienna (the ultimate corporate parent) and comprised of its affiliates. Like the rest of these affiliates, Raiffeisen International is **fully-consolidated** in its corporate parent's accounts and is **integrated in group operations**. The consolidated accounts are available for inspection at the group parent's headquarters. Raiffeisen International is also included in the consolidated accounts compiled by Raiffeisen Zentralbank Österreich AG, Vienna (this is the company responsible for compiling consolidated accounts for the minimum number of companies).

The shares of this company are traded on a regulated exchange, as defined by § 2 Z 37 of the Banking Code. This requires Raiffeisen International to compile consolidated accounts satisfying the precepts of the International Financial Reporting Standards. The consolidated accounts are available for inspection at the headquarters of the respective company.

Vienna, February 29, 2008

Raiffeisen International Bank-Holding AG

Dkfm. Dr. Herbert Stepic	Mag. Martin Grüll	Aris Bogdaneris
Dkfm. Rainer Franz	Mag. Peter Lennkh	Mag. Heinz Wiedner

Appendix V

Raiffeisen International Bank-Holding AG, Vienna

Fixed assets table acc. to § 226 (1) CORPORATE CODE

	costs of procurement as of 1.1.2007	additions	Reclassi-fications in financial year	disposals	costs of procurement as of 31.12.2007	accumulated depreciation	carrying value 31.12.2007	carrying value 31.12.2006	deprecia-tion for the year 2007
intangible assets									
software and licenses	175.068,77	730.596,30	188.153,94	0,00	1.093.819,01	-306.421,27	787.397,74	76.384,10	207.736,60
prepayments made on software	188.153,94	0,00	-188.153,94	0,00	0,00	0,00	0,00	188.153,94	0,00
	363.222,71	**730.596,30**	**0,00**	**0,00**	**1.093.819,01**	**-306.421,27**	**787.397,74**	**264.538,04**	**207.736,60**
tangible fixed assets									
operating furnishings and fittings	62.032,62	13.529,20	0,00	-1.184,85	74.376,97	-41.412,46	32.964,51	37.225,06	17.394,81
automobiles (Czech offices)	20.309,51	667,57	0.00	0,00	20.977,08	-5.244,48	15.732,60	20.309,51	5.244,48
assets of negligible value	0,00	12.259,59	0,00	-12.259,59	0,00	0,00	0,00	0,00	12.259,59
	82.342,13	**26.456,36**	**0,00**	**-13.444,44**	**95.354,05**	**-46.656,94**	**48.697,11**	**57.534,57**	**34.898,88**
financial investments									
shares held in affiliates	3.319.205.552,78	925.615.647,02	0,00	-179.243.914,87	4.065.577.284,93	-58.630.238,31	4.006.947.046,62	3.260.575.314,47	0,00
participations	0,00	680.066,18	0,00	0,00	680.066,18	0,00	680.066,18	0,00	0,00
securities held as investments	40.863,09	0,00	0,00	0,00	40.863,09	-635,09	40.228,00	40.863,09	635,09
	3.319.246.415,87	**926.295.713,20**	**0,00**	**-179.243.914,87**	**4.066.298.214,20**	-58.630.873,40	**4.007.667.340,80**	**3.260.616.177,56**	**635,09**
	3.319.691.980,71	**927.052.765,86**	**0,00**	**-179.257.359,31**	**4.067.487.387,26**	**-58.983.951,61**	**4.008.503.435,65**	**3.260.938.250,17**	**243.270,57**

Depiction of shares held in affiliates as of December 31, 2007 acc. to § 238 (2) of the Corporate Code

share held in affiliate	Currency	participation millions	share held in capital %	total equity [1] thousands	annual income [1] thousands	
Bank						
VAT "Raiffeisen Bank Aval", Kiev	UAH	2.181,5	95,7	5.600.841	669.409	
ZAO Raiffeisenbank, Moscow	RUB	24.793,8	100,0	35.730.505	5.425.817	
Raiffeisenbank Austria d.d., Zagreb	HRK	1.617,5	73,7	3.279.004	565.987	
Raiffeisen banka a.d., Belgrade	RSD	24.702,7	100,0	30.311.637	4.485.766	
Raiffeisen Bank S.A., Bucharest	RON	1.190,1	99,5	1.260.618	314.560	
Raiffeisen Bank Polska S.A., Warsaw	PLN	661,2	100,0	1.299.825	301.855	
eBanka a.s., Prague	CZK	604,1	51,0	1.550.450	-27.442	
Raiffeisen Bank Sh.a., Tirana	€	34,6	100,0	10.492.764	4.885.574	
Raiffeisenbank d.d. Bosna i Hercegovina, Sarajevo	BAM	163,9	97,0	291.256	44.955	
Raiffeisenbank a.s., Prague	CZK	2.493,4	51,0	6.362.990	780.879	
Raiffeisen Banka d.d., Maribor	€	12,1	85,7	50.247	8.371	
Raiffeisenbank (Bulgaria) EAD, Sofia	BGN	310,1	100,0	439.067	108.612	
OAO Priorbank, Minsk	BYR	64.816,2	63,1	302.085.366	79.273.609	
Tatra Banka a.s., Bratislava	SKK	727,5	64,5	13.779.358	3.180.569	
Raiffeisen Bank Kosovo J.S.C., Pristina	€	33,0	100,0	44.073	14.670	
Finanzinstitute						
Eastern €opean Invest Holding GmbH, Vienna	€	0,0	100,0	17.086	69	
RI Eastern €opean Finance B.V., Amsterdam	€	0,4	100,0	3.705	1.328	
RI FINANCE (JERSEY) LIMITED, St. Helier	€	0,0	100,0	-9	5	
Sonstige Unternehmen						
"RI-RBHU Holding GmbH", Vienna	€	0,0	100,0	235.266	19.891	
Ukrainian Processing Center JSC, Kiev	UAH	0,2	100,0	22.468	18.944	
RLI Holding Gesellschaft mbH, Vienna	€	0,0	75,0	27.944	90	
Raiffeisen International GROUP IT GmbH, Vienna	€	0,0	100,0	1.215	23	
Raiffeisen International Liegenschaftsbesitz Holding GmbH, Vienna	€	0,0	100,0	74	-6	
RISP Beteiligungs- und Finanzierungsmanagement GmbH, Vienna	€	0,0	100,0	3	-4	
GSI Group Software Investment AG, Zug	CHF	29,4	100,0	-3.456	-1.009	[2]
Raiffeisen Training Center Ltd., Zagreb	HRK	0,0	20,0	x	x	
Centralised Raiffeisen International Service & Payments s.r.l., Bucharest	RON	6,8	100,0	x	x	
Raiffeisen Pensii – Broker de Pensii Private S.R.L., Bucharest	RON	0,0	99,0	x	x	

[1] The amounts of equity listed and the annual incomes reported for Austria-based subsidiaries stem from their preliminary accounts compiled as of December 31, 2007. The non-Austria based companies' equities and annual results as of December 31, 2007 are taken from their accounts compiled according to the International Financial Reporting Standards (IFRSs).

[2] The IFRS Reporting Package provided by GSI Group Software Investment AG, Zug uses € instead of national currencies.

Imprint

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Editorial deadline: February 29, 2008

Place of compilation: Vienna

The forecasts, plans and forward-looking statements presented in this report are based on the knowledge available to and estimates made by Raiffeisen International at the time of preparation. As is the case with all statements applying to the future, these contain risks and uncertainties. These, in turn, could give rise to considerably-sized divergences from the predicted results. No guarantee is made for the realization of the forecasts, of the projected figures or of the forward-looking statements.
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