Annual Financial Statement 2009

Raiffeisen International Bank-Holding AG

Raiffeisen INTERNATIONAL
Member of RZB Group

Contents

Group Management Report

General economic environment

Worst recession since 1945

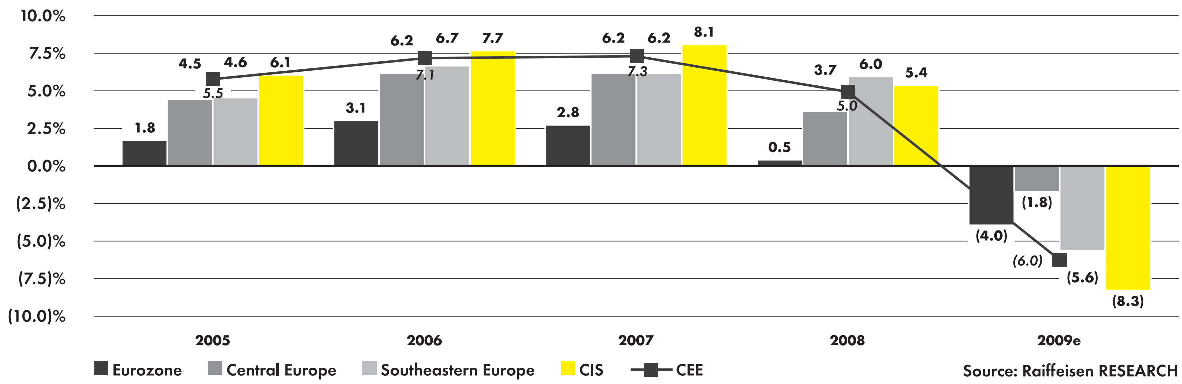
The world economy was hit in 2009 by the most severe recession since 1945. The starting point was the collapse of US investment bank *Lehman Brothers* in September 2008 and the resulting disruptions on global financial markets. World trade and industry were also hugely affected by the crisis in 2009. The euro area's real gross domestic product (GDP) dropped sharply in the first quarter of 2009 by 2.4 per cent on the previous quarter, and by 5 per cent on the same period of the previous year. The decrease for 2009 as a whole was 4 per cent year-on-year. After GDP declines over three consecutive quarters, however, the euro area overcame the recession in the third quarter of 2009 with real GDP growth of 0.4 per cent in quarterly comparison. Extensive government programs to stimulate the economy and expansive monetary policy from the European Central Bank (ECB) contributed decisively to that.

Because of their close economic and financial ties to Western Europe, the countries of Central and Eastern Europe (CEE) were also affected by the global economic crisis in 2009. Besides being heavily oriented to exporting to the European market, the CEE economies are especially dependent on capital flows from Western Europe. This concerns both foreign direct investments and the financing flows of the local financial sector. Since domestic savings are not sufficient as economic capital stock for these countries, they mostly depend on importing foreign capital. This was greatly curtailed, however, by the global financial crisis, which put an additional burden on the national economies. Countries whose current account deficits had sharply increased in the economic boom years were especially affected.

Among the new EU member states of Central Europe (Czech Republic, Hungary, Poland, Slovakia, and Slovenia), Poland stands out especially. It is Europe's only relatively large economy that achieved growth in 2009. The reasons for that are a relatively large share of domestic output and a robust financial sector that has hardly been impaired by the global crisis. In contrast, the Czech Republic and Slovakia, whose economies are strongly geared to export, and the automotive industry in particular, were affected significantly more on an annual basis. The cash-for-clunkers programs launched in many Western European countries to bolster the automotive industry also proved helpful, however, for automobile exports from Central and Eastern Europe. This put the Czech Republic and Slovakia among the EU economies that showed the strongest growth in the third quarter of 2009 by quarterly comparison. On the other hand, the Hungarian economy suffered a decline in the same period for the fourth consecutive quarter. Because of necessary budget consolidation, Hungary has hardly any maneuvering room left for fiscal policy measures. Altogether, the economic output of the new EU member states of Central Europe decreased in 2009 by 1.8 per cent year-on-year.

The rapid economic catch-up process in the transition countries in Southeastern European (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, and Serbia) led to rising and in some cases very high current account deficits in past years. Before the outbreak of the crisis, financing of those deficits was ensured both by foreign direct investments and by the financing flows of the flourishing financial sector. Because of the crisis, however, financing flows decreased considerably, with the result that current account deficits also had to be reduced rapidly. Some countries, e.g., Romania, Serbia, and Bosnia and Herzegovina, were only able to do that with financial assistance from the International Monetary Fund (IMF). The adjustments in the Southeastern European economies needed to substantially reduce current account deficits caused a sharp decline of GDP growth in 2009 by about 5.6 per cent year-on-year.

Annual real GDP development



The Commonwealth of Independent States (CIS), which had achieved the strongest economic growth of Raiffeisen International markets in past years, was hit hardest among all Central and Eastern European regions by the global economic crisis. In Ukraine, the continuing political crisis hindered not only reform efforts, but also effective measures to combat the economic crisis. That led to a huge loss of the population's confidence in the local currency. Its devaluation as well as a sharp decline of demand for steel, which subsequently affected its world-market price, caused Ukraine's economic output to drop in 2009 by around 15 per cent year-on-year. Despite a comparatively favorable starting position, the Russian economy was also unable to escape the effects of the global economic crisis. The sharp decline of commodity prices and a crisis of the domestic financial sector due to excessive speculation on the stock market are likely to have resulted in a contraction of the country's economic output by 7.9 per cent in 2009. Altogether, the GDP of the CIS probably declined by 8.3 per cent on average in 2009.

Assistance from IMF and EU stabilizes financial markets in Central and Eastern Europe

After the outbreak of the global financial crisis, Ukraine and Hungary were the first CEE countries to receive financial assistance from the IMF in November 2008, followed by Latvia in December 2008 and other CEE countries in the first half of 2009. The EU made additional funds available for the member states that required IMF money (Hungary, Latvia, and Romania). Both the rapid and pragmatic support by the IMF and the willingness of the EU to support member states in financial distress had a calming effect on the financial markets.

At the summit meeting of the 20 most important industrialized and emerging market countries (G-20) in the beginning of April 2009, it was decided that the IMF's financial assistance would be tripled to USD 750 billion. The EU also raised the amount of funds it can make available to its member states in an emergency to € 50 billion. Moreover, the World Bank, together with the European Bank for Reconstruction and Development (EBRD) and the European Investment

Bank (EIB), assembled a € 24.5 billion package to strengthen the financial industry in the CEE region and lending to the private sector.

The measures adopted at the G-20 summit strengthened the confidence of financial market participants that all CEE countries will meet their payment obligations in the foreseeable future. The meeting thus marked the turning point in the development of risk premiums and CEE currencies. The latter have stabilized since then, and some have even recovered. In the fourth quarter of 2009, risk premiums almost returned to the same levels they were at before the collapse of Lehman Brothers in September 2008.

Banking sector development in Central and Eastern Europe

After credit growth in Central and Eastern Europe already slowed greatly in the second half of 2008, it came to a nearly complete standstill in the first half of 2009. A massive rise in the cost and decline in the supply of external financing, tightened conditions for bank loans, and lower demand for credit were responsible for that. In addition to the economic recession, the devaluation of some CEE currencies due to the global economic crisis accelerated the increase of non-performing loans. The situation in the banking sector stabilized in the second half of 2009, but remained generally tense. The reasons for that were a further rise of unemployment rates due to the recession on the one hand, and uncertainty about the extent, speed, and sustainability of the general economic recovery on the other.

The robust Polish market and favorable loan/deposit ratios in the Czech Republic and Slovakia had a positive effect on the new EU member states. Lending volume in Hungary declined in 2009. Slovenia and Slovakia already benefited from their status as members of the euro zone, which grants them direct access to ECB funding lines. In the transition countries in Southeastern Europe, lending volume is likely to have remained stable in 2009. One reason for that is a commitment from international banks not to reduce their lending volume in some countries, in which the IMF has extended financial assistance. On the other hand, lending volume is likely to have decreased slightly in the CIS.

Business in 2009

Changes in corporate status and disclosures pursuant to Section 243a (1) of the Austrian Commercial Code

The company's capital stock as of December 31, 2009 was unchanged in comparison with the previous balance sheet date at € 471,735,875.00 and consisted of 154,667,500 no-par unit shares (bearer shares).

At the Annual General Meeting on June 5, 2007, the Managing Board was authorized with the Supervisory Board's approval to increase the company's capital stock by up to € 217,724,250.00 within five years of entering the relevant changes in the articles of association in the register of companies by issuing up to 71,385,000 new ordinary bearer shares with voting rights against contributions in cash and/or in kind while preserving shareholders' subscription rights **(authorized capital)**. An amount of € 36,287,375.00 (11,897,500 unit shares) was used for the capital increase on October 5, 2007 (secondary public offering).

As of December 31, 2008, unused authorized capital amounted to € 181,436,875.00.

At the Annual General Meeting of 10 June 2008, the share capital was increased contingently by up to € 47,173,587.50 through the issue of up to 15,466,750 common bearer shares (**contingent capital**) pursuant to Section 159 (2) 1 of the Austrian Stock Corporation Act. The contingent capital increase may only be carried out to the extent that holders of convertible bonds issued under the resolution of the Annual General Meeting of 10 June 2008 make use of the right to convert such bonds into shares of the Company. The issue amount and conversion ratio are determined on the basis of recognized accrual valuation methods and the current price of the Company's shares in a recognized pricing procedure. The issue amount may not be less than the pro rata amount of the capital stock. The new shares issued under the contingent capital increase are entitled to receive a dividend equal to that of the shares traded on the stock exchange at the time of the issue. The Managing Board is authorized subject to Supervisory Board approval to determine the further details of implementing the contingent capital increase, and the Supervisory Board is authorized to amend the articles of association accordingly.

At the Annual General Meeting of 10 June 2008, the Managing Board was authorized to purchase own shares under the provisions of the Austrian Stock Corporation Act and, if deemed appropriate, to retire them without further prior involvement of a general meeting of shareholders. The proportion of shares to be purchased and shares already purchased may not exceed 10 per cent of the Company's respective share capital. The duration of the authorization to purchase own shares is limited to 30 months from the date of the Annual General Meeting's resolution. No own shares have been bought since the authorization was issued in June 2008.

At the Annual General Meeting of 10 June 2008, the Managing Board was also authorized subject to Supervisory Board approval to issue **convertible bonds** under Section 174 (2) of the Austrian Stock Corporation Act for a nominal total of up to € 2,000,000,000.00 in one or more tranches within five years from the date of the resolution. The convertible bonds carry conversion or subscription rights to obtain up to 15,466,750 common bearer shares in the Company with a corresponding pro rata amount in the subscribed capital of up to € 47,173,587.50. Such an issue may also occur indirectly by means of a guarantee for convertible bond issues of a subsidiary in which the Company holds 100 per cent directly or indirectly that carry conversion rights to obtain shares of that company. The Managing Board was furthermore authorized to determine all further conditions concerning the issue (including the currency of the issue) and the conversion procedure for the convertible bonds. The subscription right of shareholders is excluded.

At the Annual General Meeting of 9 June 2009, the Managing Board was authorized to issue **participation rights having equity characteristics** under Section 174 of the Austrian Stock Corporation Act for a nominal total of up to € 2,000,000,000.00 in one or more tranches within five years from the date of the authorizing resolution subject to Supervisory Board approval and excluding the subscription right of shareholders.

On 4 August 2009, Raiffeisen International issued participation rights capital as provided by Section 174 of the Austrian Stock Corporation Act for a nominal amount of € 600,000,000.00 after approval by the Supervisory Board. The participation rights capital was entirely subscribed by Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.

In accordance with the terms of the issue, the participation rights capital is issued for the duration of the company, i.e., without the subscriber of the participation rights capital having the option of ordinary or extraordinary notice of termination. It takes part to the same extent as the share capital does in loss as defined under company law. Its status in case of the Company's liquidation, dissolution, or insolvency is that of a subordinated creditor, but it is to be serviced as being of the same rank as the share capital. The claim to liquidation proceeds is limited at 100 per cent of nominal value in the first ten years, and at 150 per cent as of 2019, provided the increase in enterprise value is covered.

Compensation for the participation rights capital amounts to 10 per cent in the first five years, and annual premiums are provided for thereafter. The increase of annual compensation is capped at the average of the respective 12-month Euribor plus 12 per cent per year.

Payment of compensation for the participation rights capital depends on its being covered in the year's profit after changes in reserves. Compensation that is not covered in the year's profit after changes in reserves lapses and is not to be paid later. If the Company retains profits without a legal or regulatory order to that effect, compensation for the participation rights capital then not paid out will increase the liquidation claim.

The participation rights capital can be paid back with notice of termination by the issuer only under analogous application of the provisions of the Austrian Stock Corporation Act concerning capital reductions or under corresponding application of the provisions of Section 102a of the Austrian Banking Act. The settlement amount corresponds to the nominal value of the participation rights capital until 2018, and increases to 150 per cent of the nominal value as of 2019.

Persons who are 68 years or older may not be appointed as members of the Managing Board or be reappointed for another term in office.

Persons who are 75 years or older may not be elected as members of the Supervisory Board or be reelected for another term in office. Furthermore, no person may be elected who has altogether more than eight supervisory board seats in companies listed on the stock exchange. The chair in the supervisory board of a company listed on the stock exchange counts twice. The articles of association contain no restrictions concerning voting rights or the transfer of shares. The Managing Board is not aware of any restrictions arising from agreements among shareholders. Moreover, there is no special right of control associated with holding shares.

RZB holds 72.8 per cent of the shares in the Company by way of its indirect 100 per cent subsidiary Cembra Beteiligungs GmbH, Vienna. The remaining shares are free float, which contains no direct or indirect participations in capital amounting to 10 per cent or more.

Section 9 of the articles of association contains the provision that shareholder Raiffeisen Zentralbank Österreich Aktiengesellschaft is granted the right to delegate up to one-third of the Supervisory Board members to be elected by the Annual General Meeting, as long as that company holds a participation in Raiffeisen International Bank-Holding AG.

There is no control on voting rights in case of a participation in capital by employees.

The following material agreements to which the Company is a party and which take effect upon a change of control in the Company as a result of a takeover bid exist in the context of the D&O insurance and the share incentive program (SIP):

"If the insured, Raiffeisen International, comes under new control due to a change in the management or control in respect to the management or control over a subsidiary or if it merges with another enterprise, the insurance will only cover events of loss due to wrongful acts occurring prior to the change in control and management and only for events of loss up to the end of the period of insurance."

The Company's share incentive program (SIP) provides upon a change in corporate control as follows: "If a change of corporate control or a merger occurs during the vesting period without the combination being exclusively concerned with subsidiaries, all contingent shares will lapse without replacement at the time of acquiring the shares of Raiffeisen International and of the investor's actual possibility of disposing of them, or at the time of the merger. An indemnification payment will be made for the contingent shares."

There are no indemnification agreements between the Company and its Managing Board and Supervisory Board members or employees for the case of a public takeover bid.

Business development in 2009

Business in 2009 was primarily shaped by the effects of the financial crisis, which made it necessary for the management to take appropriate actions and measures to deal with the changed market environment.

As in previous years, several units required support for their development, with this taking the form of capital increases and further purchasing of shares. Moreover, additional shares were purchased in some cases, and new companies were founded.

Material additions to assets during the year (not including additions arising from valuation units) are capital increases at Tatra Banka a.s., Bratislava (€ 88.8 million), Raiffeisen Bank Polska S.A., Warsaw (€ 75.0 million), VAT Raiffeisen Bank Aval, Kiev (€ 73.1 million), and Raiffeisenbank (Bulgaria) EAD, Sofia (€ 30.0 million) as well as the founding and capitalization of REH Limited, Limassol (€ 24.6 million) and a shareholder grant to Eastern European Invest Holding GmbH, Vienna (€ 20.0 million).

Development in leasing business was also supported in 2009 by shareholder contributions to RLI Holding Gesellschaft mbH, Vienna.

However, because of the negative development brought about by the financial and economic crisis and the related loss of intrinsic value, the shares in VAT Raiffeisen Bank Aval, Kiev had to be written down unscheduled in 2009.

To strengthen equity and own funds eligible under the Austrian Banking Act, participation rights capital in the amount of € 600 million and subordinated capital in the amount of € 650 million were issued by Raiffeisen International Bank-Holding AG, Vienna in 2009 (promissory note of 22 September 2009).

Key financial indicators

Assets and finances

The balance sheet total rose in 2009 from € 5,514.9 million to € 5,934.3 million. This increase resulted on the asset side particularly from changes in shares held in affiliated companies and in liquid funds.

As of the balance sheet date, Raiffeisen International held participations worth € 5.393,1 million (€ 5.301,4 million as of December 31, 2008), with this including holdings in affiliates worth € 5.392,4 million (previous year: € 5.300,7 million), and participations worth an unchanged € 0.7 million. Of the affiliated companies total, € 5.004,0 million (as of December 31, 2008: € 4.990,9 million) stemmed from banking participations, with the remainder still predominately being in holding companies. Furthermore, Raiffeisen International holds shares in two card-processing centers in Bratislava and Kiev and in a company in Bucharest founded for the purpose of clearing payment transfers (in particular, SWIFT transactions) and other back-office activities for the Group.

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

Consortium agreements with the respective shareholders exist for the following participations:

Raiffeisenbank a.s., Prague; Tatra Banka a.s., Bratislava; Raiffeisen Bank Zrt, Budapest, and Raiffeisen-RBHU Holding GmbH, Vienna, Raiffeisen 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 operating control, which could arise from the receipt of a takeover offer, suffice to nullify these contracts.

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. Hedging relationships 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. As of 31 December 2009, the currency risk was hedged only for Raiffeisenbank a.s., Prague, as a result of a change in hedging strategy.

Not yet billable services shown under inventories increased as a result of new projects from € 1.6 million to € 7.3 million.

Other accounts receivable from affiliated companies decreased primarily because of lower amounts of same-period dividend recognition and compensation due to tax apportionment stated in this item.

Positive balances at banks increased by € 359.0 million, which arose from the surplus funds resulting from strengthening equity by means of participation rights and subordinated capital.

On the liability side, obligations to banks decreased largely due to the repayment of a loan in the amount of € 500.0 million.

On the other hand, among obligations to affiliated companies, financial obligations increased by about € 685.0 million in particular due to the issue of subordinated capital and recognition of compensation for participation rights capital.

Earnings

Sales revenues, which rose by € 16.5 million year-on-year, include revenues from IT consulting and development in addition to general consulting and management services. The revenues are generated exclusively in dealings with affiliated companies.

Operating performance, which comprises revenues, the change in the total of not yet billable services, and other operating income, increased as a result of that by € 24.7 million, or 35.0 per cent, to € 95.2 million.

On the other hand, expenses incurred for operating performance rose by € 22.2 million year on year to € 157.8 million. Within the item of other operating expenses, increases were registered primarily in legal, auditing, and consulting expenses, data processing expenses, and rent.

As a result, operating income improved slightly, from minus € 65.1 million to minus € 62.7 million.

Including financial earnings of minus € 40.3 million (previous year: € 108.4 million), which in 2009 were mainly attributable to earnings from participations of € 277.8 million set against expenses from financial investments of minus € 270.5 million and interest and similar expenses of minus € 94.2 million in particular, there was a net loss for the year amounting to minus € 92.3 million (previous year: net profit of € 70.1 million) after taking into account earnings from income taxes of € 10.7 million (previous year: € 25.7 million). Expenses from financial investments amounted to € 270.0 million in 2009 and concern the unscheduled write-down of VAT Raiffeisen Bank Aval, Kiev.

After the release of other (freely disposable) retained earnings reserves of € 182.4 million (previous year: € 51.0 million), the result for 2009 is net income of € 90.1 million (previous year: € 121.1 million). After taking into account compensation for participation rights capital of € 60.0 million, and including profits carried forward from the previous year, unappropriated retained earnings amounted to € 31.5 million (previous year: € 144.3 million) as at 31 December 2009.

Cash flow statement

The cash flow statement shows the composition of liquid funds in the year under review and is divided into three areas, operating business activity, investing activity, and financing activity.

	2009 TEUR	2008 TEUR
Cash flow from current business activity (operating cash flow)	211,598	80,959
Cash flow from investing activity	-366,221	-1,225,396
Cash flow from financing activity	513,112	1,215,353
Change in liquid funds	358,489	70,916
Liquid funds at the beginning of the period	88,289	15,617
Amount taken over in merger with RI GROUP IT GmbH	0	1,756
Liquid funds at the end of the period	446,778	88,289

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 external consultants are used. Extensive controlling rights and the approval processes with minority shareholders are defined in numerous participation agreements, which serve as the basis of these contracts. The extent to which the company holds these rights is determined by the percentage of holding. These rights are pursued by Raiffeisen International's management and staff members. The financial development of these companies is continually documented and analyzed in monthly, quarterly and annual reports.

In particular, recognizing, quantifying, assessing, and actively controlling risks form an important core expertise of the Group. Raiffeisen International has constantly developed its risk management in the past years, adapting it to the steadily changing environment.

The economic crisis shaped the development of Raiffeisen International's risk management in 2009. The focus in retail risk management was on an intensification of collections, loan restructuring, stress tests, and scenario analyses at the portfolio level. In corporate risk management, an early warning system was established in light of the crisis, workout management was expedited, and more stress tests were conducted.

In general, Raiffeisen International's risk management is governed by Group-wide guidelines for credit policy. This ensures coordinated application in all network units of the criteria centrally adopted by the Managing Board. Work on area-wide implementation of the advanced approach of Basel II likewise contributes to standardization.

Raiffeisen International's business is subject to currency fluctuations due to numerous activities outside the euro area. This concerns income and expenses incurred in foreign currencies, the own funds requirement of asset positions in foreign currencies, and the equity of material participations. Rate changes therefore lead not only to fluctuations of Raiffeisen International's consolidated capital, but also to changes of the own funds requirement for credit risk.

Principles of Risk Management

- 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 implementation 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 provisions and portfolio-based provisions. 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.

Basel II and risk process optimization

Uniform and harmonized processes and valuation methods are the declared goal of all Raiffeisen International activities in the areas of Basel II and risk process optimization.

To that end, the concept of consistent and Group-wide implementation of Basel II was again systematically pursued in 2009. The goals involved go far beyond implementing methods of measuring credit risk for regulatory purposes. Development of the key pillars of the credit management process, i.e. risk measurement and management, continued steadily.

It is the aim of the Basel II center of excellence in Vienna to maintain the high level achieved in credit risk management. Optimization of the risk process with special attention to data quality and comprehensive collateral management will be consistently continued in all of the network's banks and leasing units in the years ahead.

Further information concerning risk management is presented in the management report and in the notes to the consolidated financial statements.

Internal control and risk management system in regard to the Group accounting process

Balanced, complete financial reporting is an important goal for Raiffeisen International and its corporate bodies. Complying with all relevant provisions of law is, of course, a basic prerequisite for that. The Managing Board bears responsibility for establishing and arranging an internal control and risk management system in regard to the accounting process that meets the requirements of the Company. The aim of this internal control system is to support the management by ensuring effective and continuously improved internal controls in regard to accounting. The control system is geared to compliance with standards and regulations, on the one hand, and to creation of optimal conditions for specific control measures, on the other.

The Annual Financial Statement is prepared on the basis of the applicable Austrian laws, including principally the Austrian Commercial Code (UGB), which governs the composition of such statements.

Control environment

An internal control system has already existed at Raiffeisen International for years in the form of directives and instructions for strategically important subject areas. It comprises:

- The assignment of authority for the approval of Group and company directives and department and division instructions.
- Process descriptions for the preparation, quality control, approval, publication, implementation, and monitoring of directives and instructions.
- Rules for the revision and suspension of directives and instructions.

The management of the respective network unit is responsible for implementing the Group instructions. Compliance with these Group rules is monitored in the context of audits.

Risk Assessment

Material risks in regard to the Group accounting process are evaluated and monitored by the Managing Board. Complex accounting principles can lead to an increased risk of error, and the same is true of non-uniform principles of valuation, particularly for financial instruments that are essential in the Group. Furthermore, a difficult business environment also poses the risk of material errors in reporting. To prepare consolidated financial statements, it is necessary to estimate various asset and liability items for which no reliable fair value can be determined. This applies especially to testing participations for impairment and calculating provisions for pensions, severance payments, and anniversary bonuses and other provisions.

Control measures

It is the task of the employees and managers responsible for accounting in the Group units to provide a complete picture and correct valuation of all transactions. The Managing Board is responsible for seeing to it that prescribed internal control measures, such as separation of duties and the "second-set-of-eyes" principle, are implemented.

Accounting is performed by Raiffeisen-Invest-GmbH, Vienna. Business transactions are recorded partly by manual and partly by automated means. The records are processed by means of the data processing systems of Raiffeisen Informatik GmbH, Vienna. Only modules of the standard software SAP were used for that in 2009. The system is protected in regard to IT security by restrictive granting of authorization. The examination and release of processed records is performed by an internal department of Raiffeisen International Bank-Holding AG, Vienna.

Preparing the information required by the Austrian Commercial Code for the notes to the annual financial statements is the final activity performed in preparing the annual financial statements.

The general control environment also comprises the middle management level (department heads) in addition to the Managing Board. All control measures are applied in the current business process to ensure that potential errors or divergences in the financial reporting are prevented or detected and corrected. The control measures range from the examination of periodic results by the management to the specific reconciliation of accounts to the analysis of ongoing processes in the accounting department.

The annual financial statements of Raiffeisen International Bank-Holding AG, Vienna, together with the management report, are dealt with in the Audit Committee of the Supervisory Board. They are furthermore submitted to the Supervisory Board for ratification. The ratified annual financial statements, of which note is subsequently taken by the Annual General Meeting, are published on the Company's website and in the official gazette of the Wiener Zeitung and are submitted to the commercial register.

Information and communication

Guidelines and regulations regarding financial reporting are regularly updated by the management and communicated to all relevant employees.

Furthermore, discussions are regularly held in various bodies concerning financial reporting and related guidelines and regulations. Those bodies include department heads and senior employees from the accounting department in addition to the management. The work in the bodies aims, among other things, to ensure that the guidelines and regulations that concern accounting are observed and that weaknesses and opportunities for improvement in the accounting process are identified and communicated.

Moreover, employees in accounting are continuously trained regarding new developments in their field in order to be able to recognize unintended misreporting early.

Monitoring

The Managing Board and the controlling department are responsible for continuous company-wide monitoring. Furthermore, the department heads are responsible for monitoring their respective areas. Inspections and plausibility checks are conducted at regular intervals.

Internal auditing is also involved in the monitoring process. The internal auditing function is performed by the Group audit department of RZB based on an annually updated service level agreement and standards specific to internal auditing that apply Group-wide.

The Group audit division independently and regularly checks for compliance with internal rules in the head office. The head of the audit division reports directly to the Managing Board.

Human resources

Crisis-driven adjustments

The number of persons employed by Raiffeisen International Bank-Holding AG, Vienna (salaried employees and freelancers, excluding employees on leave) developed in 2009 as follows:

2009		2008	
On Dec 31	on annnual average	On Dec 31	on annnual average
356	351	331	292

As a result of the changed business environment, the exercise of various holding functions necessitated an expansion of personnel.

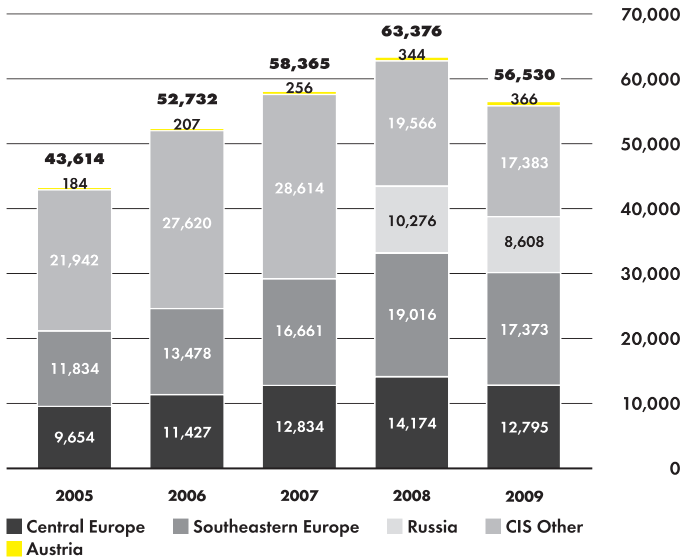
Raiffeisen International had a total of 56,530 employees as of 31 December 2009, (measured in full-time equivalents), which is 10.8 per cent or 6,846 persons less than at the end of 2008. Because of the financial crisis and its very noticeable effects on the real economy in 2009, Raiffeisen International was forced to adjust the number of its employees to current business needs.

The change in general conditions made it necessary to increase the number of employees in some areas, including compliance, risk management, collections, and workout. However, in other areas, such as sales, fewer employees were needed.

The average age of employees remains relatively low at 34.6 years and thus corresponds to Raiffeisen International's image as a young and dynamic company. With 76 per cent of the employees being university graduates, the workforce exhibits a very high level of qualification. 67 per cent of the employees are women.

Development of personnel

Number of staff on balance sheet date

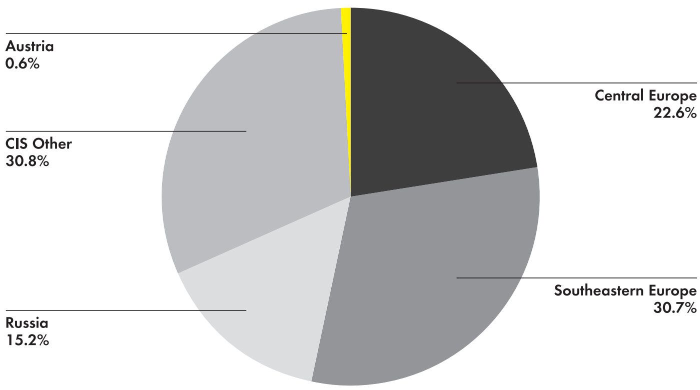


Human Resources Controlling

To optimize management of its personnel, Raiffeisen International began to develop an internal human resources controlling system in 2008. This system was successfully implemented in 2009.

Data relevant to personnel, e.g. including the return on investment of human capital, training days per employee, the turnover rate, personnel costs per employee, and profit per employee, have been collected and internally evaluated to create a solid basis for business decisions.

Geographical distribution of employees as of the balance sheet date



Commitment to performance and management development

Performance management

Commitment to performance enjoys an especially important status in times of crisis-driven cost reductions. The well-established performance management system that has existed in Raiffeisen International's entire network for some years forms an efficient basis for that. In line with its purpose, all management personnel as well as all employees in most network units were integrated into the performance management process in 2009. Further standardization of performance evaluation and hence better comparability across all markets of the Group will be sought in 2010. Moreover, the goal agreement system is to be improved at the management level in order to harmonize company and employee goals effectively.

Management development

Systematic identification and promotion of top performers and high potentials continued in 2009 despite the difficult environment. Particularly in times of change it is important to counteract an exodus of such talent by responding appropriately.

A number of activities to ensure top performers' loyalty to the company and systematic promotion were started in the network units. The above-mentioned human resources controlling system makes the success of those activities measurable and visible throughout the Group.

eLearning expanded

In spite of cost reduction considerations, the strategy established in the previous years of training a large number of employees flexibly and efficiently by way of eLearning was successfully continued in the reporting period. The basis for that is the Group-wide learning management system.

Corporate Responsibility

Corporate Responsibility in a difficult environment

Corporate responsibility, the commitment to social responsibility and environmental sustainability is an integral part of Raiffeisen International' s corporate identity. In its implementation, this means a mindset and a management method that focus on harmonizing economic, social, and environmental demands. The goal at Raiffeisen International is therefore responsible corporate conduct that transcends individual measures.

The commitment to corporate responsibility is reflected in the modern Raiffeisen principles, which originated in the concept of "helping people to help themselves" developed by Friedrich Wilhelm Raiffeisen. These principles make Raiffeisen International a reliable partner for customers, investors, and employees, and demonstrate a dedication to responsibility especially in difficult economic times.

Corporate responsibility within the framework of business activity

An important aspect of corporate sustainability is linking responsible conduct with the company' s original business purpose. Raiffeisen International accomplishes that by ensuring that the highest standards are observed in the areas of compliance and corruption prevention as well as by assuming environmental responsibility in the financing of facilities for the use of renewable energy sources and capital investments to enhance energy efficiency. Raiffeisen International demonstrates social commitment directly related to core business through financial inclusion, financial education, and microfinance.

The report can be requested at any time at **www.ri.co.at** → **Investor Relations** → **Financial Reports & Figures**.

Outlook

Economic Prospects

After the deep recession in the first half of 2009, a significant recovery of the world economy started in the second half of the year. Major factors for the trend reversal in Europe included the support measures taken by various governments, the injection of liquidity by the ECB, the revival of exports, and the restocking of inventories. On the other hand, consumer demand is likely to recover slowly due to rising unemployment rates trailing the cyclical curve. Moreover, credit growth will probably continue to stagnate due to necessary further consolidation of the financial sector. Since some of the supporting effects will fade this year, real GDP growth of only 1.4 per cent in the euro area is expected for the full year 2010. That would put it just under the estimate for 2011 which is at 1.5 per cent, but it is nonetheless significantly above the minus 3.9 per cent reported for 2009.

The national economies of Central and Eastern Europe should also continue to lag significantly behind their growth potential in 2010. There are several factors responsible for this: the inflows of foreign direct investments are likely to be significantly below the level of the past years again in 2010. Furthermore, credit growth will probably turn out to be extremely moderate, and public budgets are likely to remain very heavily strained. Nevertheless, average real GDP growth of about 2.6 per cent is expected for the CEE national economies in 2010 (2009: minus 6.0 per cent).

Among the relatively new EU member states of Central Europe (Czech Republic, Hungary, Poland, Slovakia, and Slovenia), Poland probably remains the country with the best growth prospects. The Czech Republic, Slovakia, and Slovenia should also show positive GDP growth, but it is likely at best to match that of the euro area. Stagnation of GDP is expected for Hungary. Altogether, the region should achieve a plus of about 1.4 per cent on average (2009: minus 1.8 per cent) in 2010, and thus just above the GDP growth forecast for the eurozone area.

The transition countries in Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Romania, and Serbia) will probably continue to be forced to reduce their current account deficits, which are in some cases still high. Unlike before 2009, the financial sector is unlikely to be able to stimulate domestic consumer demand substantially. The state of public finances will probably also hardly allow any expansion of government capital spending. The region's average GDP growth in 2010 should thus come to only about 0.7 per cent (2009: minus 5.7 per cent).

The CIS countries (Belarus, Russia, and Ukraine) oriented to basic materials suffered the most from the global economic crisis. However, the decline of real GDP by almost 8.3 per cent in 2009 also lays the foundation for a significant recovery. Above all, the price of oil, which is very important for Russia, already rose sharply in the second half of 2009, and demand for steel recovered strongly. The region's average GDP growth should reach about 2.5 per cent.

The real economic environment should remain disinflationary in 2010 given that the CEE national economies are likely to lag considerably behind their growth potential, and unemployment rates are likely to show a further upwards trend. The sharpest inflation decline is expected in the CIS, where average inflation rates will probably not only fall significantly below the 10 per cent mark, but might hit their lowest level since the beginning of the transformation at about 7.1 per cent (2009: 12.9 per cent). The same applies to the transition states of Southeastern Europe, whose average inflation rate in 2010 should come to only about 4.0 per cent (2009: 4.7 per cent). Regarding the relatively new EU member states of Central Europe, an average inflation rate of about 2.5 per cent is forecast for 2010 (2009: 2.8 per cent).

Outlook for Raiffeisen International

The financial and economic crisis again had a big hand in shaping the past business year. The recession continued to dominate in the first few months, causing severe fluctuations of currency exchange rates in some of our target markets and affecting our business trend and actions in the entire year through higher provisioning for impairment losses and cost-cutting programs. Fortunately, however, economic development turned appreciably upward in the course of the year. Our business model, geared to universal bank services with a transparent product range strictly oriented to customer needs, consistently proved itself. As the financial crisis ebbed, the problems of procuring liquidity in the banking sector were also overcome. Nevertheless, the consequences of the economic crisis will continue to be felt for some time.

The broad diversification of our bank network in 15 countries again proved very advantageous in the crisis, because individual countries were affected quite differently. We remain committed to that and will expand our presence and business where we see appropriate growth potential. We hope to gain impetus from the expected economic recovery in the CEE region. That is likely to be stronger in Central Europe, Southeastern Europe, and Russia than in the CIS Other segment, where the recovery will probably start later due to continuing problems in Ukraine.

We further developed and considerably expanded our risk management in the past year and took extensive precautions for possible risks. We expect the rise of non-performing loans to continue in 2010, but their upward momentum appears to have broken with the onset of the economic recovery. The strict cost management introduced in the period under review will continue in 2010.

Other information

Events of special importance taking place after the balance sheet date

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

On 22 February 2010, Raiffeisen International published an ad-hoc release which addressed the issue of the examination of a potential merger between Raiffeisen International and RZB as one of several strategic options under review. At the time of the editorial deadline, no official decisions were made to implement any of these options.

Research and development

As a holding company, Raiffeisen International Bank-Holding AG does not engage in any research and development activities.

Proposal concerning the use of profit

The Managing Board will propose to the Annual General Meeting that a dividend of € 0.20 per ordinary share be paid.

Balance Sheet as of 31 December, 2009

Assets

	31.12.2009 EUR	31.12.2008 TEUR
A. Anlagevermögen		
I. Intangible assets		
Software	***1,033,043.57***	***1,339***
II. Tangible fixed assets		
Other fcilities, operating furnishings and fittings	***1,365,129.44***	***1,365***
III. Financial investments		
1. Shares held in affiliates	5,392,355,906.45	5,300,726
2. Participations	680,066.18	680
3. Securities held as investments	59,902.87	53
	5,393,095,875.50	***5,301,459***
	5,395,494,048.51	**5,304,163**
B. Current Assets		
I. Inventories		
1. Merchandise	411,662.60	774
2. Unbilled services	7,301,944.95	1,571
3. Down payments made	24,240.00	818
	7,737,847.55	***3,163***
II. Receiveables and other assets		
1. Trade receiveables	0.00	30
2. Accounts receiveable from affiliates	32,505,506.79	91,373
3. Other receiveables and assets	7,326,766.96	6,340
	39,832,273.75	***97,713***
III. Securities and stakes held		
Treasury stock	***37,348,508.23***	***19,860***
IV. Cash on hand at banks	***446,778,025.08***	***88,289***
((thereof at affiliates € 446,775,966.16; previous year: € 88,289 thousand)		
	531,696,654.61	**209,025**
C. Prepayments and accrued income	**7,122,005.13**	**1,708**
	5,934,312,708.25	**5,514,896**

Liabilities

	31.12.2009 EUR	31.12.2008 TEUR
A. Equity		
I. Equity capital	***471,735,875.00***	***471,736***
II. Capital reserves		
1. Committed	1,852,592,104.11	1,852,592
2. Non-committed	97,066,398.80	97,066
	1,949,658,502.91	***1,949,658***
III. Retained earnings reserves		
1. Legally constituted reserves	5,000,000.00	5,000
2. Other reserves (freely disposable) of which, profits carried forward: € 37.348.508,23; previous year: € 19.860 thousand	750,427,080.83	932,781
	755,427,080.83	***937,781***
IV. Participation rights capital	***600,000,000.00***	***0***
V. Unappropriated retained earnings	***31,500,000.00***	***144,331***
of which, profits carried forward: € 1,404,592.96; previous year: € 23.220 thousand		
	3,808,321,458.74	**3,503,506**
B. Provisions		
1. For severance payments	2,351,905.85	1,272
2. For pensions	4,960,352.91	4,769
3. Other provisions	27,806,597.29	47,524
	35,118,856.05	**53,565**
C. Liabilities		
1. Liabilities to banks	818,210,222.18	1,377,208
2. Accounts payable	5,307,196.90	5,615
3. Liabilities to affiliates	1,258,692,290.22	571,890
4. Other liabilities	1,857,569.41	1,706
thereof from taxes: € 89.262,39 thousand; previous year: € 100 thousand		
thereof from social security: € 600,953.43; prvious year: € 540 thousand		
	2,084,067,278.71	**1,956,419**
D. Accrual and deferred income	**6,805,114.75**	**1,436**
	5,934,312,708.25	**5,514,926**
Contingent liabilities from guarantees	2,350,808,430.92	3,070,751
Outstanding commitments to pay in	1,648,626.15	1,649

Income Statement for financial year 2009

	2009 EUR	2008 TEUR
1. Revenues	69,070,089.80	52,540
2. Other operating income	5,655,544.52	1,551
3. Other income		
a) Earnings from the disposal of assets with the exception of financial assets	*9,204.12*	*0*
b) Income from the retransferring of reserves	*11,571,994.44*	*3,148*
c) Other income	*8,771,584.30*	*13,213*
	20,352,782.86	16,361
4. Material costs and other costs of services		
a) Material costs	*-742,622.59*	-7,726
b) Costs of services	*-19,041,251.89*	-9,171
	-19,783,874.48	-16,897
5. Staff costs		
a) Salaries	*-39,579,320.96*	*-35,252*
b) Expenditures for severance payments and outlays to providential funds for staff members	*-1,646,136.86*	*-953*
c) Expenditures pension funds	*-812,581.30*	*-612*
d) Legally-required expenditures for social charges and for fee-derived charges and compulsory contributions	*-7,195,037.92*	*-6,597*
e) Other social account payments	*-1,077,338.97*	*-614*
	-50,310,416.01	-44,028
6. Depreciation of intangible and tangible fixed assets	-1,163,799.12	-982
7. Other operating expenditures		
a) Taxes	*0.00*	*-41*
b) Others	*-86,529,865.87*	*-73,641*
	-86,529,865.87	-73,682
8. Sum of 1 to 7 (operating income)	***-62,709,538.30***	***-65,137***
9. Earnings from participations of which due from affiliates € 277,785,902.47; previous year. € 308.923 thousand	277,795,874.73	308,928
10. Earnings from other securities held as investments	1,549.78	2
11. Other interest and similar earnings of which due from affiliates: € 25,816,044.95; previous year: € 26.145 thousand	28,135,143.15	28,528
12. Earnings from the disposal of financial investments	18,535,816.51	5,014
13. Expenditures for financial investments of which a) depreciation: € 270,000,000.00; previous year: € 42.414 thousand b) Expenditures undertaken by affiliates € 270,450,000.00; previous year: € 1.073 thousand	-270,558,028.80	-43,486
14. Interest and similar expenditures of which due to affiliates: € 94.208.910,79; previous year: € 154,965 thousand	-94,208,910.79	-190,536
15. Sum of 9 to 14 (financial result)	***-40,298,555.42***	***108,450***
16. Income from ordinary business operations	**-103,008,093.72**	**43,313**
17. Extraordinary income	0.00	1,135
18. Income taxes	10,749,863.70	25,663
19. Annual net income	**-92,258,230.02**	**70,111**
20. Release of retained revenue	182,353,637.06	51,000
21. Net income	**90,095,407.04**	**121,111**
22. Compensation for participation rights capital	-60,000,000.00	0
23. Profit carried forward from previous year	1,404,592.96	23,220
24. Unappropriated retained income	**31,500,000.00**	**144,331**

Notes to the financial statements

as of December 31, 2009

of Raiffeisen International Bank-Holding AG

A. Notes to the methods of accounting and valuation

General principles

These financial statements were compiled using **principles of orderly accounting** and adhere to the definition of true and fair depiction contained in Section 222 (2) of the Austrian Commercial Code. The result is the most accurate depiction possible of the company's assets, finances and earnings.

These financial statements were prepared in accordance with 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 reporting only those earnings actually realized as of the balance sheet date. The income statement provided for all recognizable risks and pending losses.

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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 five years (for intangible assets) and two to ten 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, 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. In 2009, non-scheduled depreciation was carried out in the amount of € 270,000,000.00 (previous year: € 0 thousand).

Securities held as investments are recognized according to the principle of the lower of cost or market. In the year under review, write-ups were carried out in the amount of € 7,053.11 (previous year: € 0 thousand).

Exchange rate hedges undertaken for participations taking the form of hedging relationships are recognized using the individual evaluation principle. This is applied at the hedging relationship level.

Current Assets

Trade goods are recognized at average costs of procurement.

Unbilled services are valued at cost, which includes production wages, purchased services, and appropriate shares of production overhead.

Inventory risks that arise from duration of storage and reduced usability are taken into account by means of appropriate value discounts.

Receivables are recognized at their nominal values, unless individually-applicable risks are recognizable. In such cases, they are recognized at the lower value. Receivables maintained in foreign currencies are recognized 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 recognized 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 using the straight-line method over the term remaining of the program in question (terms of three years each).

To strengthen and reward corporate high-achievers' sense of affiliation with the Group, Raiffeisen International's Managing Board has set up a **Share Incentive Program (SIP)** with the approval of the Supervisory Board. This performance-determined allotment of shares goes to top managers who have completed a three-year qualifying period. The allotment is based on four agreements with largely identical content, taking effect on July 1, 2006 (2006 SIP tranche matured in 2009), May 1, 2007 (2007 SIP tranche), May 1, 2008 (2008 SIP tranche) and June 1, 2009 (SIP tranche 2009).

The eligible persons for inclusion in the Share Incentive Program are members of the Managing Board of Raiffeisen International and its subsidiaries as well as selected senior executives of Raiffeisen International Bank-Holding AG. To participate in the SIP, these top managers have to invest their own funds by purchasing Raiffeisen International shares. Once purchased, the shares have to be retained by the managers for three years.

The number of shares allotted depends upon the manager's fulfillment of two equally weighted performance indicators. 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 total shareholder return rating of Raiffeisen International stock compared with all banks listed in the Dow Jones EURO STOXX Banks index.

A tranche of the remuneration program matured in 2009 (the 2006 SIP tranche). In accordance with the terms of the program, the maximum number of shares to be allotted, i.e., maturing shares, was not reached , as the set performance criteria were not met.

The shares required for the SIP were obtained in the framework of an own-share buyback program. As of December 31, 2009, the company held 984,511 (previous year: 1,029,012) of its own shares (equivalent to 0.64 per cent, or € 3,003 thousand of the company's total equity). Of the total, 536,763 shares (previous year: 202,377 shares) were dedicated to the SIP. Of these, 50,905 shares were accounted for by the allotment in 2007, 83,368 shares by the allotment in 2008, and 402,463 shares by the allotment in 2009.

Provisions

All of the benefits-oriented provisions comprised of provisions for social capital **(provision for severance payments and pensions)**—with the exceptions of the pensions compiled for two members of the Managing Board–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 severance payments and pension commitments is an assumed rate of annual interest of 4.75 per cent (previous year: 6.0 per cent). The parameters used in calculating obligations to severance payments remained unchanged from the previous year: an annual average increase in wages of 3 per cent and a career trend of 2 per cent per annum (previous year: 2 per cent). The individual employee turnover rate remained unchanged at between 0 per cent and 10 per cent.

The biometric basis of the calculations made for provisions for social capital 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 60 for women and at the age of 65 for men. 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. The pensionable age for women is in compliance with the retirement age as contained in the Austrian constitution.

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. The parameters used in calculating obligations to severance payments remained unchanged from the previous year: an annual average increase in current pension payments of 3 per cent and a career trend of 2 per cent per annum.

Provisions for other items are formed in the amount of their prospective availment. They take into account all recognizable risks and all liabilities whose amount has not yet been determined.

Liabilities

The **liabilities** are recognized at their amounts of repayment, with this being determined using the principle of prudence. Liabilities maintained in foreign currencies are recognized at their costs of procurement, or at the foreign exchange rate prevailing at the balance sheet date, should that be higher.

Income statement

Profit and loss are calculated using the total cost procedure.

B. Notes to the 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 Section 226 (1) of the Austrian Commercial Code). The data for affiliates required by the Austrian Commercial Code are shown in Appendix II of these notes (reporting of shares held in affiliates as of December 31, 2009 in accordance with Section 238 (2) Austrian Commercial Code).

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

- 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)
- Tatra banka a.s., Bratislava
- Ukrainian Processing Center JSC, Kiev
- VAT Raiffeisen Bank Aval, Kiev
- ZAO Raiffeisenbank, Moscow,

currency hedges were entered into with Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, in the past. As of 31 December 2009, the currency risk was hedged only for Raiffeisenbank a.s., Prague, as a result of a change in hedging strategy.

Hedging relationships 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).

There is no impact on the income statement, providing that the hedge is effective. In 2008, hedges for participations in VAT Raiffeisen Bank Aval, Kiev, and OAO Priorbank, Minsk, became partly ineffective. This partial hedge ineffectiveness resulted in a negative earnings impact of € 93,936 thousand.

Current assets

Inventories amounted to € 7,737,847.55 as of December 31, 2009 (previous year: € 3,163 thousand) and comprised trading goods of € 411,662.60, not yet billable services of € 7,301,944.95, and prepayments made of € 24,240.00.

The **accounts receivable from affiliates** came to € 32,505,506.79 (previous year: € 91.373 thousand). This item is comprised of accounts receivable amounting to € 13,848,203.88 (previous year: € 12,765 thousand) and other receivables amounting to € 18,449,477.34 (previous year: € 78,608 thousand) and financial receivables amounting to € 207,825.57 (previous year: € 0 thousand). Other receivables consist mainly of compensation due to tax apportionment in the amount of € 13,366,214.69 (previous year: € 32,750 thousand), internal invoicing of fidelity insurance in the amount of € 2,808,368.92 (previous year: € 0 thousand), and a set-off claim in the amount of € 2,105,086.32 (previous year: € 0 thousand). Financial receivables consist mainly of promises of performance including related interest receivables in the amount of € 193,825.57 (previous year: € 0 thousand).

Accounts receivable from affiliates amounting to € 32,311,681.22 (previous year: € 91,373 thousand) had a remaining term of maturity of less than one year at 31 December 2009 and 2008. The rest of the receivables totaling € 193,825.57 (previous year: € 0 thousand) have a remaining term of maturity of over one year as at 31 December 2009 and 2008.

Other receivables and assets came to € 7,326,766.96 (previous year: € 6,341 thousand), which is mainly comprised of the premium reserves accruing from reinsurance policies of € 4,947,199.21 (previous year: € 4,794 thousand), ,and receivables accruing from Vienna's tax authorities of € 922,273.67 (previous year: € 545 thousand), and receivables for payroll accounting of € 730,640.81 (previous year: € 704 thousand). Other receivables to the amount of € 5,829,463.17 (previous year: € 5,448 thousand) had a remaining term to maturity of more than one year as at December 31, 2009 and December 31, 2008. The remaining receivables totaling € 1,497,303.79 (previous year: € 893 thousand) have a remaining term to maturity of up to one year.

Other receivables include income amounting to € 491,190.21 (previous year: € 655 thousand), which will not affect until liquidity after the balance sheet date.

As in the previous year, voting rights for the activation of deferred taxes were not exercised in 2009.

The **securities and shares** amounted to € 37,348,508.23 (previous year: € 19,860 thousand) and included 984,511 (previous year: 1,029,012) proprietary shares, of which 536,736 (previous year: 202,377) shares are devoted to the company's Share Incentive Program (SIP) (details are provided in the section on provisions on page 28).

For the payout of the 2006 SIP, 45,947 of own shares were needed, of which 15,939 were allotted to Managing Board members and executives of Raiffeisen International, and 30,008 to executives of subsidiaries. These claims were serviced through suitable use of shares dedicated to the SIP (45,947 shares). Selling the shares allotted to the executives of subsidiaries (30,008 shares) to the relevant network companies resulted in a gain on disposal of € 108,028.80.

Holdings of own shares (984,511 shares, or 0.64 per cent of the capital stock) were written up by € 18,510,443.10 to the lower of market on 31 December 2009 (€ 39.50) or cost in accordance with the terms of the share incentive program (SIP). Furthermore, the shares dedicated to the SIP of Raiffeisen International were written down in 2009 by € 442,712.07 in accordance with the conditions set in the SIP.

Cash at credit institutes came to € 446,775,966.16 (previous year: € 88,289 thousand). 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 as of 31 December 2009 and 2008. **Cash on hand** amounted to € 2,058.92 (previous year: € 0 thousand).

Prepaid expenses and deferred income

Prepaid expenses amounted to € 7,122,005.13 (previous year: € 1,708 thousand). This item mainly concerns data processing expenses of € 3,341,055.14 (previous year: € 0 thousand), insurance expenses of € 2,625,339.62 (previous year: € 7 thousand), advertising expenses of € 642,525.99 (previous year: € 969 thousand), prepaid expense reimbursements to the Austrian Financial Supervisory Authority of € 333,234.00 (previous year: € 151 thousand), consulting expenses of € 95,000.00 (previous year: € 0 thousand), and usage fees of € 56,181.43 (previous year: € 385 thousand).

2. Liabilities

Equity

The company's **capital stock** as of December 31, 2009 was unchanged in comparison with the previous balance sheet date at € 471,735,875.00 and consisted of 154,667,500 no-par unit shares (bearer shares).

At the Annual General Meeting on June 5, 2007, the Managing Board was authorized with the Supervisory Board's approval to increase the company's capital stock by up to € 217,724,250.00 within five years of entering the relevant changes in the articles of association in the register of companies by issuing up to 71,385,000 new ordinary bearer shares with voting rights against contributions in cash and/or in kind (**authorized capital**). An amount of € 36,287,375.00 (11,897,500 unit shares) was used for the capital increase on October 5, 2007 (secondary public offering).

As of 31 December 2008, unused authorized capital amounted to € 181,436,875.00.

At the Annual General Meeting on June 10, 2008, the company's capital stock was increased contingently in accordance with Section 159 (2) 1 of the Austrian Joint Stock Companies Act by up to € 47,174,587.50 by issuing up to 15,466,750 ordinary bearer shares (**contingent capital**). The contingent capital increase may only be implemented to the extent that holders of convertible bonds issued on the basis of the resolution taken by the Annual General Meeting on June 10, 2008 actually exercise their right to convert those bonds into shares of the company. The amount of issue and the conversion rate shall be determined on the basis of recognized methods of investment mathematics as well as the current price of Raiffeisen International Bank-Holding AG shares in a recognized pricing procedure. The amount of issue must not be less than the pro-rata amount of the nominal capital. The new shares issued under the contingent capital increase are entitled to receive the dividend that corresponds to that of the company's shares trading on the stock exchange at the time of the issue. The Managing Board is authorized with the approval of the Supervisory Board to determine further details of implementing the contingent increase of capital, and the Supervisory Board may adopt corresponding changes in the articles of association.

Shares of Raiffeisen International Bank-Holding AG have been listed on the **Vienna Stock Exchange** in the Prime Market segment since **April 25, 2005**. The issue price amounted to € 32.50, and the first price was fixed at € 39.00. On April 28, 2005, the stock was admitted to Austria's ATX stock index. On December 31, 2009, Raiffeisen International stock was quoting at € 39.50.

Also at the Annual General Meeting on June 10, 2008, the Managing Board was authorized in accordance with Section 174 (2) of the Austrian Joint Stock Companies Act to issue **convertible bonds** with approval of the Supervisory Board in a single issue or several tranches within five years from the date of the authorizing resolution for a total nominal amount of up to € 2,000,000,000.00. A conversion or subscription right to obtain up to 15,466,750 ordinary bearer shares of the company with a corresponding pro-rata share in the subscribed capital of a maximum € 47,173,587.50 is attached to the convertible bonds. The issue may also be accomplished indirectly by means of a guarantee for an issue of convertible bonds by a subsidiary in which the company owns up to 100% directly or indirectly with conversion right to shares of the company. The Managing Board is moreover authorized to determine all further conditions concerning the issue (including its currency) and the conversion procedure for the convertible bonds. The subscription right of shareholders is excluded.

At the Annual General Meeting of 9 June 2009, the Managing Board was authorized to issue **participation rights having equity characteristics under Section 174 of the Austrian Stock Corporation Act** for a nominal total of up to € 2,000,000,000.00 in one or more tranches within five years from the date of the authorizing resolution subject to Supervisory Board approval and excluding the subscription right of shareholders.

On 4 August 2009, Raiffeisen International issued participation rights capital as provided by Section 174 of the Austrian Stock Corporation Act for a nominal amount of € 600,000,000.00 after approval by the Supervisory Board. The participation rights capital was entirely subscribed by Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.

In accordance with the terms of the issue, the participation rights capital is issued for the duration of the company, i.e., without the subscriber of the participation rights capital having the option of ordinary or extraordinary notice of termination. It takes part to the same extent as the share capital does in loss as defined under company law. Its status in case of the Company's liquidation, dissolution, or insolvency is that of a subordinated creditor, but it is to be serviced as being of the same rank as the share capital. The claim to liquidation proceeds is limited at 100 per cent of nominal value in the first ten years, and at 150 per cent as of 2019, provided the increase in enterprise value is covered.
Compensation for the participation rights capital amounts to 10 per cent in the first five years, and annual premiums are provided for thereafter. The increase of annual compensation is capped at the average of the respective 12-month Euribor plus 12 per cent per year.

Payment of compensation for the participation rights capital depends on its being covered in the year's profit after changes in reserves. Compensation that is not covered in the year's profit after changes in reserves lapses and is not to be paid later. If the Company retains profits without a legal or regulatory order to that effect, compensation for the participation rights capital then not paid out will increase the liquidation claim.

The participation rights capital can be paid back with notice of termination by the issuer only under analogous application of the provisions of the Austrian Stock Corporation Act concerning capital reductions or under corresponding application of the provisions of Section 102a of the Austrian Banking Act. The settlement amount corresponds to the nominal value of the participation rights capital until 2018, and increases to 150 per cent of the nominal value as of 2019.

Committed capital reserves of € 1,852,592,104.11 and **non-committed capital reserves** of € 97,066,398.80 were completely unchanged in the year under review.

Retained earnings reserves comprise **statutory reserves**, unchanged at the previous year's amount of € 5,000,000.00, and **other (freely disposable) reserves** of € 750,427,080,83 (previous year: € 932,781 thousand). In the year under review, other (freely disposable) reserves of € 182,353,637.06 (previous year: € 51,000 thousand) were written back in favor of profit for the year. Of **other (freely disposable) reserves,** an amount of € 37,348,508.23 (previous year: € 19,860 thousand) constitutes the reserve for own shares.

Committed capital reserves and statutory retained earnings reserves exceed the amount required by Section 130 (3) of the Austrian Joint Stock Companies Act.

Provisions

Provisions amounted to € 35,118,865.05 (previous year: € 53,565 thousand) and consisted of **provisions for severance payments** of € 2,351,905.85 (previous year: € 1,272 thousand), **provisions for pensions** of € 4,960,352.91 (previous year: € 4,769 thousand), and **other provisions** of € 27,806,597.29 (previous year: € 47,524).

Other reserves to the amount of € 27,806,597.29 (previous year: € 47,524 thousand) mainly refer to reserves for outstanding invoices amounting to € 9,094,261.36 (previous year: € 12,653 thousand), reserves for balance sheet and other premiums of € 8,117,928.00 (previous year: € 12,965 thousand), for risks arising from affiliates of € 5,950,000.00 (previous year: € 5.500 thousand), reserves constituted for potential losses from derivative financial instruments of € 2,245,968.25 (previous year: € 14,093 thousand), ,and reserves for vacations which have yet to be taken totaling € 1,773,439.68 (previous year: € 1,606 thousand).

Liabilities

The **deposits from banks** amounted to € 818,210,222.18 (previous year: € 1,377,208 thousand). As of 31 December 2009 these liabilities owed to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna (an affiliated company). Included in the previous year's value of € 1,377,208 thousand are € 500,000 thousand owed to Raiffeisen Malta Bank plc., Sliema (an affiliated company), which were redeemed in 2009. Of these liabilities, € 650,000,000.00 (previous year € 0 thousand) have a remaining term of up to five years as at 31 December 2009 and € 168,210,222.18 (previous year € 1,377,208 thousand) have a remaining term of up to one year.

Accounts payable stood at € 5,307,196.90 on the balance sheet date (previous year: € 5,615 thousand), with domestic business accounting for € 2,996,134.52 (previous year: € 2,047 thousand), and foreign business for € 2,311,062.38 (previous year: € 3,567 thousand). The residual term of invoices as of December 31, 2009 and 2008 was a period of up to one year.

Liabilities due to affiliated companies amounting to € 1,258,692,290.22 (previous year: € 571,890 thousand) encompass € 1,250,195010.34 (€ 563,849 thousand) of financial liabilities, other liabilities of € 2,415,992.12 (previous year: € 2,438 thousand), and accounts payable totaling € 6,081,287.76 (previous year: € 5,603 thousand).

Financial obligations in the year under review consist mainly of two promissory notes issued (including accrued interest) in the amount of € 1,169,223,048.61 (previous year: € 503,384 thousand), which are subordinated in the meaning of Section 45 (4) of the Austrian Commercial Code. Furthermore, obligations consist of compensation for participation rights capital in the amount of € 60,000,000.00 (previous year: € 0 thousand) and to Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, from netting rate hedging transactions (hedging relationship) in the amount of € 20,697,772.84 (previous year: € 59,871).

Other liabilities of € 2,331,500.00 (previous year: € 2,411 thousand) primarily refer to prepayments received.

Liabilities of € 1,150,000,000.00 (previous year: € 500,000 thousand) have a remaining term to maturity of more than five years, and liabilities of € 108,692,290.22 (previous year: € 71,891 thousand) a remaining term of maturity of up to one year.

The **other liabilities** come to € 1,857,569.41 (previous year: € 1,706 thousand) and are comprised of € 89,262.39 (previous year: € 100 thousand) arising from tax liabilities; of € 600,953.43 (previous year: € 540 thousand) arising from social security liabilities; and of € 1,167,353.59 (previous year: € 1,066 thousand) from other liabilities.

All these other liabilities had a remaining term of up to one year as at 31 December 2009 and 2008.

Reported in the miscellaneous liabilities are expenditures amounting to € 670,552.84 (previous year: € 891 thousand) and which will affect liquidity and only take effect after the balance sheet date.

Accruals and deferred items

Accruals and deferred items of € 6,805,114.75 (previous year: € 1,435 thousand) concern deferred commissions received and settling of insurance benefits and have a residual term of up to one year as of December 31, 2009 and 2008.

Data concerning other financial obligations

	Of the following year €	Of the following 5 years €
Obligations from leasing contracts (data processing and motor vehicle leasing)	442,000.00	2,417,037.17
Previous year:	*452,000.00*	*2,471,721.27*
Rent obligations	4,322,000.00	23,634.467.52
Previous year:	*3,312,240.00*	*18.112.685.96*
Obligations to affiliated companies in connection with technical implementation of Basel II	2,216,000.00	12,117,996.30
Previous year:	*1,905,000.00*	*10,417,320.83*
Other obligations to affiliated companies (based on service level agreements)	25,896,000.00	141,609,942.36
Previous year:	*24,340,000.00*	*133,101,096.58*
	32,876,000.00	179,779,443.36
Previous year:	*30,009,240.00*	*164.102,824.64*
Thereof to associated companies	32,539,000.00	177,933,968.51
Previous year	*29,688,240.00*	*162,346,448.64*

Contingent liabilities

Contingent liabilities amounted to € 2,350,808,430.92 as of December 31, 2009 (previous year: € 3,070,751 thousand) and were composed as follows:

	€	€000
Guarantees to affiliated companies	2,070,042,985.92	2,814,986
Guarantees to third parties	280,765,445.00	255,765
	2,350,808,430.92	3.070.751

Raiffeisen International made a counter-guarantee to Eastern European Invest GmbH, Vienna, for defaults arising from the loan portfolios taken over by it up to an amount of € 4,095,000,000.00. As of 31 December 2009, the outstanding amount stood at € 1,903,704,393.19 (previous: € 2,814,986 thousand). The counter-guarantee is free of charge.

Furthermore, the Company gave guarantees for loans granted by third parties to network banks. Those guarantees amounted to € 270,765,445.00 (previous year: € 245,765 thousand).

Raiffeisen International issued a limited letter of comfort of up to € 10,000,000.00 (previous year: € 10,000 thousand) to Raiffeisen Bank Kosovo J.S.C., Prishtina, in favor of Kosovo Pensions Savings Trust, Prishtina.

Further letters of comfort were issued to Raiffeisen Rent DOO, Belgrade, and to Raiffeisen Leasing d.o.o., Sarajevo.

As of the 2009 balance sheet date, Raiffeisen International had made **stand-by facilities** of € 404,415,521.31 available to affiliated companies (previous year: € 435,000 thousand).

Outstanding obligations to make capital contributions amount to €1,648,626.15 (previous year: € 1,649 thousand), with obligations to European Investment Fund S.A., Luxembourg, accounting for € 1,600,000.00 (previous year: € 1,600 thousand).

As of the balance sheet date, the following **derivative financial instruments** were in effect:

	Currency	Nominal amount Currency unit thousands	Fair value €000
Interest-related			
Credit default swaps	EUR	100,000	165
Cross currency swaps	SKK	5,859,925	3,533
Interest rate swaps	CZK	321,893	31

The fair value through profit and loss of derivatives is determined by discounting future cash flows on the accrual method. Appropriate provisions are formed for impending losses from derivative financial instruments.

C. Notes to the income statement

Revenues amounted to € 69,070,089.80 (previous year: € 52,540 thousand) and result from consulting and management services and from providing information technology and data processing services, a business newly acquired through the merger.

Revenues are distributed geographically as follows: Central and Eastern European countries with € 22,872,326.77 (previous year: € 11,907 thousand), Southeastern European countries with € 26,834,079.21 (previous year € 25,125 thousand), CIS with € 15,265,565.97 (previous year € 10,528 thousand), Austria with € 2,597,512.62 (previous year: € 3,808 thousand), and others countries with € 1,500,605.23 (previous year: € 1,172 thousand).

The **change in the total of not yet billable services** amounted to € 5,655,544,52 in the year under review (previous year: € 1,551 thousand).

Expenditures for materials and other procured production services amounted to € 19,783,874.48 in the year under review (previous year: € 16,897 thousand) and consisted of € 742,622.59 in expenses for materials and € 19,041,251.89 in expenditures for procured services.

Other operating income of € 20,352,782.86 (previous year: € 16,361 thousand) is comprised of € 11,571,994.44 (previous year: € 3,148 thousand) from the release of provisions and € 8,771,584.30 (previous year: € 13,213 thousand) of sundry operating income and € 9,204.12 (previous: year € 0 thousand) from the disposal of tangible assets. The item sundry operating income mainly related to income from the invoicing of intra-group services. Other operating income from the previous year includes € 8,749,305.80 in revenues from stand-by agreements, which were shown in 2009 under other interest and similar income.

Staff costs amounted to € 50,310,416.01 (previous year: € 44,028 thousand). This included expenses on severance payments and retirement benefits, of which € 1.646.136.86 (previous year: € 953 thousand) were for retirement benefits and € 1,155,555.89 (previous year: € 527 thousand) for severance payments.

Other operating expenditures totaling € 86,529,865.87 (previous year: € 73,682 thousand) resulted entirely from sundry administrative expenses.

Sundry operating expenditures amounting to € 86,529,865.87 (previous year: 73,641 thousand) primarily related to IT-related costs at € 29,988,019.17 (previous year: € 19,265 thousand), legal, advisory and consulting expenses of € 29,880,593.25 (previous year: € 29,656 thousand), premises rental expenses of € 5,575,062.09 (previous year € 3,704 thousand), advertising, PR and promotional expenses amounting to € 5,126,559.02 (previous year: € 5,516 thousand), expenses for third party personnel of € 4,812,966.68 (previous year: € 6,367 thousand), and traveling expenses of € 3,258,982.16 (previous year: € 4,185 thousand).

The division of auditing and consulting expenses into expenses for auditing and expenses for tax consulting and additional consulting services may be gathered from the consolidated financial statements.

Gains from taxes on income of € 10,749,863.70 (previous year: € 25,663 thousand) mainly consisted of income from tax credits resulting from the levy of taxes in the amount of € 13,366,214.69 (previous year: € 32,750 thousand). Furthermore, the item includes in particular expenditures for non-Austrian withholding tax amounting to € 2,290,987.31 (previous year: € 7.556 thousand).

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

Extraordinary income of € 1,135,177.91 consisted of the merger gain from transferring the assets of Raiffeisen International GROUP-IT GmbH, Vienna, to Raiffeisen International.

D. Other disclosures

In the 2009 financial year, the company employed an average of 351 (previous year: 292) staff members (salaried employees).

The **Supervisory Board** was comprised in the period under review of the following members:

Walter Rothensteiner (Chairman)
Manfred Url (Deputy Chairman)
Patrick Butler
Stewart Gager
Dr. Kurt Geiger (since 14 August 2009)
Karl Sevelda
Johann Strobl

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; deputy chairman, € 60,000; members, € 50,000. No recompense is provided for attendance of meetings. In financial year 2009, the Supervisory Board's remuneration came to € 305,000. In 2008, remuneration for the Supervisory Board amounted to € 330,000 (with this not including cash reimbursements). No contracts requiring approval, as defined by Section 95 (5) 12 of the Securities Act, were concluded in 2009 with Supervisory Board members.

The **Managing Board** was comprised in 2009 of the following members:

Herbert Stepic (Chairman)
Aris Bogdaneris
Rainer Franz
Martin Grüll
Peter Lennkh
Heinz Wiedner

Remuneration of Managing Board:

The following remuneration was paid to Raiffeisen International Bank-Holding AG's Managing Board:

€000	2009	2008
Preset and results-determined remuneration	4,610	5,544
Payments to pension funds and to reinsurers	97	79
Share-based payments (performance-based)	267	3676
Total	**4,974**	**9,299**

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 2008, the share of results-determined remuneration came to 5.5 per cent (previous year: 60.7 per cent).

The chairman of the Managing Board continues to serve as a member of the Managing Board of Raiffeisen Zentralbank Österreich Aktiengesellschaft (RZB), Vienna. The reported remuneration also includes income from that position.

The performance-based components of the Managing Board's remuneration consist of bonus payments linked to the achievement of company objectives for profit after tax, return on risk-adjusted capital, and cost/income ratio and to the achievement of annually agreed personal objectives and the value of an allotment of shares in the framework of the share incentive program (see page 28). The entire Managing Board waived payment of an annual bonus for 2008. The value of the allotted shares corresponds to 100 per cent of the performance-based remuneration components. There were no material changes in the principles for profit-sharing compared with the preceding year.

In 2006, bonus commitments were made in connection with acquisitions to the Managing Board in the amount of € 4,750 thousand. Although the objectives set as conditions for payment were achieved by the subsidiaries in the years from 2006 to 2008 and hence bonus payments became payable in 2009, the Managing Board has waived any payment on this account.

As of 31 December 2009, guarantees existed for one member of the Managing Board in the amount of € 765,445.00 (previous year: € 765 thousand).

Expenditures for severance payments and for pensions came to:

€000	Pension expenditure	Severance payments
Managing board	97	1,122
Staff members	721	524
Total	**818**	**1,646**

As of 31 December 2009, the following executives had been granted the **right of authorized signature**, with this power to be exercised jointly with a member of the Managing Board or with another person enjoying this unrestricted right:

Ferenc Berszan
Kurt Bruckner
Alexander Fleischmann (since 30 June 2009)
Andras Hamori (since 8 June 2009)
Gregor Höpler (since 8 June 2009)
Renate Kattinger
Robert Kaukal
Paul Kocher (since 30 June 2009)
Susanne Langer
Herbert Maier
Susanna Mitter
Friedrich Sommer
Rudolf Vogl
Ursula Wirsching

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**. 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 Section 2 Z 37 of the Banking Code. This requires Raiffeisen International pursuant to Section 245 (5) of the Austrian Commercial Code 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.

The audited company is a large corporation as defined in Section 221 of the Austrian Commercial Code, because shares of Raiffeisen International have been listed on the Vienna Stock Exchange since April 25, 2005.

Vienna, 26 February 2010

Raiffeisen International Bank-Holding AG

Herbert Stepic	Martin Grüll	Aris Bogdaneris
Rainer Franz	Peter Lennkh	Heinz Wiedner

Appendix

Raiffeisen International Bank-Holding AG, Vienna

Fixed assets tables acc. to § 226 (1) Austrian Commercial Code

	Costs of procurement as of 1.1.2009	Additions 2009	Disposals 2009	Costs of procurement as of 31.12.2009	Accumulated depreciation	Carrying value 31.12.2009	Carrying value 31.12.2008	Appriciation 2009	Depreciation for the year 2009
Intangible Assets									
Software and licenses	2,920,962.55	465,253.56	-5,876.95	3,380,339.16	-2,347,295.59	1,033,043.57	1,338,759.02	0.00	770,969.01
Assets of negligible value	0.00	28,879.68	-28,879.68	0.00	0.00	0.00	0.00	0.00	28,879..68
	2,920,962.55	**494,133.24**	**-34,756.63**	**3,380,339.16**	**-2,347,295.59**	**1,033,043.57**	**1,338,759.02**	**0.00**	**799,848.69**
Tangible fixed assets									
Other assets, Operating furnishings and fittings	2,197,229.26	323,770.83	-153,938.10	2,367,061.99	-1,001,932.55	1,365,129.44	1,364,817.77	0.00	312,970.95
Assets of negligible value	0.00	50,979.48	-50,979.48	0.00	0.00	0.00	0.00	0.00	50,979.48
	2,197,229.26	**374,750.31**	**-204,917.58**	**2,367,061.99**	**-1,001,932.55**	**1,365,129.44**	**1,364,817.77**	**0.00**	**363,950.43**
Financial Investments									
Shares held in affiliates	5,350,938,239.23	365,491,542.69	-3,861,973.17	5,712,567,808.75	-320,211,902.30	5,392,355,906.45	5,300,726,336.93	0.00	270,000,000.0
Participations	680,066.18	0.00	0.00	680,066.18	0.00	680,066.18	680,066.18	0.00	0.00
Securities held in investments	68,118.10	0.00	0.00	68,118.10	-8,215.23	59,902.87	52,849.76	7,053.11	0.00
	5,351,686,423.51	**365,491,542.69**	**-3,861,973.17**	**5,713,315,993.03**	**-320,220,117.53**	**5,393,095,875.50**	**5,301,459,252.87**	**7,053.11**	**270,000,000.0**
	5,356,804,615.32	**366,360,426.24**	**-4,101,647.38**	**5,719,063,394.18**	**-323,569,345.67**	**5,395,494,048.51**	**5,304,162,829.66**	**7,053.11**	**271,163,799.0**

Appendix II

Depiction of shares held in affiliates as of 31. December 2009 acc. to § 238 (2) Austrian Commercial Code

Shares held in affiliates	Currency	Participation millions	Share held in capital %	Total Equity[1] 000	Annual income[1] 000	
Credit institutions						
OAO Priorbank, Minsk	BYR	361.735,7	87,7	788.572.592	209.669.596	
Raiffeisen banka a.d., Belgrade	RSD	27.466,2	100,0	47.247.570	3.181.412	
Raiffeisenbank a.s., Prague	CZK	3.347,6	51,0	13.230.329	1.856.595	
Raiffeisenbank Austria d.d., Zagreb	HRK	2.716,1	73,4	5.617.593	392.642	
Raiffeisenbank (Bulgaria) EAD, Sofia	BGN	603,4	100,0	907.450	50.995	
Raiffeisenbank d.d. Bosna i Hercegovina, Sarajevo	BAM	230,3	97,0	448.391	30.600	
Raiffeisen Banka d.d., Maribor	EUR	14,1	86,3	72.043	502	
Raiffeisen Bank Kosovo J.S.C., Pristina	EUR	58,0	100,0	81.073	6.950	
Raiffeisen Bank Polska S.A., Warsaw	PLN	1.168,9	100,0	2.463.543	116.986	
Raiffeisen Bank S.A., Bucharest	RON	1.190,1	99,5	2.213.847	310.993	
Raiffeisen Bank Sh.a., Tirana	ALL	4.348,2	100,0	24.366.418	4.621.327	
Tatra banka a.s., Bratislava	EUR	35,9	65,8	764.339	90.800	
VAT Raiffeisen Bank Aval, Kiev	UAH	2.888,1	96,2	7.828.788	-1.592.610	
ZAO Raiffeisenbank, Moscow	RUB	36.711,3	100,0	68.783.958	4.674.975	
Financial institutions						
Central Eastern European Finance Agency B.V., Amsterdam	EUR	2,0	100,0	2.268	202	
Eastern European Invest Holding GmbH, Vienna	EUR	0,0	100,0	37.150	-3	
RI Eastern European Finance B.V., Amsterdam	EUR	0,4	100,0	14.271	5.718	
RI FINANCE (JERSEY) LIMITED, St. Helier	EUR	0,0	100,0	14	10	
Tatra Leasing spol. S.r.o., Bratislava	SKK	0,1	1,5	23.904	-2.524	
Other companies						
Centralised Raiffeisen International Service & Payments s.r.l., Bucharest	RON	6,8	100,0	3.509	513	[2]
GSI Group Software Investment AG, Zug	CHF	29,4	100,0	-6.249	-777	[3]
Raiffeisen International Invest Holding GmbH, Vienna (previous: Raiffeisen International Liegenschaftsbesitz Holding GmbH)	EUR	0,0	100,0	15.465	-3	
Plusfinance Membra a Grupului Raiffeisen Internationel S.R.L., Bucharest (previous: Raiffeisen Pensii – Broker de Pensii Private S.R.L.)	RON	0,0	99,0	1.720.514	1.130.423	[2]
Raiffeisen Training Center Ltd., Zagreb	HRK	0,0	20,0	1.049	468	[2]
RCR Ukraine LLC, Kiev	UAH	0,3	100,0	x	x	[4]
Regional Card Processing Center s.r.o., Bratislava	EUR	0,5	100,0	803	264	
Reh Limited. Limassol	USD	0,0	100,0	24.602	-14	
RI-RBHU Holding GmbH, Vienna	EUR	0,0	100,0	242.436	27.063	[5]
RIRE Holding B.V., Amsterdam	EUR	2,0	100,0	x	x	[4]
RISP Beteiligungs- und Finanzierungsmanagement GmbH, Vienna	EUR	0,0	100,0	38	-6	
RLI Holding Gesellschaft mbH, Vienna	EUR	0,0	75,0	66.029	-8	
Ukrainian Processing Center JSC, Kiev	UAH	0,2	100,0	106.774	38.508	

Depiction of shares held in affiliates as of 31. December 2009 acc. to § 238 (2) Austrian Commercial Code

1) The amounts of equity listed and the annual incomes reported for Austria-based subsidiaries stem from their prliminary accounts as of December 31,2009.

The fully-consolidated non-Austria based companies` equities and annual results as of December 31, 2009 are taken from their accounts compiled according to the International Financial Reporting Standards (IFRSs).

2) The values listen under equity and the annual income have been taken from the local financial statements as of December 31, 2008.

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

4) The company was faounded in the year 2009.

5 The values listen under equity and the annual income have been taken from the local financial statements as of June 30, 2009.

Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

Raiffeisen International Bank-Holding AG,
Vienna, Austria

for the year from 1 January 2009 to 31 December 2009. These financial statements comprise the balance sheet as of 31 December 2009, the income statement for the year ended 31 December 2009 and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance for the year from 1 January 2009 to 31 December 2009 in accordance with Austrian Generally Accepted Accounting Principles.

Report on Other Legal Requirements (Management Report)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 26 February 2010

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Wilhelm Kovsca
Engagement Partner
Wirtschaftsprüfer

Mag. Bernhard Mechtler
Wirtschaftsprüfer

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

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The forecasts, plans, and statements addressing the future are based on knowledge and assumptions of Raiffeisen International at the time at which they are drawn up. Like all statements addressing the future, they are exposed to risks and uncertainty factors that may lead to considerable deviations in the result. No guarantees can therefore be provided that the forecasts and targeted values, or the statements addressing the future, will actually materialize.

We have exercised utmost diligence in the preparation of this annual report and checked the data contained therein. However, rounding, transmission, printing, and typographical errors cannot be ruled out. The present English version is a translation of the report that the company originally prepared in German. The company only recognizes the German version as the authentic version.

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