

ANNUAL REPORT

2016



Raiffeisen
BANK

Client inspired banking

Annual Report 2016



Raiffeisen
BANK

Client inspired banking

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Survey of Key Data

in TCZK	2016	2015	2014	2013	2012
Income Statement					
Net interest income after provisioning	5,402,868	5,039,436	4,778,502	4,439,908	4,459,139
Net commission income	1,694,634	1,834,722	1,966,630	2,197,031	2,187,978
Net profit on financial operations	2,060,374	1,258,742	1,028,409	1,280,922	1,443,588
General administrative expenses	(6,112,611)	(5,074,645)	(5,227,389)	(6,918,848)	(5,598,257)
Profit before tax	3,286,780	3,154,783	2,533,237	1,056,988	2,477,986
Profit after tax	2,604,336	2,538,362	2,049,030	914,368	1,973,161
Earnings per share	2.35	2.29	1.91	0.93	2.28
Balance Sheet					
Loans and advances to banks	5,664,472	4,047,655	29,453,508	19,104,685	14,452,117
Loans and advances to customers	213,795,158	188,942,730	170,408,374	155,059,207	150,138,242
Deposits from banks	29,489,006	10,385,876	10,582,889	9,959,098	6,818,953
Deposits from customers	227,462,765	183,704,256	164,655,562	146,589,575	144,143,741
Equity	25,082,887	24,395,816	22,871,660	18,888,180	18,151,012
Balance-sheet total	318,278,079	246,325,030	226,028,508	196,686,775	197,628,174
Regulatory information					
Risk-weighted assets (credit risk)	108,429,398	102,694,443	112,446,348	118,719,558	120,216,978
Total own funds requirement	10,111,265	9,538,983	10,369,999	11,076,829	9,617,358
Total regulatory capital	22,145,560	21,171,347	20,869,679	18,305,020	16,414,704
Tier 1 ratio - Basel III	15.4 %	15.4 %	13.3 %	10.9 %	10.0 %
Capital adequacy ratio	17.5 %	17.8 %	16.1 %	13.2 %	13.7 %
Performance					
Return on average equity (ROAE) before tax*	14.2 %	14.4 %	13.4 %	5.9 %	15.6 %
Return on average equity (ROAE) after tax*	11.2 %	11.6 %	10.9 %	5.1 %	12.4 %
Cost/income ratio	59.4 %	54.6 %	58.9 %	74.5 %	56.7 %
Return on average assets (ROAA) before tax*	1.1 %	1.3 %	1.2 %	0.5 %	1.2 %
Net provisioning ratio	0.4 %	0.6 %	0.7 %	0.8 %	1.2 %
Non-performing loans ratio	3.6 %	4.7 %	6.0 %	6.7 %	11.6 %
Risk/earnings ratio	8.6 %	11.5 %	12.5 %	13.7 %	18.2 %
Resources as of reporting date					
Number of staff	3,030	2,656	2,618	2,686	2,966
Business outlets	136	122	119	123	125

* Unconsolidated data according to IFRS

Introducing Raiffeisenbank a.s.

Raiffeisenbank offers products and services to private individuals, entrepreneurs, and companies. We are a comprehensive bank providing services to a wide range of clients. However, we focus on key groups of clients that have a lot in common – they are active, demanding, and satisfied! Client satisfaction is for us a key mantra in all that we do and offer as a bank.

The range of our products and services includes personal and business accounts, credit, savings and investment products, specialised financial services, and consultation for business clientele and large corporations. A detailed overview of all services is available at www.rb.cz.

Raiffeisenbank's wide range of awards confirms the outstanding quality of the services it offers. The bank succeeded in the eighth year of the Hospodářské noviny awards and became the Best Bank of 2016, and defending its title from last year, the Most Client-Friendly Bank for 2016.

Besides its business activities, Raiffeisenbank is also involved in a number of community service activities related to education, charity, and culture. Social responsibility is an integral part of the bank's corporate, culture, and strategy, and reflects the longstanding traditions of the Raiffeisen brand. A prime example is the bank's partnership with Dobry anděl (Good Angel). In 2016, the bank contributed over CZK 1.3 million to this foundation, of which CZK 400,000 was donated by the bank's employees.

The history of Raiffeisenbank reaches back to the 19th century. The traditional emblem and trademark of the Raiffeisen Group is the Giebelkreuz – crossed horse heads. For hundreds of years, the Giebelkreuz has adorned the facades of many buildings throughout Europe and is a symbol of protection for families gathered under one roof against evil and life-threatening situations. Thus, the emblem of the Raiffeisen Group in this context also means that its members have come together from the very beginning under the same institutional roof to protect themselves against the ever-present economic risks.

Raiffeisenbank has been operating on the Czech market since 1993. According to total assets, we are the fifth largest Czech bank firmly established on the domestic market.

Raiffeisenbank's majority shareholder is the Austrian financial institution Raiffeisen Bank International AG (RBI). RBI provides services to corporate and investment clientele in Austria and also serves clients in many countries in Central and Eastern Europe. The group's shares have been listed on the Vienna Stock Exchange since 2005.



Important Events in 2016

January

The Czech National Bank grants Raiffeisenbank its consent to acquire Citibank's retail portfolio in the Czech Republic. The transaction had already been approved by the Competition Office.

February

Raiffeisen investiční společnost offers two new funds: Raiffeisen Sustainable Development Fund and Raiffeisen Global Markets Fund. These are flexible mixed funds created as a part of a Master-Feeder structure.

March

On Tuesday, 1 March 2016, the ownership rights of the retail banking division of Citibank in the Czech Republic are transferred to Raiffeisenbank, which formally ended the sale part of the acquisition.

In relation to the Citibank portfolio takeover, namely clients' loans and deposits, Loans and advances to customers increased by CZK 5,121,171 thousand and Amounts owed to customers increased by CZK 16,587,951 thousand.

Raiffeisenbank follows up on a successful event from last year, and as a part of the spring "Business Days", once again offers businesses and small firms with turnover of up to CZK 50 million loans with advantageous terms.

April

Raiffeisenbank becomes a partner of the best Czech golf player, Klára Spilková, who has represented the Czech Republic not only in prestigious golf tournaments around the world, but also at the Summer Olympic Games in Rio de Janeiro.



In addition, Raiffeisenbank becomes an "Official Partner of the Czech Golf Federation" and an "Official Partner of the Czech National Golf Team" for the next three seasons. It also promotes young and talented golf players in their sporting careers.



June

Raiffeisenbank is very successful in the Zlatá koruna awards and is among the top three with respect to its products in four categories.



Raiffeisenbank wins in the category of Payment Cards with its DE LUXE credit card, evaluated by an expert panel of judges. The bank receives a silver koruna in the category of Business Loans for its investment loan with off-set. This is a special-purpose loan that allows clients to set off savings from a savings account against the remaining balance of a loan, and thus to pay lower interest. The bank is also successful with the premium business account eKonto Start, which receives a bronze medal and is also successful with its mortgage, which allows clients to invest in real estate for the purpose of resale. This also places third in the category of New Product of the Year.



Raiffeisenbank opens a branch office in Náchod. The new branch is located right in the centre of Náchod – at the address Karlově náměstí 84. During the opening of the new branch, the branch manager, Jiřka Hudečková, presents the mayor of the town, Jan Birke, with a cheque for CZK 30,000. Raiffeisenbank donates these funds for the protection of children and youth and a traffic safety project in Náchod.

July

Raiffeisenbank appoints Jan Remr as head of Friedrich Wilhelm Raiffeisen private banking.



August

Raiffeisenbank introduces to the corporate banking services market completely new advisory products – Raiffeisenbank Advisory. This is a reaction to the results of the survey taken by the bank's corporate clientele. More than half of all respondents agree that the financial management of a firm is more and more complicated, and almost a fourth indicate bad financial management as the cause of bankruptcy.

The bank opens a new branch office in Brandýs nad Labem. During the opening of the new branch, the branch manager, Josef Břicháček, presents the mayor of the town, Vlastimil Píček, with a cheque for CZK 30,000. Raiffeisenbank donates these funds for projects relating to children and youth and traffic safety.

September

Raiffeisenbank receives two of the highest awards in the eighth year of the Hospodářské Noviny awards Best Bank 2016. It not only wins in the main category of the competition – and becomes the Best Bank of the Year – but also defends its last year's title of Most Client-Friendly Bank of the Year. Raiffeisenbank was competing in the awards with another 18 banks. The bank's success was decided by economic indicators for the stability, health, and strength of the bank as well as its overall approach relating to the care of clients.



At the beginning of September, the charismatic heroes, played by Victor Solé and Erica Bigiou, return to television in Raiffeisenbank's advertising spots promoting eKonto SMART. The private detective Arthur is assisted in solving criminal cases by the charming Victoria, who this time appears in the role of his colleague. The commercial concept once again uses Film Noir techniques. The spot is directed for the third time by Goran Marojevič with Jan Velický again behind the camera.



October

Raiffeisenbank, in cooperation with YouTubers, launches a campaign focused on students. This is to promote eKonto STUDENT and its benefits. The key element of the campaign is the online video in which two famous Czech YouTubers compete against each other for a trip to Tokyo. Each student who connects to the YouTubers and meets all of the terms of the contest can win free maintenance charges for the eKonto Student plus a bonus of CKZ 555 and a chance to win a trip to Tokyo.



Raiffeisen Bank International Group (RBI), the parent company of ZUNO BANK AG, decides to consolidate its business within the group and to gradually terminate the activities of ZUNO BANK AG in the Czech Republic and Slovakia and transfer the business to Raiffeisenbank or Tatra banka.

As one of the only Czech banks, Raiffeisenbank offers business loans with a guarantee from the European Investment Fund (EIF). A loan of up to CZK 650,000 is intended for businesses and small firms with turnover of up to CZK 50 million and may be used also by start-up businesses and firms. The financing takes advantage of a guarantee from the European Union as a part of its programme for employment and social innovation (EaSI).

November

Raiffeisenbank opens a branch office in Strakonice. During the opening of the new branch, the mayor of the town, Břetislav Hrdlička, was presented with a cheque for CZK 30,000 to pay for honour stipends for basic school students in 2017. A second cheque from Raiffeisenbank for CZK 20,000 was presented to Ludvík Hess for operating the Strakonice baby box.



December

For many years, Raiffeisenbank has organised the charity event "Dobrá rána pomáhá" as a part of its golf and tennis tournaments for clients. Thanks to this project, participants may influence the final amount of the bank's financial donation to the charity through their excellent athletic performance. Owing to their under-par shots or quick and precise service, clients contribute to this charity in 2016 as well. In 2016 Raiffeisenbank donates CZK 400,000 from the event "Dobrá rána pomáhá" to the DOBRÝ ANDEĚL endowment fund.



Board of Directors' Report



Dear Ladies and Gentlemen,

With great pleasure, I would like to announce that in 2016 we have more than succeeded in following up on the positive developments of the previous year. The past twelve months have thus far been the most successful period in Raiffeisenbank's long and rich history of almost 25 years on the Czech market. We were able to

attract a record number of new clients, keep existing clients by offering a high quality portfolio of products and services and we also received many prestigious Czech and international awards from independent authorities. Among these, I want especially to highlight the double success in the Hospodářské noviny awards. We were the first bank ever to win in both main categories and by this we demonstrated that banks can be client-friendly and profitable at the same time.

In addition to the excellent commercial results in retail and corporate in 2016, customer satisfaction has also increased. The net promoter score (NPS), measured by an independent external agency, increased by 14 points year-on-year, i.e. by almost 60 per cent, which we appreciate greatly.

I am very happy that we managed to comply with our growth strategy and further strengthen Raiffeisenbank's position on the Czech market. We have become a systemically important bank, and our total assets exceeded the CZK 300 billion mark for the first time in the third quarter of 2016. The increase in the balance sheet was not only due to the acquisition of Citibank's retail banking portfolio in the Czech Republic, but also to the very successful organic growth of our bank.

All of our successes are naturally reflected in the increased number of clients, deposits and loans, as well as in the net profit of the bank, which reached CZK 2.6 billion and thus surpassed the record achieved in 2015.

Acquisition of Citibank's retail banking business in the Czech Republic

Priority number one in 2016 was the integration of Czech Citibank's retail banking portfolio. The ownership rights were transferred to our bank at the beginning of March, and immediately afterwards, the process of transferring clients and products commenced. The entire project was completed at the end of 2016, which was earlier than we had planned, and with results which significantly exceeded our expectations.

We successfully integrated more than 90 per cent of Citibank's former clients, and we are pleased that our products are attractive for them. I am convinced that the integration was an extraordinary achievement, not only on a domestic scale. I would like to thank all of my colleagues who contributed to the project. We have gained a lot of valuable experience that we can put to good use in the future.

Awards in 2016

The Czech banking sector is highly competitive. This is why I appreciate even more all of the 2016 awards. They demonstrate that we are going in the right direction. We are transparent and we offer a precise and reliable service.

Raiffeisenbank received two top awards from last year's Hospodářské noviny Best Bank 2016 awards. Not only did we win the main category – becoming the "Best Bank of the Year" – but we also defended our last year's title of the "Most Client-Friendly Bank of the Year". We competed with 18 other banks. Our excellent financial results, which demonstrate the stability, health, and strength of the bank, as well as our overall approach towards customer care, played an important role in our victory.

In addition to the exceptional success with the Hospodářské noviny awards, Raiffeisenbank was also the winner of other important awards last year. The prestigious international magazine EMEA Finance granted us the title of "Best Bank in the Czech Republic" as part of the Europe Banking Awards. The fact that other banks of the RBI Group won similar awards is to be seen in a positive light. This demonstrates that our clients can rely on the services of a strong and stable partner under all circumstances.

The panel of experts for the "Zlatá koruna" awards also acknowledged the high-quality products of our bank in May 2016. With its products, Raiffeisenbank was represented among the top three banks in four categories – New Product of the Year, Payment Cards, Business Accounts and Business Loans. Other awards include the very first "Zlatá Effie" and first place in the "Flema Media Awards". We received both of these awards for effective and innovative marketing communication.

For all of the above successes, we would like to thank our employees and especially our clients, who have shown us their loyalty and trust.

Record-breaking sales in retail

Despite the fact that the integration of the retail portfolio of Citibank was priority number one for us last year, we of course

did not forget about the “day-to-day business”. Through high-quality products and services, we continued to strengthen our position as an important Czech bank primarily oriented to affluent and demanding clientele who are interested in the active management of their finances and professional advice. In addition, we continued to expand our distribution network.

I am very pleased that we successfully attracted a record number of new clients. We attained excellent results in credit products, providing retail clients with the largest volume of loans in the entire history of Raiffeisenbank. All three key loan products, business loans, consumer loans, and mortgages, contributed to this extraordinary success. In 2016, we granted more than 10,000 mortgage loans with a total volume of CZK 20.7 billion to our clients, an increase of 24 per cent compared to 2015.

Asset management is a chapter in itself. Our Raiffeisen investiční společnost has mastered another successful year. Last year, the company issued mutual funds for more than CZK 7.5 billion and by the end of the year, managed 12 Czech crown funds for a total value of CZK 17.4 billion. Thus, Raiffeisen investiční společnost increased the assets under management by 26 per cent and was again among the fastest growing investment companies on the Czech market.

We were also successful in private banking. The volume of assets managed by our private bank Friedrich Wilhelm Raiffeisen recorded double-figure growth last year, similarly to the year before. Alongside the managed assets, the number of clients also increased. As a part of private banking, we also cooperated more intensely with our affiliated bank Tatra banka in Slovakia.

A bank for businesses and large corporations

2016 was also successful with respect to corporate clients, despite the fact that we had to face adverse trends in this segment, such as falling margins for loans and deposits. During the year, we managed to increase the volume of the credit portfolio and also FX yields. We confirmed and further strengthened our position in the financing of real estate projects, residential projects in particular. Moreover, we took advantage of our parent company Raiffeisen Bank International’s synergetic effects by expanding our international cooperation, especially with the Slovak Tatra banka in payments and client care and their credit products.

In March 2016, we started cooperating with EVO Payments International regarding payment card acceptance. This resulted in a significant increase in the number of clients and terminals. We have also prepared many new products and innovations for our clients, such as a Commodity Clearing Bank or the possibility of inexpensive and quick payments to and from Slovakia which we have been offering since the end of September in cooperation with our affiliated bank Tatra banka. We are a firmly established bank operating in all segments.

In the Czech corporate banking market, in particular, we focus on long-term relationships. We want to be a trusted and reliable partner for our clients. I am convinced that our last year’s success is also illustrated by increased customer satisfaction.

2017: New developments in the online environment and additional growth

We will continue to consistently implement our strategy defined up to 2020. The priorities for 2017 include the continued consolidation of IT systems and new development in the online environment, such as completely new internet banking. Of course, we have not forgotten about businesses and have prepared new products and services for them as well. In addition, I very much look forward to the clients of our affiliated bank ZUNO BANK and sincerely hope that they will be satisfied with the products and services we offer.

In the same light, I hope that Raiffeisenbank will remain an attractive employer in 2017 as well. I am very pleased with the positive results of the January employee satisfaction survey, where in a year-on-year comparison we have recorded improvements in all areas. It is very important for me not only to be a customer-oriented bank, but also a bank that creates opportunities for personal and professional growth for its employees and offers an atmosphere which promotes cooperation and a high standard of interpersonal relations.

Raiffeisenbank in the Czech Republic is and will remain a healthy and stable bank with a strong growth potential. We have a strong and reputable brand and a top-notch team. Last year’s record results and successes fill me with great optimism for 2017.

Acknowledgements

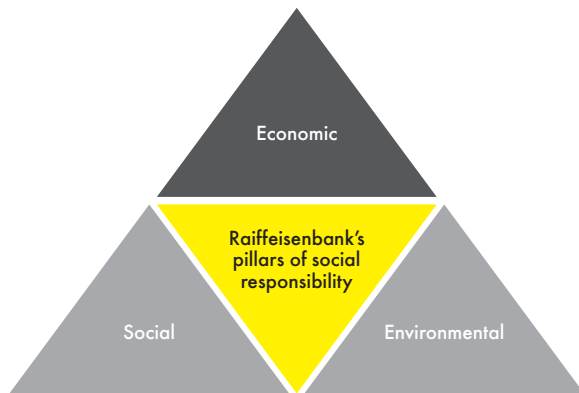
On behalf of the management of the bank, I would like to thank all of our employees who have contributed with their excellent work to Raiffeisenbank’s extraordinary results in 2016. Without their enormous commitment and enthusiasm, we would never have been able to be such a successful and prosperous bank. I am proud to be a part of this great team. Our sincere gratitude also goes to our shareholders for their support, and of course, to our clients and business partners for their trust and loyalty. We greatly appreciate their trust in us and we are working diligently so that we can continue to provide products and services of the highest quality.

On behalf of the Board of Directors

Igor Vida
Chairman of the Board of Directors
and CEO

Corporate Social Responsibility at Raiffeisenbank

Raiffeisenbank continues walking in the footsteps of Friedrich Wilhelm Raiffeisen, one of the first socially responsible bankers ever. In addition to pursuing its business goals, the bank is committed to three main pillars of corporate social responsibility: social, economic and environmental.



Economic pillar

An ethical and transparent attitude is one of Raiffeisenbank's top priorities within the economic area of CSR. This approach is essential to the entire Raiffeisenbank group, supported by RZB's Group Code of Conduct published at <https://www.rb.cz/o-nas/o-spolecnosti/eticky-kodex>. The Code describes the principles of conduct of each and every employee to be observed in day-to-day work, going beyond the framework of a mere obligation. It is a major contribution to the bank's corporate culture and real relationships it builds with its customers, employees, contractors or partners.

Also, Raiffeisenbank is a member of the Coalition for Transparent Business working to cultivate the business environment in the Czech Republic. Raiffeisenbank was the first bank to join the coalition and shares its ethical values in an effort to improve transparency of the local business environment.

Social pillar

The social pillar at Raiffeisenbank primarily relies on its approach to members of staff and on volunteering and sponsoring. Key topics of the pillar include:

- Equal employment opportunities**
 As at 31 December 2016, Raiffeisenbank employed 3,085 members of staff, of which 57% were women.
- Health and safety**
 The principal benefits offered to our employees in this area include superior healthcare, vaccinations, pregnancy days or sick days.
- Education and development**
 The average time of employee training in 2016 amounted to 37.6 hours per employee. Also, mentoring and coaching is available to the members of staff, as well as support during studies or graduation time off. Furthermore, Raiffeisenbank runs a successful trainee programme for graduates.
- Balanced professional and private life**
 At Raiffeisenbank, we emphasise the balance between professional and private life. We offer long-term contributions to the local pre-school and also run our own pre-school named Žirafka. In addition, we provide contributions to personal development and allow flexible working hours or part-time employment.
- Promoted dialogue within the company**
 Maintaining a regular dialogue with the employees is important to us. We conduct regular employee satisfaction surveys, online and offline chats with the CEO, run an intranet portal and publish our internal magazine.
- Volunteering and sponsoring**
 Volunteering and sponsoring is firmly set within the values of Raiffeisenbank and its employees.

Bankers go to School

Raiffeisenbank is a traditional partner to the Bankers go to School educational project organised by the Czech Banking Association. The third annual event was held in October 2016.

Bankers prepared a special 90-minute workshop for the students. They focused on secure online behaviour, an important topic these days. Cyber-safety remains underrated in the Czech Republic, as also shown in the Security Index published by the Czech Banking Association, which has been around 60% for the last three years.



Third- and fourth-year high school students participating in the projects spend many hours a day online. That was the main reason why the bankers decided to point their attention to internet threats, teach them to detect a hacker attack or explain how banks are secured.

The lecturing members of Raiffeisenbank included Marketing and Communications Director Hana Kovářová, Information Security Director Radek Komanický and Regional Director Michal Přádka.

We support the education and business of young students under the Junior Achievement programme



For fifteen years, Raiffeisenbank has been supporting the principles and values of Tomáš Baťa,

founder of the Czech JA office. The objective and mission of this international non-profit educational organisation is to provide young people with practical economic education, develop their knowledge and skills, inspire them and support their active life attitude, empowering them to own their success and be well-prepared to enter the job market.

Cooperation among companies sets the foundation of the educational system. Managers lecture to the students and take part in teaching the courses as well as running the organisation.

JA is active in over 120 countries throughout the world. Around 10 million children and students aged 6 to 22 enrol in JA programmes every year.

Raiffeisenbank and its employees contribute to the Good Angel endowment fund



In 2016, Raiffeisenbank donated more than CZK 1.3 million to the endowment fund DOBŘÍ ANDĚL (Good Angel). The first part (CZK 400,000) was contributed by a charity project created as a part of Raiffeisenbank's golf and tennis tournaments "Dobrá rána pomáhá", where participants influence the amount of the bank's financial donation to charity with their athletic performance. An

amount exceeding CZK 400,000 was contributed by more than 500 employees of the bank. The bank donated another CZK 500,000 from unclaimed anonymous savings books that have expired under the Act on banks. From 2015 to 2017, Raiffeisenbank donated at total of CZK 1.5 million to Good Angel in this manner. Raiffeisenbank plans to keep up the bank's support for the Good Angel foundation including development of Good Angelship within the company to increase the number of Good Angels among its employees.



Environmental pillar

Raiffeisenbank actively contributes to environmental issues. The bank also expects responsible environmental behaviour from its employees, primarily relating to recycling at the workplace and conserving energy. The aim of the bank's energy concept is to reduce the energy demands of the entire branch network, especially conserving electricity related to lighting, conserving water, and waste treatment.



In 2016, Raiffeisenbank was awarded a bronze medal in the GEEN Zelená banka project, which evaluates individual banks

from the standpoint of their environmental activities and green projects.

18 teams cycle to work

In 2016, 59 employees from a total of 18 teams in Pardubice, Olomouc, Brno, Ústí nad Labem, and Prague participated in the national initiative Cycling to Work. In this way, they encouraged people to think about what impact their everyday travel habits have on the environment.



In 2016, Raiffeisenbank continued to support the following institutions and activities:

- EY Entrepreneur of the Year Awards;
- Enterprising Woman – grant programme;
- Debt Advisory Centre.

Report of the Supervisory Board of Raiffeisenbank a.s.

- 1) The Supervisory Board carried out its tasks in accordance with Section 446 to 447 of the Companies Act, the Articles of Association of Raiffeisenbank a.s., and the company's rules of procedure. The Board of Directors presented reports on the bank's operations and its financial situation to the Supervisory Board at regular intervals.
- 2) The financial statements were prepared in accordance with the International Accounting Standards.
- 3) The financial statements were audited by "Deloitte Audit s.r.o.". In the opinion of the auditor, the financial statements give a true and fair view of the financial position of Raiffeisenbank a.s. as of 31 December 2016, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.
- 4) The Supervisory Board examined the annual financial statements and the Report on Related Parties for the year 2016, including the proposed distribution of earnings, accepted the results of the audit of the financial statements for 2016, and recommended that the General Meeting approve them without comments.

Executive and Supervisory Bodies

Board of Directors

Chairman of the Board of Directors

Igor Vida

Born: 1 April 1967

Residing at: Gorazdova 1, 811 04 Bratislava, Slovakia

Member of the Board of Directors of Raiffeisenbank a.s. since 1 April 2015, and from 7 April 2015, elected Chairman of the Board of Directors. From 2002, Mr. Vida worked at the Slovak Tatra banka, a.s., initially as the Head of the Foreign Exchange and Money Market Department, later as Head of the Treasury and Investment Banking Division. In 2007, he became a member of the Board of Directors of Tatra banka, a.s., then Vice-Chairman of the Board of Directors. Starting in 2007, he was the Chairman of the Board of Directors and CEO of Tatra banka, a.s. Mr. Vida resigned from the position of Chairman of the Board of Directors of Tatra banka, a.s. on 31 March 2015. On 16 April 2015, he became the Vice-Chairman of the Supervisory Board of Tatra banka, a.s.

Member of the Assets and Liabilities Committee

Member of the Credit Committee

Member of the Problem Loan Committee

Chairman of the Projects Committee

Members of the Board of Directors

František Ježek

Born: 5 April 1972

Residing at: Česká 1135/5, 158 00 Prague 5 - Košíře

Member of the Board of Directors responsible for Risk Management since 1 October 2012. Prior to joining Raiffeisenbank, he worked at the Vienna headquarters of Raiffeisen Bank International AG as the head of retail risk for all of the 15 markets in Central and Eastern Europe. Prior to working at RBI, he worked at Multiservis and in the GE Money group.

Vice-Chairman of the Assets and Liabilities Committee

Chairman of the Credit Committee

Chairman of the Operational Risk Management Committee

Chairman of the Problem Loan Committee

Chairman of the Retail Risk Management Committee

Member of the Projects Committee

Member of the Real Estate Investment Committee

Member of the IT Change Control Committee

Member of the Investment Products Committee

Vice-Chairman of the Corporate Products Committee

Vice-Chairman of the Board of Directors

Rudolf Rabiňák

Born: 21 February 1958

Residing at: K Tuchoměřicům 146, 164 00 Prague 6

Since April 2001, he is a member of the Board of Directors of Raiffeisenbank a.s. responsible for corporate banking. Prior to his appointment, he worked nine years at Citibank a.s. As at 1 January 2015, he was appointed Vice-Chairman of the Board of Directors of Raiffeisenbank a.s.

Member of the Assets and Liabilities Committee

Vice-Chairman of the Credit Committee

Member of the Projects Committee

Vice-Chairman of the Real Estate Investment Committee

Member of the IT Change Control Committee

Chairman of the Corporate Products Committee

Member of the Operational Risk Management Committee

Jan Pudil

Born: 20 December 1969

Residing at: Lucemburská 1599/27, Žižkov, 130 00 Prague 3

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

Member of the Assets and Liabilities Committee
Member of the Projects Committee
Member of the IT Change Control Committee
Member of the Investment Products Committee
Member of the Operational Risk Management Committee

Miloš Matula

Born: 1 October 1976

Residing at: Samoty 18, Líšeň, 628 00 Brno

Member of the Board of Directors responsible for Operations since 1 April 2014. Prior to joining Raiffeisenbank a.s., he worked from 2009 as a member of the Board of Directors of ZUNO BANK AG. From 2007 to 2009, he worked at the parent company Raiffeisen Bank International AG in the position of Head of Service Excellence.

Member of the Operational Risk Management Committee
Vice-Chairman of the Projects Committee
Member of the IT Change Control Committee
Member of the Corporate Products Committee

Vladimír Kreidl

Born: 23 April 1974

Residing at: U Starého židovského hřbitova 17, 150 00 Prague 5

Member of the Board of Directors responsible for Retail Banking since 1 October 2013. Prior to joining Raiffeisenbank, he worked at McKinsey&Company starting in 2001, and since 2008 as a partner. From 1995 to 2000, he worked at Patria Finance, a.s., eventually as a partner.

Member of the Assets and Liabilities Committee
Chairman of the Pricing and Interest Committee
Vice-Chairman of the Retail Risk Management Committee
Member of the Projects Committee
Member of the IT Change Control Committee
Member of the Investment Products Committee
Chairman of the Marketing Committee
Member of the Operational Risk Management Committee

Supervisory Board

Chairman of the Supervisory Board

Karl Sevelda

Born: 31 January 1950

Residing at: Sigmundsgasse 5/15, 1070 Vienna, Austria

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

Vice-Chairman of the Supervisory Board

Peter Lennkh

Born: 10 June 1963

Residing at: Pierrongasse 5, 1140 Vienna, Austria

Member of the Supervisory Board since October 2013. From December 2013, he was elected Vice-Chairman of the Supervisory Board. Prior to this, he was a member of the Supervisory Board of Raiffeisenbank a.s. from 2005 to 2007. In 1988, he joined Raiffeisen Zentralbank AG, and since that time, he has worked in various positions in the group. Since 2004, he is a member of the Board of Directors of Raiffeisen Bank International AG, now responsible for Corporate Banking.

Members of the Supervisory Board

Reinhard Schwendtbauer

Born: 11 September 1972

Residing at: Lukasweg 23, 4060 Leonding, Austria

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

Johann Strobl

Born: 18 September 1959

Residing at: Walbersdorf, Hauptstrasse 37, Austria

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

Klemens Breuer

Born: 16 December 1967

Residing at: Willemslägerweg 25, 52159 Roetgen, Germany

Member of the Supervisory Board from April 2014. Starting in 1995, he worked at Deutsche Bank AG in the area of treasury and money markets. Since April 2012, he is a member of the Board of Directors of Raiffeisen Bank International AG responsible for global markets, and from 2015 also for retail banking.

Martin Grüll

Born: 25 October 1959

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

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

Petr Rögner

Born: 15 March 1951

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

Member of the Supervisory Board of Raiffeisenbank a.s. since 12 May 2011. He has worked at Raiffeisenbank a.s. since 2002 and currently works in the position of quality management specialist. He worked in the past at Citibank a.s. in the position of Head of the Cash Management Department.
Note: Petr Rögner's membership in the Supervisory Board ended on 12 May 2016.

Michal Přádka

Born: 6 January 1977

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

Member of the Supervisory Board of Raiffeisenbank a.s. since 12 May 2011. He has worked at Raiffeisenbank a.s. since 2007 in the position of Regional Director – North Moravia. He worked in the past at eBanka, a.s. in the position of Division Director Ostrava.
Note: Michal Přádka's membership in the Supervisory Board ended on 12 May 2016.

Andreas Gschwenter

Born: 16 January 1969

Residing at: Wolkersbergenstrasse 14, 1130 Vienna, Austria

Member of the Supervisory Board of Raiffeisenbank a.s. since 19 August 2015. From 2010, he was a member of the Board of Directors of the Ukrainian Raiffeisen Bank Aval responsible for IT and Operations. In July 2015, he became a member of the Board of Directors of Raiffeisen Bank International AG responsible for IT and Operations.

Statement of the Supervisory Board Chairman

Ladies and Gentlemen,

The 2016 financial year was dominated by two key issues: Firstly, the market environment, which remained challenging due to the very low interest rate level and continuing high regulatory and political pressures; secondly, the start of the process of evaluating the merger of RBI and RZB.

The capitalisation requirements for banks were increased substantially following the 2008 financial crisis, and there has also been extensive tightening of regulations by the national and international regulatory authorities. February 2015 saw the implementation of a transformation programme designed to strengthen the capital base - it targeted a CET1 ratio (fully loaded) of at least 12 per cent, a reduction of complexity and a substantial reduction of costs. With a CET1 ratio (fully loaded) of 13.6 per cent at 31 December 2016, RBI achieved its target ahead of schedule.

Following an extensive evaluation phase, on 5 October 2016, the Management and Supervisory Boards of RBI and RZB passed in principle a resolution to merge RBI and RZB. The Extraordinary General Meeting of RBI approved the merger with RZB by a clear majority on 24 January 2017. The merger is effective once it has been entered in the commercial register, which is expected by the end of March 2017 at the latest.

The strengths of the merged entity will build on prior achievements. These include the geographic footprint in the attractive growth markets of CEE, with top-five market positions in 9 of a total of 14 markets, as well as a stable business in Austria. The focus will remain on long-term customer relationships in the respective local markets. As a customer-oriented universal bank, solutions to address corporate customer needs based on local market access and an extensive network, along with a comprehensive multi-channel offering for retail customers in CEE, play an important role in the overall focus.

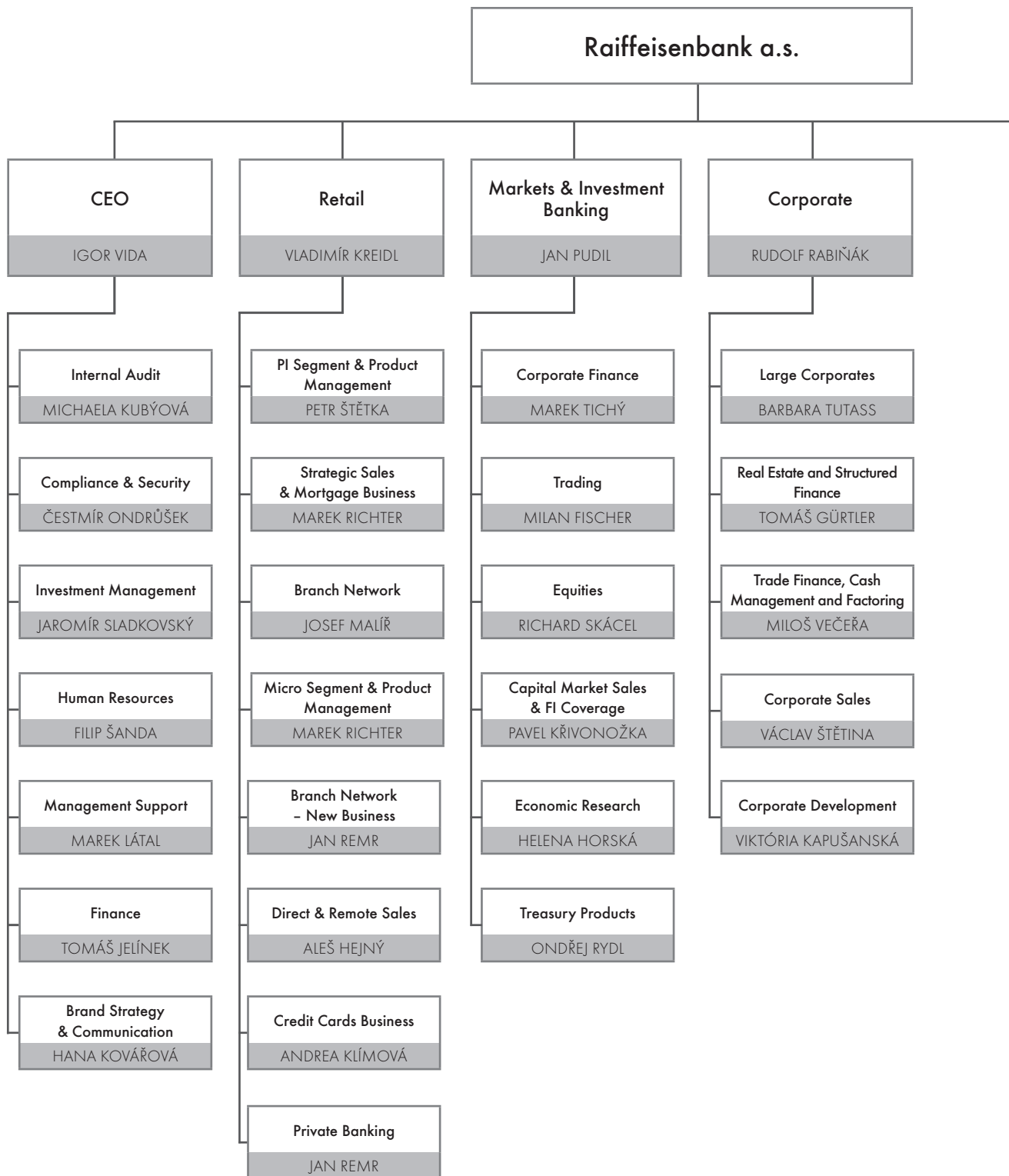
In 2016, Raiffeisenbank a.s. managed to improve upon its record result of the previous year. Looking back at almost 25 years in the Czech Republic, the year under review was thus Raiffeisenbank's most successful period so far. We have further improved our position as one of the country's largest banks, primarily focusing on customers looking for high-quality service, active management of their finances and professional advice. Last year, our top priority was the integration of Citibank's local retail business. I'm happy to report that we succeeded in finishing the entire project ahead of time, moreover, with results exceeding our expectations. I'm very glad that Raiffeisenbank acquired a record number of new clients, increased deposits and loans, and further pursued the expansion of its distribution network. The bank's achievements are additionally reflected in net profit, which reached 2.6 billion Czech crowns.

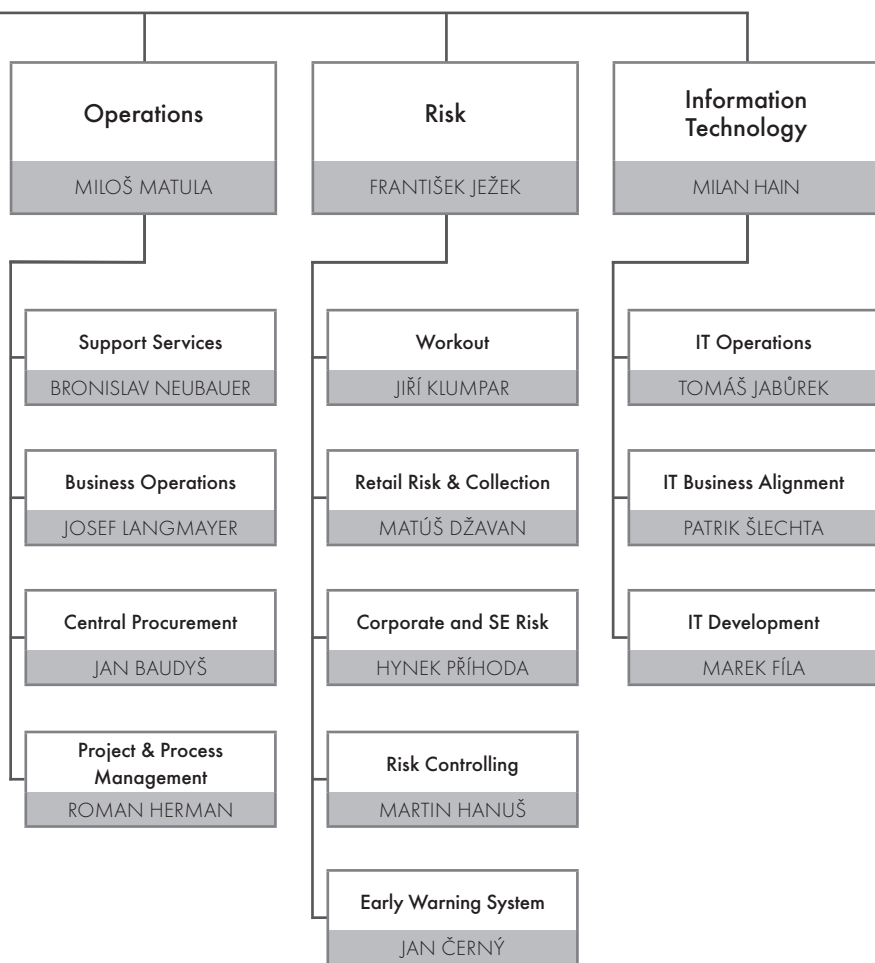
I would like to take this opportunity to thank all employees of Raiffeisenbank a.s. for their hard work and constant efforts to serve our customers and bring benefits to the entire Raiffeisen Group.

On behalf of the Supervisory Board,

Karl Sevelda,
Chairman of the Supervisory Board

Organisational Chart





Economic Development

2016 – A turbulent political year



For the world economy, 2016 was a turbulent year from a political and economic standpoint. Unexpected turns, especially on the political scene, increased economic uncertainty in Europe to an extent exceeding the financial crisis. On the first day of trading in 2016, Chinese stock exchanges experienced huge daily losses that even

the mechanism for correcting the daily index fluctuations could not prevent. Intervention from the Chinese government and the central bank strengthened both the foreign exchange and stock markets. The Japanese central bank has shifted its policy regime from monetary-base targeting to yield-curve targeting. In Europe, the UK was the main cause of the turmoil when it voted in a referendum to leave the European Union, subsequently leading to the fall of David Cameron's government. The quick formation of a new government and outlining the procedure for withdrawing from the EU brought more stability to the markets. The Bank of England reduced interest rates and committed to ensure sufficient liquidity at a time when there was heightened uncertainty about the future development of the UK's economy. Similarly, an Italian referendum on a change in the constitution ended with the fall of the government. Greece, which shook the financial markets in 2015, was pushed to the side-line. However, the Greek debt is unsustainable, and the issue of relieving at least a part of the debt will once again become the subject of negotiations. Another global political surprise was Donald Trump winning the US presidential elections. The reactions of financial markets to the election results, though, were not as negative as expected. On the contrary, the US stock markets broke historical records after the elections. Member and non-member OPEC countries voluntarily agreed to restrict oil production, which drove oil prices above USD 50 per barrel. The production limits should speed up the reduction in excess crude oil on the market. Higher oil prices intensified the inflation pressures in Europe and the USA and also opened the doors to shale-oil producers to start up production again. The political turbulence that upset the economy during the year resulted in the Federal Reserve Bank deciding last year to increase rates only once by 0.25 of a percentage point from 0.50% to 0.75%. The European Central Bank (ECB) extended the programme of quantitative easing until the end of 2017, but in reduced monthly volumes (EUR 60 billion from April 2017). Since the ECB was slowly running out of assets that it could purchase, it was forced to modify some of the conditions of the quantitative programme, such as the condition of minimum yield for the purchased assets or the amount of government bonds held by one country. The yields from German government bonds with a maturity of 10 years were below zero during the year for the first time in history. The US dollar strengthened at the end of the year to a 14-year maximum.

The economy is in good condition, but further expansion is hindered by the labour market

The Czech economy in 2016 continued to grow. However, the growth rate gradually slowed after various factors from 2015 subsided, specifically the drawdown of EU funds or the extremely low prices of raw materials. In comparison with 2015, export growth slowed and private and government investments decreased. Household consumption remained the main impetus of growth. Nevertheless, the economy approached the limit of its production capabilities, which was necessarily reflected on the Czech labour market as well. The unemployment rate in the Czech Republic dropped to a 8-year minimum, and the job vacancy rate reached an 8-year maximum. The Czech Republic can boast the lowest employment rate in the European Union. Unfortunately, additional economic growth led by industry is faced with the limits of the Czech labour market, and employers are experiencing a lack of qualified and non-qualified people, despite the fact that approximately 400,000 people are searching for jobs through the employment offices. The tensions on the labour market are also reflected in wage growth. Average wage increased by a rate of more than 4% annually, which corresponds to a rate last recorded in the second half of 2009. Thanks to very low inflation with a similarly fast tempo, the real purchasing power of citizens is also increasing. For the first time in history, the gross average wage in the Czech Republic exceeded EUR 1,000. The high confidence of consumers in the economy, increasing incomes in combination with historically low interest rates supported demand for residential real estate. On the contrary, the savings level of Czech households fell due to consumer spending growth higher than that of disposable incomes. At the end of the year, consumer inflation rose from 0.1% in June to 2% in December 2016 due to a seasonal increase in the prices of food, the gradual increase in fuel prices, and increased restaurant prices caused, to some extent, by costs connected to the introduction of electronic cash registration. Thus, inflation unexpectedly reached the inflation target of the Czech National Bank (CNB) several months earlier. Despite this, the CNB continued with interventions to avoid the strengthening of the CZK exchange rate below EUR/CZK 27 in keeping with the CNB's public obligation not to abandon the exchange rate obligation earlier than the second quarter of 2017 and one-off factors that were behind the unexpected surge in consumer inflation at the end of the year.

Economic Development					
	2012	2013	2014	2015	2016*
GDP per capita, PPS	22 305	21 850	22 916	24 091	24 868
Real GDP, % y-o-y change	-0.8	-0.5	2.7	4.6	2.3
Industrial output, % change	-0.8	-0.1	5.0	4.6	2.9
ILO general rate of unemployment, % avg.	7.0	7.0	6.1	5.1	4.1
CPI, % change, avg.	3.30	1.40	0.40	0.35	0.70
Trade balance, % of GDP	7.6	8.6	10.0	9.3	9.5
Current account balance, % of GDP	-1.6	-0.5	0.2	0.9	1.6
Net foreign direct investment, % of GDP	3.0	-0.2	1.9	-0.6	0.4
Budget balance, % of GDP	-3.9	-1.2	-1.9	-0.6	0.0
Public debt, % of GDP	44.5	44.9	42.2	40.3	37.9
Official FX reserves, EUR bn eop	34.0	40.8	44.9	59.2	81.3
Import cover, months	4.2	5.2	5.4	6.6	8.6

Sources: Czech Statistical Office, Czech National Bank; flash estimate of Czech Statistical Office

The Czech crown remained under the CNB's control

During 2016, the CNB continued to intervene against CZK appreciation close to EUR/CZK 27. With an increase in future expected inflation, speculation increased on abandoning foreign exchange controls in the near future. The share of foreign reserves in GDP increased during 2016 from 35% to about 50%. Pressure on the crown to strengthen was also reflected in the strengthening of the crown on the forward market. A reduction in the EUR/CZK basis swap made assets denominated in crowns even more attractive, including government bonds. Despite this, the CNB stated that it considers the middle of the year as being the most probable time for abandoning current exchange rate controls, and it will continue to prevent the strengthening of the crown under the EUR/CZK level at least until the end of the first quarter of 2017. The crown began to strengthen against the dollar to USD/CZK 23.60 at the beginning of the year, and during the year will gradually weaken to USD/CZK 25.60.

Government bond yields at their lowest

Speculation on the future strengthening of the crown which is mirrored in the negative EUR/CZK basis swap significantly supported the prices of Czech government bonds denominated in crowns. The share of Czech government bonds for non-residents increased in 2016 to above 30% from 20% in the previous year according to Ministry of Finance. From the middle of 2016, Czech and German government bond yields have converged significantly. With Czech government bonds, the most apparent development was increased demand for bonds with shorter maturity periods. Czech 2Y government bond yields decreased to a level under -1% (Source: Bloomberg, 8 Feb. 2017). In addition, this development was supported by very favourable development of public finances when the state budget for 2016 ended with a surplus of CZK 62 billion.

Helena Horská, Chief Economist,
Head of Economic Research, Raiffeisenbank a.s.

Raiffeisenbank's Market Position

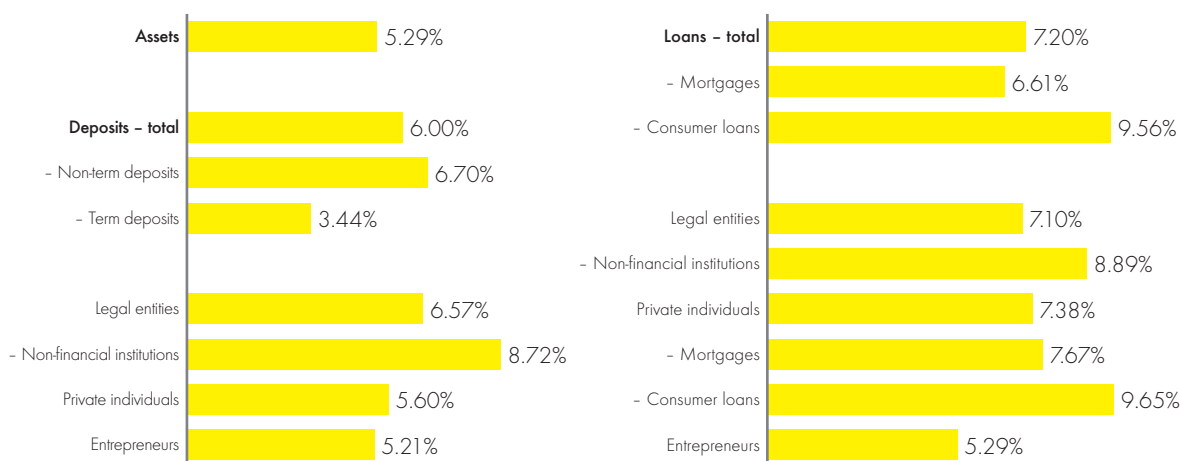
Raiffeisenbank's overall results in 2016 were significantly affected by the acquisition of Citibank's retail portfolio. The total volume of assets exceeded CZK 300 billion, which for the bank means a 5.3% share of the market and a stable market position of the fifth strongest entity in the Czech banking sector. The total volume of client deposits rose by 23.6%, increasing the bank's market share to 6%. The bank also had a successful year in lending, increasing its total volume of granted loans by 13.6%. Thus, Raiffeisenbank manages 7.2% of the credit portfolio of the banking sector.

The same as on the market, the overwhelming majority of client deposits are held on non-term deposit accounts at Raiffeisenbank, which is a logical result of the environment of long-term low interest rates and excess liquidity. However, as opposed to the market, the bank last year not only increased the volume of non-term deposits but also term deposits by 24.5% and 17.5% respectively.

The structure of deposits at Raiffeisenbank has changed thanks to the already mentioned acquisition of Citibank's retail business in favour of private clients. At the end of the year, these clients held more than 50% of the total deposits managed by the bank, whereas at the beginning of last year, this figure was slightly over 44%. Thus, the bank has strengthened its market position in the retail deposit segment to 5.6%. Although the deposits of legal entities lost their dominant position last year in the structure of deposits, their volume actually rose by 7.1%, which increased the bank's market share in this segment to 6.6%. The segment of non-financial enterprises makes up three fourths of the deposits of legal entities. The bank has held a strong position in this segment over the years, currently with a market share of 8.7%. In addition, entrepreneurs last year entrusted with confidence their free funds to Raiffeisenbank's management. The volume of deposits for this segment rose by 27.5% to a market share of 5.2%.

Similar to the situation with deposits, the position of private clients was strengthened with respect to the structure of the bank's lending, though not as significantly, and retail loans now make up 46.2% of Raiffeisenbank's credit portfolio. With a year-on-year increase of more than 18%, the bank increased its market share to 7.4%. The main impetus of growth over the long term has been mortgages, which make up almost 75% of all loans granted to private clients. The volume of these loans last year rose by 13.6%, which led to another slight increase in the bank's market share to 7.7%. Consumer loans as well continued in their growth trend. The bank provided almost 17% more of these loans in 2016 than in the previous year and thus attained a market share of 9.7%. Loans from credit cards are a chapter in itself, which made up a substantial part of the credit portfolio acquired from Citibank. The volume of these loans last year increased by more than 205%, and Raiffeisenbank now has 24% of the market. The bank achieved undisputed success in corporate client loans as well, the volume of which rose in 2016 by 10.1%, and the bank now possesses a 7.1% market share. The same as with deposits, loans granted to non-financial corporations make up an overwhelming majority of corporate loans. In 2016, Raiffeisenbank increased its volume by 3.9% and thus acquired a market share of 8.9%. The political and economic situation does not particularly support small businesses. Hence, loans granted to entrepreneurs make up only a marginal part of Raiffeisenbank's credit portfolio as well as the entire Czech banking sector. Although the bank provided 1% more of these loans in 2016 than in the previous year, its market share has slightly declined in this segment to 5.3%.

Raiffeisenbank's market shares



Note: The data are based on statistical reports created according to the methodology of the CNB.

Comments on the IFRS Consolidated Financial Results

The Raiffeisenbank Group recorded a consolidated attributable net profit to the parent company's shareholders of CZK 2.794 billion under International Financial Reporting Standards (IFRS). This is a 3.9% increase compared to 2015.

Consolidated Statement of Comprehensive Income

Net income and revenues

The total operating income of the Group increased by 12.53%, caused mainly by the sale of activities related to payment card acceptance (acquiring) and sale of the shares of Visa Europe.

Net interest income of the Group increased by 3.08% to CZK 6.61 billion. Net income from fees and commissions decreased by 7.55% to CZK 1.78 billion. Other income which comprises mainly net profit on financial operations, increased by 81.72% to CZK 2.33 billion, mainly affected by sale of the shares of Visa Europe and one of the affiliated companies and better trading results for the Group.

Expenses

Operating expenses increased by 21.21% to CZK 6.48 billion. The increase is mainly caused by absorption of integration costs related to acquisition of Citibank's retail banking business.

Risk management

Impairment of loans decreased by 15.47% to CZK 927 million, despite the creation of one-off impairment related to one of the corporate clients of the Group. The Raiffeisen Group maintains a very high quality client credit portfolio.

Consolidated Statement of Financial Position

Assets

Total Group assets reached almost CZK 324 billion and had grown by 29.52 % year-on-year.

Cash and current balances with central banks rose to CZK 92.08 billion which is an increase of 138.34%, mainly affected by an increase in the cash and accounts with central banks to CZK 85.4 billion.

Securities at fair value through profit or loss dropped by 37.94% to CZK 733 million.

Securities available for sale decreased by 31.96% to CZK 594 million, mainly affected by sale of the shares of Visa Europe.

Loans and advances to financial institutions increased by 37.91% to CZK 5.78 billion, and loans and advances to customers rose by 13.86% year-on-year to CZK 217.68 billion. The main increase is attributable to household financing (consumer loans and mortgages) and enterprises (mainly small and medium size enterprises).

Securities held to maturity decreased by 77.4% year-on-year as a result of the maturity of state bond issues.

Other assets rose by 29.54% to CZK 1.51 billion.

Equity investments in associates decreased by 48.58% to CZK 30 million as a result of the sale of one of the affiliated companies in February 2016.

Intangible fixed assets increased by 20.82% to 2.19 billion, and property and equipment rose by 24.49% to almost CZK 1.41 billion.

Liabilities

Total Group liabilities reached CZK 297 billion, which is an increase of 32.39%.

Amounts owed to financial institutions show an increase of 166.45% to CZK 33.59 billion, of which the highest increase was term deposits.

Amounts owed to customers increased by 23.58% year-on-year to CZK 227.14 billion.

Issued debt securities increased by 33.88% to CZK 24.72 billion due to an increase in 2014 mortgage bond issues.

Other liabilities increased by 82.79% to CZK 4.18 billion mainly due to an increase in the balance on the local clearing account.

Equity

Capital adequacy of the Group reached in 2016 16.63% against 16.69% last year. In April 2016, the Group General Meeting of the Bank agreed on a 2015 profit distribution of CZK 2.54 billion as follows: CZK 1.39 billion was used for the payment of dividends to shareholders and CZK 1.15 billion was transferred to retained earnings.

During 2016, the Group paid out from retained earnings a coupon in the amount of CZK 134.46 million to the holders of AT1 capital investment certificates, which are part of the Group's equity amounting to CZK 1.93 billion.

An increase in retained earnings had a positive effect on the Group's capital adequacy.

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

Having its registered office at: Hvězdova 1716/2b, 140 78, Prague 4

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Raiffeisenbank a.s. and its subsidiaries (hereinafter also the "Group") and separate financial statements of Raiffeisenbank a.s. (hereinafter also the "Company") prepared on the basis of International Financial Reporting Standards ("IFRS") as adopted by the EU.

The consolidated financial statements comprise the consolidated statement of financial position as of 31 December 2016, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (the "Consolidated Financial Statements").

The separate financial statements comprise the separate statement of financial position as of 31 December 2016, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory information (the "Separate Financial Statements").

In our opinion:

- The accompanying Consolidated Financial Statements give a true and fair view of the financial position of the Group as of 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying Separate Financial Statements give a true and fair view of the financial position of the Company as of 31 December 2016, and of its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated and Separate Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Related audit procedures
Allowances for the loans and advances to customers	
<p>(See Notes 20, 21 and 41 to the Consolidated Financial Statements and Notes 18, 19 and 38 to the Separate Financial Statements for the details) At 31 December 2016, gross loans and advances to customers (hereinafter "loans") comprised of CZK 217,676 million and CZK 213,795 million for the Group and the Company, respectively, against which allowances for loans to customers (hereinafter "allowances") of CZK 6,264 million and CZK 6,109 million were recorded, respectively. The directors exercise significant judgment when determining both when and how much to record as allowances.</p> <p>Allowances for losses on loans and receivables are recognised when there are reasonable doubts over the recoverability of the loan balance. Allowances for losses on loans and receivables represent management's assessment of potential losses in relation to the Group's on and off balance sheet activities.</p> <p>The Group determines impairment of individual receivables or the portfolio of receivables with similar characteristics in terms of credit risk.</p> <ul style="list-style-type: none"> • The Group applies the portfolio approach in respect of individually assessed receivables where no impairment was noted individually. In this case, the Group also determines impairment of the portfolio of similar individually unimpaired loans. • Portfolio allowances are calculated pursuant to the anticipated development in the loan portfolio (probability of default, default loss, etc). • The amount of the individual allowance is determined based on the anticipated cash flows. Future cash flows are estimated pursuant to the assessment of all available information, including the estimated collateral value, possibility of the sale of a receivable, proceeds from the bankruptcy and anticipated length of the recovery process. <p>Because of the significance of these judgements and the size of loans and advances to customers, the audit of allowances is a key audit matter.</p>	<p>We evaluated whether the internal impairment policies comply with the requirement of the relevant accounting standard (IAS 39).</p> <p><u>Testing of internal controls</u></p> <p>We tested the design and operating effectiveness of the key internal controls to determine which loans and advances to customers are impaired and allowances for those assets. Our procedures included testing:</p> <ul style="list-style-type: none"> • System-based and manual controls over the timely recognition of impaired loans and advances; • Controls over the allowance calculation and allowance recording; • Controls over collateral valuation estimate; • The governance process of management validation of allowance calculations; and • IT controls relating to access rights and change management of relevant IT applications. <p><u>Identification of impaired loans</u></p> <p>We tested a sample of loans and advances (including loans that had not been identified by management as potentially impaired) to form our own assessment as to whether impairment events had occurred and to assess whether impairments had been identified in a timely manner.</p> <p><u>Allowances for loans determined individually</u></p> <p>For individually assessed loans we selected a sample of loans and, where we deemed them to be impaired, tested the estimation of the future expected cash flows from customers including from realisation of collateral held. This work involved assessing the work performed by external experts used by the Group to value the collateral or to assess the estimates of future cash flows. In some cases, particularly in respect of commercial real estate, we assessed the appropriateness of valuations and estimates used by the Group. Where we determined that a more appropriate assumption or input in allowance measurement could be made, we recalculated the allowance on that basis and compared the results in order to evaluate management estimate.</p> <p><u>Allowances for loans determined using statistical models</u></p> <p>For the allowances determined by models used by the Group, we were assessing the model methodology, the internal validation reports and results of the models back-testing for selected internal models. We assessed whether the modelling assumptions used considered all relevant risks, and whether the additional adjustments to reflect un-modelled risks were reasonable in light of historical experience,</p>

Key audit matter	Related audit procedures
	<p>economic climate, current operational processes and the circumstances of the customers as well as our own knowledge of practices used by other similar banks. On a sample basis, we evaluated the appropriateness of risk parameters used in the calculation of allowances.</p>
Interest and fee income recognition	
<p>(See Notes 7 and 9 to the Consolidated Financial Statements and Notes 5 and 7 to the Separate Financial Statements for the details)</p> <p>For the year ended 31 December 2016 the interest income and similar income comprised of CZK 7,876 million and CZK 7,516 million for the Group and the Company, respectively. Total fee and commission income for the same period comprised of CZK 2,711 million and CZK 2,520 million for the Group and the Company, respectively. With the main source being customer loans and deposits these are the main contributors to the net operating income of the Company and the Group affecting the profitability.</p> <p>The Group accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the present value at the maturity date. Interest income also includes interest expense arising from negative interest rates carried by the relevant assets of the Group.</p> <p>Fees and commissions are recognised in the consolidated statement of comprehensive income on an accrual basis, with the exception of fees that are deemed to be an integral part of the effective interest rate. The effective interest rate includes fees directly relating to the provision of loans such as the fee for the provision of loans, loan application processing, paid commissions, etc.</p> <p>Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT solutions for their recording resulted in this matter being identified as a key audit matter.</p>	<p>We tested the design and operating effectiveness of the key internal controls and focused on:</p> <ul style="list-style-type: none"> • Assessment of interest/fees recognition during new product validation; • Interest/fee inputs on customer loans and deposits, including authorisation of the changes in the interest and fee price list and authorisation of non-standard interest/fees; • Recording of fee and interest income and management oversight; and • IT controls relating to access rights and change management of relevant IT applications. <p>We performed the following procedures with regard to interest and fees revenue recognition:</p> <ul style="list-style-type: none"> • We evaluated the accounting treatment performed by the Company in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard (IAS 39). <p>We focused our testing on challenging the correct classification of:</p> <ul style="list-style-type: none"> • Fees that are identified as directly attributable to the financial instrument; • Fees that are not identified as directly attributable to the financial instrument; • We assessed the completeness and accuracy of data used for the calculation of interest using data analytics; and • We evaluated the mathematical formula used for accruing the relevant income over the expected life of the loan.

Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the Consolidated and Separate Financial Statements and auditor's report thereon. The Board of Directors is responsible for the other information.

Our opinion on the Consolidated and Separate Financial Statements does not cover the other information. In connection with our audit of the Consolidated and Separate Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated and Separate Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has

been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the Consolidated and Separate Financial Statements is, in all material respects, consistent with the Consolidated and Separate Financial Statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group and the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Company's Board of Directors, Supervisory Board and Audit Committee for the Consolidated and Separate Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Consolidated and Separate Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and for such internal control as the Board of Directors determines is necessary to enable the preparation of Consolidated and Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated and Separate Financial Statements, the Board of Directors is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board and the Audit Committee are responsible for overseeing the Group and Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated and Separate Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated and Separate Financial Statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated and Separate Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated and Separate Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated and Separate Financial Statements, including the disclosures, and whether the Consolidated and Separate Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Consolidated and Separate Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, the Supervisory Board and the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated and Separate Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Report on Relations among Related Entities (the "Report on Relations")

We have reviewed the factual accuracy of the information included in the accompanying Report on Relations of the Company for the year ended 31 December 2016 which is included in this annual report on pages 192 to 228. This Report on Relations is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the Report on Relations based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Report on Relations is free of material factual misstatements. A review is limited primarily to inquiries of the Company's personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the Report on Relations and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the Report on Relations of the Company for the year ended 31 December 2016 contains material factual misstatements.

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

In Prague on 25 April 2017

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Diana Rádlová
registration no. 2045



Raiffeisenbank a.s.

Separate Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2016

Components of the Financial Statements:

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

These financial statements were prepared by the Bank and approved by the Board of Directors of the Bank on 28 February 2017.

Chief Financial Officer of the reporting entity



Tomáš Jelínek
Chief Financial Officer

Statutory body of the reporting entity



Igor Vida
Chairman of the Board of Directors



Rudolf Rabiňák
Vice-Chairman of the Board of Directors

Statement of Comprehensive Income For the Year Ended 31 December 2016

CZK thousand	Note	2016	2015 (restated)
Interest income and similar income	5	7 516,150	7 108,820
Interest expense and similar expense	5	(1 229,928)	(1 004,374)
Net interest income		6,286,222	6,104,446
Change in provisions for credit risks	6	(883,354)	(1,065,010)
Net interest income after provisions for credit risks		5,402,868	5,039,436
Fee and commission income	7	2,520,245	2,548,301
Fee and commission expense	7	(825,611)	(713,579)
Net fee and commission income		1,694,634	1,834,722
Net profit on financial operations	8	2,060,374	1,258,742
Dividend income	9	64,000	71,033
Losses from the impairment of equity investments	22	-	-
General administrative expenses	10	(6,112,611)	(5,074,645)
Other operating (expenses)/income, net	12	177,515	25,495
Profit before tax		3,286,780	3,154,783
Income tax expense	13	(682,444)	(616,421)
Net profit for the year attributable to the Bank's shareholders		2,604,336	2,538,362
Other comprehensive income			
Items that can be reclassified to income (or expenses) in the future:			
Gains/(losses) from re-measurement of securities available for sale reported in other comprehensive income	31	(28,029)	356,409
Re-measurement of securities available for sale transferred to profit or loss	31	(356,409)	-
Gains/(losses) from revaluation of cash flow hedges	31	(93,828)	(217,593)
Tax on profit associated with components of other comprehensive income	20	83,820	(26,375)
Total other comprehensive income		(394,446)	112,441
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,209,890	2,650,803

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

Statement of Financial Position As of 31 December 2016

(CZK thousand)	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Cash and balances with central banks	14	92,079,929	38,633,848
Securities at fair value through profit or loss	15	733,639	1,182,137
Positive fair value of financial derivative transactions	34	3,931,883	3,382,831
Assets held for sale	16	-	33,753
Securities available for sale	15	594,302	873,408
Loans and advances to financial institutions	17	5,664,472	4,047,655
Loans and advances to customers	18	213,795,158	188,942,730
Provisions for loans and advances	19	(6,108,799)	(6,152,402)
Fair value remeasurement of portfolio -remeasured items (amounts due from customers)	18	389,354	264,129
Deferred tax asset	20	101,106	-
Securities held to maturity	15	2,545,956	11,265,127
Other assets	21	1,098,429	873,865
Equity investments	22	647,487	516,320
Intangible fixed assets	23	2,172,717	1,796,151
Property and equipment	24	632,446	665,478
TOTAL ASSETS		318,278,079	246,325,030
LIABILITIES AND EQUITY			
Amounts owed to financial institutions	25	29,489,006	10,385,876
Amounts owed to customers	26	227,462,765	183,704,256
<i>of which: change in the fair value of hedged items</i>	26	187,333	196,398
Fair value re-measurement of portfolio -re-measured items (amounts owed to customers)	26	753,384	815,122
Negative fair value of financial derivative transactions	34	2,916,079	2,588,709
Deferred tax liability	20	-	83,358
Debt securities issued	27	24,722,224	18,466,381
<i>of which: change in the fair value of hedged items</i>		85,637	42,062
Provisions	28	1,064,162	824,968
Other liabilities	29	3,923,590	2,066,757
Subordinated liabilities and bonds	30	2,863,982	2,993,787
TOTAL LIABILITIES		293,195,192	221,929,214
EQUITY			
Share capital	31	11,060,800	11,060,800
Reserve fund		693,561	693,561
Gains and losses from revaluation	31	(61 153)	333,293
Retained earnings		8,850,893	7,835,350
Other capital instruments	31	1,934,450	1,934,450
Profit for the period		2,604,336	2,538,362
TOTAL EQUITY		25,082,887	24,395,816
TOTAL LIABILITIES AND EQUITY		318,278,079	246,325,030

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

Statement of Changes in Equity For the Year Ended 31 December 2016

(CZK thousand)	Share capital	Reserve fund	Gains and losses from revaluation	Retained earnings	Other capital instruments	Profit for the period	Total equity
At 1 January 2015	11,060,800	693,561	220,852	6,912,967	1,934,450	2,049,030	22,871,660
Share capital increase	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,064,111)	(1,064,111)
Payment of coupon on other capital instruments	-	-	-	(62,536)	-	-	(62,536)
Allocation to reserve funds	-	-	-	-	-	-	-
Allocation to retained earnings	-	-	-	984,919	-	(984,919)	-
Net profit for the period	-	-	-	-	-	2,538,362	2,538,362
Other comprehensive income, net	-	-	112,441	-	-	-	112,441
Comprehensive income for the period	-	-	112,441	-	-	2,538,362	2,650,803
At 31 December 2015	11,060,800	693,561	333,293	7,835,350	1,934,450	2,538,362	24,395,816
Share capital increase	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,388,359)	(1,388,359)
Payment of coupon on other capital instruments	-	-	-	(134,460)	-	-	(134,460)
Allocation to reserve funds	-	-	-	-	-	-	-
Allocation to retained earnings	-	-	-	1,150,003	-	(1,150,003)	-
Net profit for the period	-	-	-	-	-	2,604,336	2,604,336
Other comprehensive income, net	-	-	(394,446)	-	-	-	(394,446)
Comprehensive income for the period	-	-	(394,446)	-	-	2,604,336	2,209,890
At 31 December 2016	11,060,800	693,561	(61,153)	8,850,893	1,934,450	2,604,336	25,082,887

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

Cash Flow Statement For the Year Ended 31 December 2016

(CZK thousand)	2016	2015
Profit before tax	3,286,780	3,154,783
Adjustments for non-cash transactions		
Creation of provisions for credit risks	883,354	1,065,010
Depreciation and amortisation	610,673	556,769
Loss from the impairment of intangible assets	65,726	33,783
Loss from the impairment of equity investments	-	-
Creation of other provisions	181,909	211,254
Change in fair values of financial derivatives	(315,510)	(498,852)
Unrealised loss/(gain) on revaluation of securities	(15,943)	7,000
Loss/(gain) on the sale of tangible and intangible assets	(5)	767
Change in the revaluation of hedged items upon a fair value hedge	97,997	(172,296)
Revaluation of foreign currency positions	689,255	353,828
Other non-cash changes	(999,850)	(764,078)
Operating profit before changes in operating assets and liabilities	4 484,386	3,947,968
Cash flows from operating activities		
<i>(Increase)/decrease in operating assets</i>		
Minimum reserve deposits with the CNB	(603,680)	(1,936,472)
Loans and advances to financial institutions	(1,470,380)	19,013,259
Loans and advances to customers	(25,673,086)	(18,952,990)
Securities at fair value through profit or loss and securities available for sale	436,052	5,685,026
Other assets	(224,564)	(125,112)
Increase/(decrease) in operating liabilities		
Amounts owed to financial institutions	18,830,224	(286,838)
Amounts owed to customers	43,680,100	18,921,650
Other liabilities	1,856,833	(399,209)
Net cash flow from operating activities before income tax	41 315,885	25,867,282
Income taxes paid	(828,456)	(325,741)
Net cash flow from operating activities	40 487,429	25,541,541
Cash flows from investing activities		
Sale of/(increase in) equity investments	(131,167)	112,772
Sale of securities available for sale	380,480	-
Purchase of property and equipment and intangible assets	(978,073)	(447,607)
Income from the sale of fixed assets	2,291	49,743
Net decrease in securities held to maturity	8,713,249	1,141,596
Dividends received	64,000	71,033
Net cash flow from investing activities	8 050,780	927,537

Cash flows from financing activities		
Share capital increase	-	-
Dividends paid and paid coupons on other capital instruments	(1,522,844)	(1,126,647)
Increase in other capital instruments	-	-
Bonds in issue	6,235,595	1,802,395
Subordinated liabilities and bonds	(125,386)	(1,166,612)
Net cash flow from financing activities	4,587,365	(490,864)
Net (decrease)/increase in cash and cash equivalents	53,125,574	25,978,214
Cash and cash equivalents at the beginning of the year (Note 32)	35,948,037	9,969,823
Cash and cash equivalents at the end of the year (Note 32)	89,073,611	35,948,037

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

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1. CORPORATE DETAILS

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

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

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

In addition to the licence to pursue bank operations, the Bank:

- was granted a securities broker licence; and
- has been listed by the Czech National Bank as a limited insurance provider.

During the year ended 31 December 2016, the performance or provision of the Bank's activities and services were not restricted or suspended by the Czech National Bank.

2. BASIS OF PREPARATION

These statutory financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The financial statements include a statement of financial position, a statement of comprehensive income, a statement of changes in shareholders' equity, a cash flow statement and notes to the financial statements containing accounting policies and explanatory disclosures.

The financial statements are prepared on the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, and on the going concern assumption.

These financial statements have been prepared under the cost convention (including any impairment) as modified by the remeasurement to fair value of financial assets and liabilities at fair value through profit or loss (including all financial derivatives), available-for-sale securities and hedging derivatives upon a cash flow hedge through other comprehensive income.

These financial statements and notes thereto are unconsolidated and do not include the accounts and results of those companies over which the Bank has control or significant influence and joint ventures. The policies of accounting for equity investments are disclosed in Note 3 g.

The Bank prepares the separate financial statements in accordance with Accounting Act No. 563/1991 Coll., as amended.

The Bank also prepares consolidated financial statements in accordance with IFRS and interpretations approved by the IASB as adopted by the European Union which present the results of the Bank's financial group.

All figures are in thousands of Czech crowns (CZK thousand), unless stated otherwise. Figures presented in brackets represent negative amounts.

Use of Estimates

The presentation of separate financial statements in conformity with IFRS requires the Bank's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no active market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date. However, the actual future results may differ from these estimates.

As disclosed in Note 38, the Bank creates provisions for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Bank's historical and current experience as well as judgments of the Bank's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date.

The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditure required to settle a liability of uncertain timing or amount. Refer to Note 28 for more detailed disclosures of provisions for liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Interest Income and Interest Expense

Interest income and expense are recognised in the income statement and statement of comprehensive income lines "*Interest income and similar income*" and "*Interest expense and similar expense*" when earned or incurred, on an accrual basis. The Bank accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the present value at the maturity date. Interest income (expense) also includes interest expense (income) arising from negative interest rates carried by the relevant assets (liabilities) of the Bank.

(b) Fees and Commissions

Fees and commissions are recognised in the statement of comprehensive income lines "*Fee and commission income*" and "*Fee and commission expense*" on an accrual basis, with the exception of fees that are deemed to be an integral part of the effective interest rate. The effective interest rate includes fees directly relating to the granting of loans such as the fee for the origination of loans, loan application processing, paid commissions, etc.

(c) Dividends

Income from dividends on securities and equity investments is recorded as declared and included as a receivable in the statement of financial position line "*Other assets*" and in "*Dividend income*" in the statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends reduce retained earnings in the period in which they are declared by the Annual General Meeting.

(d) Deferred Bonuses

The Bank accounts for deferred bonuses on the accrual basis of accounting.

(e) Other Income and Expenses Reported in the Statement of Comprehensive Income

Other income and expenses presented in the statement of comprehensive income are recognised under the accrual basis of accounting in the period to which they relate (and not as cash or its equivalent is received or paid).

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

(f) Taxation

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

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

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

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

(g) Financial Assets and Liabilities

Dates of Recognition and Derecognition of Financial Instruments in/from the Statement of Financial Position

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

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

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

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

The substance of trade date accounting is as follows:

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

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

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

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

Day 1 Profit/Loss

In the event that the transaction price differs from the fair value of a financial asset or financial liability measured at fair value, the difference between these values (profit or loss) is reported in the statement of comprehensive income. The Bank typically does not conduct this type of transaction.

Fair Value Measurement Principles

The fair value of financial assets and financial liabilities is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using appropriate pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the management's best estimates and the discount rate is based on the market rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market rates at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Bank would receive or pay to terminate the contract at the balance sheet date, taking into account current market conditions and the current creditworthiness of the counterparties.

The revaluation of debt securities in the Bank's portfolio is carried out on a daily basis using available market rates quoted by market participants by means of Bloomberg services. A group of contributors who provide reliable and regular debt security valuations is selected for each of the debt securities. The credit spread of the debt security is calculated from particular contributions and discount curves.

If there are sufficient current market prices of contributions available in respect of a given debt security, the valuation is calculated as an average value. To prevent possible errors of particular contributions, a comparison of daily changes is made at the same time. If there is no market price available as a source of valuation or the number of actual contributions is not sufficient, the Bank will carry out the valuation on the basis of a risk-free interest rate swap rate, to which the last verified credit spread is applied. The Bank continues to apply this method until:

- Market quotations are again available;
- The credit spread of a particular debt security is adjusted based on a comparison of credit spreads of similar debt securities;
- The Bank receives other information about a change of the spread applied;
- The issuer's credit rating changes (change of internal and/or external rating, evidence from the market that creditworthiness is worsening); and
- The liquidity of the specific security has deteriorated significantly.

Subsequently, the Bank will carry out the revaluation comprising new aspects of the market price, including an assessment of possible impairment losses.

The Bank's management believes that the fair value of the assets and liabilities presented in these financial statements can be measured reliably.

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

- Loans and receivables;
- Financial assets and liabilities at fair value through profit or loss;
- Financial assets available for sale;
- Financial assets held to maturity;
- Financial liabilities at amortised cost; and
- Hedging derivatives.

Loans and Receivables

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

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

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

The change in provisions, after write-offs, is charged to the statement of comprehensive income line "Change in provisions for credit risks". Additional details can be found in Note 38 b.

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

Restructuring of Loans and Receivables from Customers

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

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

Securities

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

Securities at Fair Value through Profit or Loss

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

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

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

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

Securities Available for Sale

Securities available for sale are securities held by the Bank for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change. In accordance with the investments strategy, the Bank did not include securities in this portfolio in the past period. The Bank does not intend to change the strategy for inclusion of securities in this portfolio in the coming years.

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

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

Securities Held to Maturity

Investments held to maturity are financial assets with fixed or determinable payments and fixed maturities that the Bank has the positive intent and ability to hold to maturity. In accordance with the Bank's strategy, only the securities issued by the Czech Republic are included in this portfolio. The Bank does not anticipate changing this intent in the future.

Securities held to maturity are initially measured at cost and subsequently reported at amortised cost using the effective interest rate less impairment, if any. The amortisation of premiums and discounts and interest income from coupon debt securities held to maturity is included in "Interest income and similar income".

The fair value of this portfolio is disclosed in Note 37 c "Fair values of financial assets and liabilities".

Repurchase Agreements

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a pre-determined price, they remain at fair value or amortised cost within the relevant portfolio on the statement of financial position and the consideration received is recorded in "Amounts owed to financial institutions" or "Amounts owed to customers". Conversely, debt or equity securities purchased under a concurrent commitment to resell are retained off balance sheet where they are remeasured at fair value. The corresponding receivable from the provided loan is recorded in "Loans and advances to financial institutions" or "Loans and advances to customers" in the statement of financial position.

Securities borrowed are not recognised in the financial statements, unless they are sold to third parties, in which case ("short sales") the purchase and sale are recorded as a liability with the gain or loss included in "Net profit on financial operations". The obligation to return them is recorded at fair value as a trading liability and presented in the statement of financial position line "Other liabilities".

Interest on debt securities transferred under repurchase transactions is accrued while interest on debt securities received under reverse repurchase transactions is not accrued.

Income and expenses arising under repurchase or reverse repurchase transactions as the difference between the sale and repurchase price are accrued evenly over the term of the transaction and presented in the statement of comprehensive income as "Interest income and similar income" or "Interest expense or similar expense" as appropriate.

Debt Securities Issued

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

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

Financial Derivative Instruments

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

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

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

Realised and unrealised gains and losses are recognised in the statement of comprehensive income line "Net profit on financial operations", the only exception being unrealised gains and losses on cash flow hedges which are recognised in equity. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions. The fair value of derivative instruments also includes credit and debit adjustments resulting from a derivative transaction counterparty's credit risk.

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

Hedge Accounting

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

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

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

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

The Bank applies fair value hedging to manage its market risks. Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the statement of comprehensive income in the line "Net profit on financial operations", interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the statement of comprehensive income line "Interest income and similar income" or "Interest expense and similar expense", respectively, in the net value. A change in the fair value of the hedged item in relation to the fair value hedge of individual hedged items is recognised as part of the carrying amount of the hedged item in the statement of financial position and in the line "Net profit on financial operations" in the statement of comprehensive income. In respect of the fair value hedge of the hedged items portfolio, the change in the fair value of hedged items is reported in the statement of financial position as "Fair value remeasurement of portfolio-remeasured items" and "Net profit on financial operations" in the statement of comprehensive income.

The cash flow hedging is aimed at the elimination of uncertainty in future cash flows and the stabilisation of the net interest income. The effective part of the change in the fair value of hedging derivatives treated as cash flow hedges is reported in "Gains/(losses) from revaluation of cash flow hedges" in the statement of comprehensive income and cumulatively in "Gains and losses from revaluation" in the statement of financial position. The ineffective part of the change in the fair value of hedging derivatives treated as cash flow hedges is immediately presented in "Net profit on financial operations" in the statement of comprehensive income. The values that were reported in other comprehensive income are reallocated in profit or loss in the period in which the hedged item affects profits or losses in "Net profit on financial operations" in the statement of comprehensive income.

The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Bank discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through statement of comprehensive income over the period to the maturity of the hedged item in respect of the fair value hedge, or the accumulated profit or loss from the hedging instrument, originally presented in other comprehensive income, remain in the statement of financial position in "Gains and losses from revaluation" until the transaction is realised in respect of cash flow hedges.

Subordinated Loan

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the debtor, the loan will be repaid only after the full satisfaction of all other payables to other creditors, the only exception being payables that carry the same or similar subordination condition.

The principal balance of the subordinated loan and relevant interest is recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of interest is reported as "Subordinated liabilities and bonds" in the statement of financial position. The amount of interest expense arising from subordinated deposits is recognised in the profit and loss account line "Interest expense and similar expense".

Subordinated Debt Securities Issued

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other payables if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for payables that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Bank at amortised cost using the effective interest rate and are included in "Subordinated liabilities and bonds" in the statement of financial position. The interest expense from the issue of own bonds is reported in "Interest expense and similar expense" in the statement of comprehensive income.

Other Capital Instruments

Other capital instruments principally include AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Bank's auxiliary Tier 1 capital. These instruments are reported at nominal value in the statement of financial position line "Other capital instruments". The payment of interest income attributable to the certificate holders is governed by the relevant terms and conditions set out in the prospectus for the certificates and is made from the Bank's retained earnings following the approval of the profit distribution by the Bank's General Meeting of Shareholders.

(h) Offsetting

Financial assets and liabilities may be offset and the net amount is reported in the statement of financial position when the Bank has a legally enforceable right to set off the recognised amounts and the transactions are intended to be reported in the statement of financial position on a net basis. The Bank does not offset any financial assets and financial liabilities.

(i) Equity Investments

Equity investments in subsidiary and associated undertakings and joint ventures are recorded at acquisition cost including transaction costs less provisions for any temporary impairment losses or write-downs due to other-than-temporary impairment.

At the financial statement date or interim financial statement date, the Bank assesses equity investments in subsidiary or associated undertakings and joint ventures for impairment. An equity investment is impaired if its carrying amount is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value and its value in use determined as a sum of discounted expected cash flows. Impairment of equity investments in subsidiary or associated undertakings is reported in the statement of comprehensive income in the separate line "Impairment losses from equity investments".

Investments, in which the Bank has an equity interest less than 20 percent, are reported as "Securities available for sale" and are carried at fair value, with the exception of equity investments where the fair value cannot be reliably determined and in accordance with IAS 39, these equity investments are stated at cost and regularly tested for impairment.

(j) Property and Equipment and Intangible Fixed Assets

Property and equipment includes assets with physical substance and with an estimated useful life exceeding one year and a cost greater than CZK 40,000.

Intangible fixed assets include assets without physical substance with an estimated useful life exceeding one year and a cost greater than CZK 60,000.

Property and equipment and intangible fixed assets are stated at historical cost less accumulated depreciation, amortisation and provisions and are depreciated or amortised when ready for use through the statement of comprehensive income line "General administrative expenses" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of assets are as follows:

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

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

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

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

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

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

The Bank periodically reviews the utilisation of its assets and adjusts guidance on their depreciation treatment, as and when needed, in the internal guideline on asset depreciation. A change in the depreciation period is not considered a change of accounting policies but a change of accounting estimates.

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

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

(k) Assets and Disposal Groups Held for Sale

Assets held for sale and assets that are part of the disposal group held for sale are reported in the statement of financial position line "Assets held for sale". If the disposal group held for sale also includes liabilities, they are reported in the statement of financial position line "Liabilities attributable to assets held for sale". Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

(l) Provisions

The Bank recognises a provision when, and only when:

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

Provisions for Guarantees and Other Off Balance Sheet Items

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

Provision for Payroll Bonuses

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

Other Provisions

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

(m) Transactions with Securities Undertaken on behalf of Clients

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

(n) Contingent Assets and Liabilities

A contingent asset/liability is a potential asset/liability that arises from past events and whose existence will be only confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Bank does not recognise contingent assets/liabilities in the balance sheet but regularly reviews their development to specify whether an inflow/outflow of resources embodying economic benefits has become probable. Where the likelihood of an outflow of economic benefits is higher than 50%, the Bank will recognise a provision. Where the likelihood of an inflow of economic benefits is virtually certain, the Bank will recognise an asset and revenue.

(o) Segment Reporting

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

The basis for determining reportable segments is a report that the Bank prepares for the Board of Directors which is considered to be the 'chief operating decision maker', i.e. a person/group of persons that allocates resources and assesses the performance of individual operating segments of the Bank.

Information on reportable operating segments of the Bank is disclosed in Note 36.

(p) Foreign Currency Translation

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

(q) Cash and Cash Equivalents

The Bank considers cash on hand, deposits with central banks, deposits with other banks and treasury bills with a contractual maturity of three months or less to be cash equivalents. For the purposes of determining cash and cash equivalents, the minimum reserve deposit with the CNB is not included as a cash equivalent due to restrictions on its availability.

4. CHANGES IN ACCOUNTING POLICIES IN 2016

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

In the year ended 31 December 2016, the Bank did not apply any new standards and interpretations, the use of which would have a significant impact on the financial statements.

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

During the year ended 31 December 2016, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- Amendments to IFRS 10 “Consolidated Financial Statements”, IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures” – Investment Entities: Applying the Consolidation Exception – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 11 “Joint Arrangements” – Accounting for Acquisitions of Interests in Joint Operations – adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure Initiative – adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture” – Bearer Plants – adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets” – Clarification of Acceptable Methods of Depreciation and Amortisation – adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 “Employee Benefits” – Defined Benefit Plans: Employee Contributions – adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 27 “Separate Financial Statements” – Equity Method in Separate Financial Statements – adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015); and
- Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

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

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

- IFRS 9 “*Financial Instruments*” – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018); and
- IFRS 15 “*Revenue from Contracts with Customers*” and amendments to IFRS 15 “*Effective date of IFRS 15*” – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

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

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

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

- IFRS 14 “*Regulatory Deferral Accounts*” (effective for annual periods beginning on or after 1 January 2016) – the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard;
- IFRS 16 (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 2 “*Share-based Payment*” – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 “*Insurance Contracts*” – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “*Financial Instruments*” is applied first time);
- Amendments to IFRS 10 “*Consolidated Financial Statements*” and IAS 28 “*Investments in Associates and Joint Ventures*” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IFRS 15 “*Revenue from Contracts with Customers*” – Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 7 “*Statement of Cash Flows*” – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 “*Income Taxes*” – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 40 “*Investment Property*” – Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);
- Amendments to various standards “*Improvements to IFRSs (cycle 2014-2016)*” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018); and
- IFRIC 22 “*Foreign Currency Transactions and Advance Consideration*” (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 “*Financial Instruments*” is effective for annual periods beginning on or after 1 January 2018 and replaces IAS 39 “*Financial Instruments: Recognition and Measurement*”. IFRS 9 includes requirements for initial recognition, measurement and derecognition of financial assets and liabilities and hedge accounting. The IFRS 9 implementation project is currently underway in the Bank with regard to classification, measurement and impairment.

IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

Classification and Measurement – IFRS 9 introduces a new approach to the classification of financial assets, which is driven by cash flow characteristics (the “SPPI test”) and the business model in which an asset is held. Based on these criteria, the Bank categorises financial instruments as follows:

- Financial assets at amortised cost (“AC”);
- Financial assets at fair value through profit or loss (“FVTPL”); and
- Financial assets at fair value through other comprehensive income (“FVOCI”).

Substantially all loans are held by the Bank under a business model designed to hold financial assets to collect contractual cash flows (“held to collect”). Based on the result of the SPPI test, loans may be classified as either AC or FVTPL. The portfolio analysis is ongoing at present but the Bank anticipates that the vast majority of the loan portfolio will meet the SPPI test and will therefore be classified as AC, ie will continue to be presented on a practically identical basis.

Other financial instruments, namely securities, are held under a business model designed to collect contractual cash flows (“held to collect”). These assets may see minor changes in the presentation as a result of a change in classification in specific cases.

Impairment – IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The Bank anticipates that the new treatment will lead to greater provisioning at the initial recognition date.

Other requirements of IFRS 9 in this area include calculating impairment not only by reference to historical information but also on the basis of current and future prospective macroeconomic or other Bank-specific information. The methodology for using this information is currently being analysed and fine-tuned internally and within the Group.

For provisioning purposes, IFRS 9 requires using a new three-level model that evaluates changes in portfolio quality since initial recognition at the balance sheet date.

Level 1 includes financial assets the credit risk of which has not increased significantly since initial recognition and assets with low credit risk at the balance sheet date. The 12-month expected credit losses are recognised for assets in this category. Interest income is calculated on the basis of the gross carrying amount of assets. The Bank anticipates that this category will include the majority of standard receivables.

Level 2 includes financial assets the credit risk of which has increased significantly since initial recognition but for which there is no objective evidence of impairment. Full lifetime expected credit losses are recognised for these assets. Interest income is calculated on the basis of the gross carrying amount of assets. The Bank anticipates that this category will include receivables whose risk profile has deteriorated since the origination date. In line with the concept, the Bank takes into account available information in developing models while also closely cooperating with the Group in developing a consistent interpretation of the methodology.

Level 3 includes financial assets for which there is objective evidence of impairment. Full lifetime expected credit losses are recognised for these assets. Interest income is calculated on the basis of the net carrying amount of assets. This category will include receivables with default. For Level 3 receivables, the Bank does not anticipate any significant changes in the logics of the calculation as compared to the current approach to provisioning receivables in default.

Hedge accounting – IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activities. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. IFRS 9 generally expands and simplifies the possibility of applying hedge accounting by, for example, enabling a broader inclusion of non-financial assets or derivatives among hedged items and simplifying the assessment of hedge effectiveness.

The Bank expects that the current and planned hedge accounting arrangements will be subordinated to IFRS 9 as a whole. Given the delayed application of part of IFRS 9 in respect of macro hedge accounting, it will be possible to follow the guidance under IAS 39 on hedge accounting until the date of the effectiveness of the full version of IFRS 9. From 1 January 2018 the Bank will continue to approach hedge accounting in line with IAS 39, not under the preliminary guidance under IFRS 9.

The Bank will not early-adopt IFRS 9, hence it will apply the requirements of the standard from 1 January 2018.

The expected timeline of the implementation is as follows:

- 2016: finalisation of the IFRS 9 impact analysis;
- 1st quarter of 2017: development of internal and Group-wide methodology and calculation of parameters;
- 1st to 3rd quarter of 2017 : implementation of models for determining impairment under the new standard; and
- 3rd - 4th quarter of 2017: user testing.

The Bank will not restate previous periods. The Bank plans on preparing and disclosing the following reconciliations:

- Reconciliation of financial assets per the portfolios defined in IAS 39 as of 31 December 2017 and per the new portfolios defined in IFRS 9 as of 1 January 2018; and
- Reconciliation of the amount of provisions defined in IAS 39 as of 31 December 2017 and defined in IFRS 9 as of 1 January 2018 by class of financial assets.

In view of the complexity of the change arising from IFRS 9 and given the pending implementation project, the Bank presently does not calculate the expected impact of the initial application of IFRS 9 on the financial statements.

The Bank anticipates that the key impact will relate to increased provisioning levels since IFRS 9 requires recognising provisions for expected losses even on assets for which there is no objective evidence of impairment at the financial statements date.

Upon initial recognition as of 1 January 2018, the effect of changes in impairment of financial assets will be charged against equity. Ongoing changes subsequent to 1 January 2018 arising from the new provisioning requirements will be reported in the statement of comprehensive income.

- IFRS 15 “Revenue from Contracts with Customers” issued by the IASB on 28 May 2014 (on 11 September 2015 the IASB deferred the effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 the IASB issued clarifications to this standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers (the main exceptions are leases, financial instruments and insurance contracts). The core principle of the new standard is for companies to recognise revenue depicting the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Bank is currently assessing the impacts of IFRS 15 on the Bank’s financial statements from 2018. The contracts that are subject to the Bank’s assessment in respect of the impacts of IFRS 15 predominantly involve those resulting in reporting revenue arising from fees and commissions. The Bank has so far identified the following types of contractual relations, the recognition of which will be subject to new IFRS 15 requirements:
 1. Contracts for supplies of financial services combined with supplies of goods ;
 2. Contracts the conclusion of which is supported by paying internal or external commissions; and
 3. Contracts supported by the loyalty programme.

The Bank has not yet identified any significant impact of the application of the new standard on its profit or loss.

The Bank anticipates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the financial statements of the Bank prepared as of 31 December 2016, including comparative information.

5. NET INTEREST INCOME

CZK thousand	2016	2015 (restated)
Interest income arising from		
Loans and advances to banks and cash	68,613	34,325
Loans and advances, including loan commitments to customers	6 800,636	6 527,775
Fixed income securities	157,345	192,172
Financial derivatives, fair value hedge (net)	307,332	211,215
Financial derivatives, cash flow hedge (net)	-	2,548
Financial derivatives in the banking portfolio, net	182,224	140,785
Total	7 516,150	7 108,820
Interest expense arising from		
Deposits from financial institutions	(58,647)	(26,693)
Deposits from customers	(497 255)	(523,030)
Securities issued	(308,391)	(327,421)
Subordinated liabilities	(93,931)	(104,279)
Securitisation	(245,902)	(22,951)
Financial derivatives, cash flow hedge, net	(25,802)	-
Total interest expense and similar expense	(1 229,928)	(1 004,374)
Net interest income	6,286,222	6,104,446

In "Interest income arising from financial derivatives, fair value hedge, net", the Bank reports net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans of CZK (248,494) thousand (2015: CZK (310,393) thousand), net interest income from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of CZK 522,262 thousand (2015: CZK 504,952 thousand) and net interest income from hedging financial derivatives upon a fair value hedge of securities issued of CZK 33,564 thousand (2015: CZK 17,241 thousand). The Bank started applying hedge accounting upon a fair value hedge of securities issued in 2015.

Interest income additionally includes interest on impaired assets (primarily loans and advances to customers) of CZK 209,240 thousand (2015: CZK 227,759 thousand).

Interest income includes interest paid on assets carrying negative interest rates (primarily loans and advances to financial institutions) of CZK 3,880 thousand (2015: CZK 1,019 thousand) and interest received on liabilities carrying negative interest rates (primarily deposits from banks) of CZK 15,481 thousand (2015: CZK 712 thousand).

6. CHANGES IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2016	2015
Changes in loan loss provisions		
Charge for provisions	(2 866,194)	(2,534,260)
Release of provisions	1,802,843	1,570,793
Use of provisions	1,108,577	1,414,691
Release of discount	105,155	-
Nominal value of assigned and written off receivables	(1,108,577)	(1,414,691)
<i>of which: direct write-off of receivables</i>	(3,254)	(17,282)
Income from written off/sold receivables	132,149	30,939
Total changes in loan loss provisions	(826,047)	(932,528)
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(143,193)	(184,438)
Release of provisions	85,886	51,956
Total change in provisions for off-balance sheet risks	(57,307)	(132,482)
Change in provisions for credit risks	(883,354)	(1,065,010)

7. NET FEE AND COMMISSION INCOME

CZK thousand	2016	2015
Fee and commission income arising from		
Payment transactions	1,681,839	1,823,008
Provided loans and guarantees	477,274	466,485
Securities transactions	219,625	125,650
Financial operations	6,564	8,196
Mediation of the Bank's products sale	85,938	53,930
Other banking services	49,005	71,032
Total fee and commission income	2,520,245	2,548,301
Fee and commission expense arising from		
Payment transactions	(627,337)	(598,210)
Receiving of loans and guarantees	(115,185)	(46,873)
Securities transactions	(20,504)	(19,756)
Financial operations	(7,629)	(6,958)
Mediation of the sale of the Bank's products	(10,093)	(8,085)
Other banking services	(44,863)	(33,697)
Total fee and commission expense	(825,611)	(713,579)
Net fee and commission income	1 694,634	1,834,722

8. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2016	2015
Interest rate derivatives	(19,869)	(25,296)
Commodity derivatives	-	290
Profit/loss from foreign currency transactions	1,554,014	1,171,931
<i>of which: Customer foreign currency result</i>	1,293,156	966,946
<i>FX proprietary P/L</i>	260,858	204,985
Profit/loss from transactions with securities	8,407	57,209
<i>of which: Portfolio of securities available for sale</i>	-	-
<i>Portfolio of securities held for trading</i>	7,707	55,969
<i>Portfolio of securities at fair value through profit or loss</i>	-	-
<i>Own issue</i>	700	1,240
Profit/(loss) from hedge accounting upon a cash flow hedge – the ineffective part	5,704	(5,704)
Profit/(loss) from the sale of securities available for sale (refer to Note 37 (c))	518,638	-
Change in the fair value of the hedged items in the fair value hedging	152,453	127,596
Change in the fair value of hedging derivatives in the fair value hedging	(158,973)	(67,284)
Total	2,060,374	1,258,742

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

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

The “FX proprietary P/L” line items includes accumulated net profit/loss arising from cash flow hedging recognised for the period through profit or loss in the amount of CZK (251,122) thousand (2015: CZK (385,544) thousand), (refer to Note 31 (c)).

9. DIVIDEND INCOME

In 2016, “Income from other shares and participation interest” amounted to CZK 64,000 thousand (2015: CZK 71,033 thousand). The amount includes a dividend from Raiffeisen stavební spořitelna a.s. of CZK 25,000 thousand (2015: CZK 30,000 thousand) and a dividend from Raiffeisen – Leasing, s.r.o. of CZK 39,000 thousand (2015: CZK 41,033 thousand).

10. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2016	2015
Payroll costs (Note 11)	(3,166,034)	(2,512,294)
Administrative expenses:	(2,270,178)	(1,971,799)
Rental, repairs and other office management expenses	(561,219)	(542,011)
Advertising costs	(372,864)	(316,325)
Costs of legal and advisory services	(296,417)	(280,032)
of which: <i>Audit</i>	(6,725)	(5,181)
<i>Tax advisory</i>	(3,381)	(4 280)
IT support costs	(499,643)	(329,431)
Deposit and transaction insurance	(39,700)	(250,846)
Telecommunication, postal and other services	(121,932)	(105,804)
Security costs	(47,834)	(35,244)
Training costs	(31,209)	(30,987)
Office equipment	(21,408)	(18,406)
Travel costs	(19,995)	(20,964)
Fuel	(39,388)	(22,939)
Contribution to the crisis resolution fund	(193,739)	-
Other administrative expenses	(24,830)	(18,810)
Depreciation and amortisation of fixed assets (Notes 23 and 24)	(610,673)	(556,769)
Impairment loss related to intangible assets (Note 23)	(65,726)	(33,783)
Total	(6,112,611)	(5,074,645)

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

11. PAYROLL COSTS

CZK thousand	2016	2015
Wages and salaries	(2,359,427)	(1,854,710)
Social security and health insurance	(713,569)	(579,258)
Other staff costs	(93,038)	(78,326)
Total	(3 166,034)	(2,512,294)
Of which wages and salaries paid to:		
Members of the Board of Directors	(81,444)	(71,954)
Members of the Supervisory Board	(4,743)	(4,614)
Total	(86,187)	(76,568)

The average number of the Bank's employees as of 31 December 2016 and 2015 was as follows:

	2016	2015
Employees	2,946	2,625
Members of the Board of Directors	7	7
Members of the Supervisory Board	7	9

The financial arrangements between the Bank and members of the Board of Directors and Supervisory Board are disclosed in Note 39.

12. OTHER OPERATING (EXPENSES)/INCOME, NET

CZK thousand	2016	2015
Change in operating provisions	5,691	2,950
Gain/(loss) from disposal of in-/tangible fixed assets	5	(767)
Other	171,819	23,312
Total	177,515	25,495

13. INCOME TAX

(a) Income Tax Expense

CZK thousand	2016	2015
Current income tax payable	(772,000)	(605,200)
Tax overpayment/(additional payments) from the previous period	(11,088)	(6,567)
Deferred income tax credit	100,644	(4,654)
Total income tax	(682,444)	(616,421)

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

CZK thousand	2016	2015
Pre-tax profit (general tax base)	3,286,780	3,154,783
Total pre-tax profit	3,286,780	3,154,783
Tax calculated at the tax rate for the general tax base - 19% (2015: 19%)	(624,488)	(599,409)
Non-taxable income (tax effect)	314,112	351,141
Non-tax deductible expenses (tax effect)	(464,693)	(357,246)
Tax relief and credit	3,069	314
Tax liability for the period	(772,000)	(605,200)
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	(11,088)	(6,567)
Deferred tax	100,644	(4,654)
Total income tax	(682,444)	(616,421)
Effective tax rate	20.76%	19.54%

(b) Income Tax Provision/Receivable

CZK thousand	2016	2015
Tax calculated at the tax rate for the general tax base - 19% (2015: 19%)	(772,000)	(605,200)
Tax liability for the period	(772,000)	(605,200)
Advances paid for current income tax	528,733	318,392
Total income tax provision	(243,267)	(286,808)

For additional details on the deferred tax, refer to Note 20.

14. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2016	2015
Cash on hand and other cash equivalents	2,976,230	2,876,435
Balances with central banks (including one-day deposits)	85,395,828	32,653,222
Statutory minimum reserves maintained with the CNB	3,707,871	3,104,191
Total	92,079,929	38,633,848

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

For the information on cash and cash equivalents reported in the cash flow statement, refer to Note 32.

15. SECURITIES

(a) Portfolio Classification of Securities

CZK thousand	2016	2015
Securities held to maturity (debt securities)	2,545,956	11,265,127
Securities at fair value through profit or loss	733,639	1,182,137
of which: Securities held for trading	733,639	1,182,137
- Debt securities	733,639	1,182,137
of which: Securities designated as FVTPL on initial recognition	-	-
- Debt securities	-	-
Securities available for sale (shares and participation certificates)	594,302	873,408
Total	3,873,897	13,320,672
of which: repayable within one year	13,693	9,262,517
repayable in more than one year	3,860,204	4,058,155

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

"Securities at fair value through profit or loss" includes government bonds and treasury bills of CZK 125,592 thousand (2015: CZK 1,179,378 thousand) which may be used for refinancing with the Czech National Bank.

"Securities available for sale" includes the Bank's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 479,000 thousand in 2016 (2015: CZK 516,106 thousand) and its membership in Visa Inc. of CZK 114,411 thousand (2015: CZK 0).

In the year ended 31 December 2015, the increase in "Securities available for sale" included membership in Visa Europe Limited of CZK 356,409 thousand. The increase in the carrying amount of membership in Visa Europe Limited in 2015 is attributable to revaluation of the share arising from the announced sale of the Visa Europe Limited association to Visa Inc.

For more details on the settlement of the Visa Europe association to Visa Inc., please refer to Note 37 (c).

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

(b) Securities Pledged as Collateral

As of 31 December 2015 and 2016, the Bank provided no pledge of securities as collateral as part of repurchase and similar transactions with other banks and clients.

16. ASSETS HELD FOR SALE

As of 31 December 2016, the Bank reported no assets held for sale.

The carrying amount of assets held for sale was CZK 33,753 thousand as of 31 December 2015. The assets predominantly included payment terminals placed at sellers and owned by the Bank, which the Bank sold in 2016.

17. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2016	2015
Placements with financial institutions	701,553	418,380
Term deposits with banks	1,564,096	396,922
Loans and other advances to financial institutions	946,136	774,114
Received loans	341,764	237,154
Debt securities	2,110,923	2,221,085
Total	5,664,472	4,047,655
<i>of which: repayable within one year</i>	<i>5,614,232</i>	<i>1,630,010</i>
<i>repayable in more than one year</i>	<i>50,240</i>	<i>2,417,645</i>

18. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

CZK thousand	2016	2015
Current account overdrafts	3,172,960	6,285,460
Term loans	128,008,463	109,292,594
Mortgage loans	80,048,172	71,234,820
Debt securities	1,500,232	1,198,038
Other	1,065,331	931,818
Total	213,795,158	188,942,730
<i>of which: repayable at request</i>	<i>3,172,960</i>	<i>6,285,460</i>
<i>repayable within one year</i>	<i>58,042,036</i>	<i>49,583,635</i>
<i>repayable in more than one year</i>	<i>152,580,162</i>	<i>133,073,635</i>

The Bank applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans. The amount of the remeasurement of hedged items as of 31 December 2016 was CZK 389,354 thousand (2015: CZK 264,129 thousand).

(b) Reverse Repurchase Transactions

Within reverse repurchase transactions, the Bank advanced loans in the aggregate amount of CZK 191,953 thousand (2015: CZK 67,261 thousand) under reverse repurchase transactions. Reverse repurchase transactions are collateralised by securities with the fair value of CZK 299,874 thousand (2015: CZK 91,683 thousand).

(c) Analysis of Loans Provided to Customers by Sector

CZK thousand	2016	2015
Government sector	1,091,959	1,217,200
Loans to corporate entities	108,831,454	98,591,472
Loans to private individuals	98,006,142	83,754,734
Small and medium size enterprises (SME)	5,865,603	5,379,324
Total	213,795,158	188,942,730

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

CZK thousand	2016	2015
Czech Republic	202,391,788	180,500,390
Slovakia	3,557,677	2,009,146
Other EU member countries	3,924,315	3,614,351
Other	3,921,378	2,818,843
Total	213,795,158	188,942,730

(e) Aging Analysis of Loans Provided to Customers

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

CZK thousand	Overdue loans and receivables		Nominal value of collateral		
	Overdue in days	2016	2015	2016	2015
1 - 30		3,191,704	1,891,577	2,326,236	1,603,599
31 - 90		318,284	355,240	195,755	268,784

(f) Analysis of Loans Provided to Customers by Default Categories

CZK thousand	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
2016							
Amounts due from customers							
- without default	202,591,364	3,191,704	318,284	-	-	-	206,101,352
- with default	1,714,254	302,269	345,012	591,538	801,307	3,939,426	7,693,806
Gross	204,305,618	3,493,973	663,296	591,538	801,307	3,939,426	213,795,158
Provisions	(1,314,985)	(257,837)	(277,868)	(370,551)	(453,195)	(3,434,363)	(6,108,799)
Net	202,990,633	3,236,136	385,428	220,987	348,112	505,063	207,686,359

CZK thousand	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
2015							
Amounts due from customers							
- without default	177,861,160	1,891,577	355,240	-	-	-	180,107,977
- with default	2,813,399	390,343	622,632	372,979	751,714	3,883,686	8,834,753
Gross	180,674,559	2,281,920	977,872	372,979	751,714	3,883,686	188,942,730
Provisions	(1,735,086)	(277,974)	(215,915)	(182,598)	(293,224)	(3,447,605)	(6,152,402)
Net	178,939,473	2,003,946	761,957	190,381	458,490	436,081	182,790,328

The definition of amounts due with default and without default is provided in Note 38(a).

The proportion of amounts due with default decreased year-on-year from 4.7% to 3.6% of the total loan portfolio. The coverage by individual provisions for loans with default grew from 55.7% in 2015 to 62.9% at the end of 2016.

(g) Securitisation

ROOF RBCZ 2015

Since December 2015, the Bank has carried out a synthetic securitisation of the Corporate Banking loans and guarantees portfolio. The total nominal value of the transaction is EUR 1 billion. The selected portfolio was divided into three tranches by the credit risk exposure attributable to individual tranches. The junior (the first loss piece) tranche amounts to 1.4% of the nominal value. The credit risk relating to the mezzanine tranche has been transferred to external institutional investors. For the purposes of this transaction, a special-purpose vehicle ROOF RBCZ 2015 S.à.r.l. with its registered office in Luxembourg was established, which issued debt securities relating to the credit risk of the mezzanine tranche. These debt securities were sold to external institutional investors and at the same time, ROOF RBCZ 2015 S.à.r.l. provided a portfolio guarantee to the Bank as collateral for the credit risk arising from the mezzanine tranche in the amount of CZK 2,080,540 thousand (2015: CZK 2,080,925 thousand). The guarantee is secured by the assets of ROOF RBCZ 2015 S.à.r.l., which comprise cash received by the entity through the sale of the debt securities issued. The transaction will mature in April 2024; in the following three years, the Bank may replace settled credit exposures with new ones in its securitised portfolio under the predefined criteria. The costs of the guarantee received is of an interest nature and is recognised in "Interest expense and similar expense", refer to Note 5.

The Bank has no equity interest in the newly-established entity and exercises no control or significant influence over it under IFRS. ROOF RBCZ 2015 S.à.r.l. may only perform specific limited-scope activities relevant to the transaction, which were defined in detail at the inception of the transaction, and the Bank is unable to influence the activities. For these reasons, the Bank does not consider the entity to be its subsidiary or associate. With the exception of the received guarantee referred to above and the charge paid by the Bank for this guarantee, the Bank reports no assets, liabilities or other balances in respect of ROOF RBCZ 2015 S.à.r.l. that would result in any risks for the Bank in relation to this entity.

ROOF CEE 2006-1

Since March 2006, the Bank has carried out a synthetic securitisation of the Corporate Banking loans portfolio. In 2013, the Bank prematurely terminated the transaction. The substance of the transaction involved transferring part of the credit risk to the investor which was Kreditanstalt für Wiederaufbau (KfW).

The Bank entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. The investor was Kreditanstalt für Wiederaufbau (KfW), with the involvement of the European Investment Fund. Dresdner Bank AG acted as the arranger and Clifford Chance acted as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction was supposed to have matured in 2016. The total volume was EUR 450 million, of which EUR 183 million and EUR 267 million related to the Bank and Raiffeisen Bank Polska S.A., respectively, in March 2006.

As of 31 December 2014, the volume of the loan portfolio included in the securitisation (two credit cases) was CZK 29,853 thousand. During 2015, the Bank sold loans and advances to these customers and the securitisation was terminated.

(h) Syndicated Loans

Pursuant to concluded syndicated loan agreements, the Bank acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 7,638,072 thousand as of 31 December 2016 (2015: CZK 8,499,292 thousand), of which the proportion of the Bank amounted to CZK 3,231,271 thousand (2015: CZK 3,671,909 thousand) and the proportion of other syndicate members amounted to CZK 4,406,801 thousand (2015: CZK 4,827,382 thousand).

As of 31 December 2016, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 5,910,977 thousand (2015: CZK 6,908,959 thousand), of which the proportion of the Bank was CZK 2,369,195 thousand (2015: CZK 2,839,798 thousand) and the proportion of other syndicate members was CZK 3,541,782 thousand (2015: CZK 4,069,251 thousand).

The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

(i) Analysis of Loans and Advances to Customers by Sector and Type of Collateral

2016	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	107,537	367,587	174,623	649,091	8,782	17,252	99,683	1,425,005
Mining and Quarrying	-	-	715	-	-	16,699	-	4,335	84,697	106,446
Manufacturing	189,373	-	345,409	4,685,102	2,700,884	8,050,437	384,796	1,374,377	3,492,483	21,222,861
Electricity, Gas and Water Supply	111,847	-	16,627	166,592	835,449	271,873	9,222	4,851,034	19,162	6,281,806
Construction	6,609	-	164,882	1,142,414	120,194	1,398,631	13,572	-	572,061	3,418,363
Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods	19,588	-	570,102	5,050,541	1,387,269	6,933,326	417,947	630,098	650,712	15,659,583
Hotels and Restaurants	28,724	-	38,842	2,341,371	44,900	262,377	300	-	69,399	2,785,913
Transport, Storage and Communication	408	-	423,219	458,552	16,246	1,613,981	2,825	25,047	2,534,865	5,075,143
Financial Intermediation	11,100	-	791,001	686,449	4,820,489	490,919	-	-	10,112,513	16,912,471
Real Estate	411,771	1,223,697	285,760	26,066,219	3,515,782	4,730,806	723,076	113,708	2,034,973	39,105,792
Public Administration and Defence; Compulsory Social Security	1,000	932,106	321	40,020	52,548	104,672	-	-	13,374	1,144,041
Education	-	-	1,486	17,351	-	36,137	-	-	39,002	93,976
Health and Social Work	1,060	580,209	19,668	236,704	-	190,005	2,500	-	23,073	1,053,219
Other Community, Social and Personal Service Activities	1,027	-	313,992	403,308	96,726	442,584	931	40,947	215,061	1,514,576
Private Households with Employed Persons	-	-	-	78,938,187	-	7,156	31,629	-	19,018,991	97,995,962
Total	782,957	2,736,012	3,079,561	120,600,397	13,765,110	25,198,694	1,595,580	7,056,798	38,980,049	213,795,158

For the purposes of reporting receivables from customers by sector and type of collateral, the Bank uses the collateral in nominal value.

The collateral values presented in the above table do not include the portfolio guarantee under the securitisation transaction of CZK 2,080,540 thousand (refer to Note 18 (g)) since it cannot be allocated to individual loans.

2015	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Bill guarantee	Personal guarantee	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	8,662	359,983	207,034	453,689	-	20,724	234,944	1,285,486
Mining and Quarrying	-	-	875	-	-	10,413	-	6,885	57,609	75,782
Manufacturing	154,940	-	386,127	4,656,241	1,873,899	7,859,194	373,963	953,435	5,536,125	21,793,924
Electricity, Gas and Water Supply	172,857	-	18,915	329,750	1,183,493	1,057,728	5,500	3,409,306	1,707,977	7,885,526
Construction	9,378	-	159,012	1,460,230	568,309	1,711,526	9,680	-	945,360	4,863,495
Wholesale and Retail Trade; Repair Of Motor Vehicles, Motorcycles and Personal and Household Goods	22,589	-	612,426	3,976,619	619,894	4,973,790	514,385	324,392	3,449,843	14,493,938
Hotels and Restaurants	28,686	-	19,872	2,286,762	30,000	118,859	301	-	157,634	2,642,114
Transport, Storage and Communication	120	-	208,280	393,782	1,605	1,177,582	19,970	73,587	3,162,454	5,037,380
Financial Intermediation	13,300	-	1,267,275	570,321	3,697,617	523,562	-	-	7,877,327	13,949,402
Real Estate	448,732	929,030	239,960	16,392,341	1,996,928	2,949,337	864,150	148,984	5,386,319	29,355,781
Public Administration and Defence; Compulsory Social Security	1,700	1,092,739	251	78,682	60,434	27,154	-	-	31,207	1,292,167
Education	2,200	-	1,520	9,162	-	26,935	-	-	89,159	128,976
Health and Social Work	1,060	653,166	7,272	244,905	-	60,617	-	-	60,804	1,027,824
Other Community, Social and Personal Service Activities	13,978	-	38,198	240,609	131,757	259,222	218	136,246	535,973	1,356,201
Private Households with Employed Persons	3,793,864	-	-	70,103,566	-	9,891	6,614	-	9,840,799	83,754,734
Total	4,663,854	2,674,935	2,968,645	101,102,953	10,370,970	21,219,499	1,794,781	5,073,559	39,073,534	188,942,730

For the purposes of reporting receivables from customers by sector and type of collateral, the Bank uses the collateral in nominal value.

The collateral values presented in the above table do not include the portfolio guarantee under the securitisation transaction of CZK 2,080,925 thousand (refer to Note 18 (g)) since it cannot be allocated to individual loans.

19. PROVISIONS FOR PROVIDED LOANS AND RECEIVABLES

CZK thousand	2016	2015
Clients		
Balance at 1 January	(6,152,402)	(6,597,999)
Charge for provisions	(2 866,194)	(2,534,260)
Release of provisions	1,802,843	1,570,793
Usage of provisions for the write-off and assignment of receivables	1,108,577	1,414,691
FX gains from provisions denominated in a foreign currency	(1 623)	(5,627)
Balance at 31 December	(6,108,799)	(6,152,402)
Banks		
Balance at 1 January	-	(110)
Release of provisions	-	110
Balance at 31 December	-	-
Total	(6 108,799)	(6,152,402)

20. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2016).

Deferred income tax assets are as follows:

CZK thousand	2016	2015
Unpaid interest on loans of non-residents	83,599	55,077
Unpaid social security and health insurance	66,874	52,124
Valuation gains or losses - cash flow hedge	5,122	3,959
Outstanding vacation days	80,218	46,176
Other provisions	59,170	41,343
Total deferred tax asset	294,983	198,679

Deferred income tax liabilities are as follows:

CZK thousand	2016	2015
Differences between accounting and tax carrying amounts of tangible and intangible assets	(192,097)	(214 264)
Amount on the valuation difference in equity from revaluation of securities available for sale	(1,780)	(67 773)
Total deferred tax liability	(193,877)	(282,037)

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

CZK thousand	2016	2015
Balance at 1 January	198,679	146,535
Movement for the year - (expense)/income	78,477	10,802
Movement for the year against equity	17,827	41,342
Total deferred tax asset	294,983	198,679
Balance at 1 January	(282,037)	(198,864)
Movement for the year - (expense)/income	22,167	(15,456)
Movement for the year against equity	65,993	(67,717)
Total deferred tax liability	(193,877)	(282,037)
Net deferred tax asset/(liability)	101,106	(83,358)

The deferred tax assets and liabilities in the profit or loss and equity:

CZK thousand	2016	2015
Basis for deferred tax (liability)/asset	532,137	(438,726)
Deferred tax (liability)/asset	101,106	(83,358)
Recognition of a year-on-year difference due to temporary differences in profit or loss (Note 13)	100,644	(4,654)
Recognition of a year-on-year difference due to temporary differences in equity	83,820	(26,375)
Total year-on-year difference for recognition	184,464	(31,029)

21. OTHER ASSETS

CZK thousand	2016	2015
Indirect tax receivables	11,983	21,861
Receivables arising from non-banking activities	443,606	472,990
Deferred expenses and accrued income	31,167	32,291
Receivables from securities trading	27,377	3,208
Settlement of cash transactions with other banks	349,852	210,699
Other	234,444	132,816
Total	1,098,429	873,865

22. EQUITY INVESTMENTS

(a) Equity Investments

CZK thousand	2016	2015
Balance at 1 January	516,320	629,092
Acquisition/addition to equity investments	217,000	-
Sale/liquidation of equity investments	(85,833)	(112,772)
Recognition of the allowance for equity investments	-	-
Balance at 31 December	647,487	516,320

During the year ended 31 December 2016, Transaction System Servis s.r.o. changed its name to Raiffeisen Direct Investments CZ, s.r.o. Concurrently, the equity investment in Raiffeisen Direct Investments CZ, s.r.o. increased by CZK 217,000 thousand.

During the year ended 31 December 2016, the equity investment in Czech Real Estate Fund B.V. decreased by CZK 85,833 thousand. The liquidation of Czech Real Estate Fund B.V. is planned to take place the second half of 2017.

The Bank regularly tests equity investments for impairment. No impairment of equity investments was identified in 2016 (the value of impaired equity investments (2015: CZK 0)).

(b) Subsidiaries (Equity Investments with Controlling Influence)

CZK thousand		Equity	Of which Share capital	Share of share capital	Share of voting power	Carrying amount
Name	Registered office					
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	48,985	499	20%	20%	101
Raiffeisen - Leasing, s.r.o.	Praha 4, Hvězdova 1716/2b	1,694,887	450,000	50%	50%	390,176
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	109,383	40,000	100%	100%	40,000
Raiffeisen Direct Investments CZ s.r.o.	Praha 4, Hvězdova 1716/2b	216,606	200	100%	100%	217,210
Total at 31 December 2016						647,487
Czech Real Estate Fund B.V.	Amsterdam, Naritaweg 165	105,760	499	20%	20%	85,934
Raiffeisen - Leasing, s.r.o.	Praha 4, Hvězdova 1716/2b	989,912	450,000	50%	50%	390,176
Raiffeisen investiční společnost a.s.	Praha 4, Hvězdova 1716/2b	40,854	40,000	100%	100%	40,000
Transaction System Servis s.r.o.	Praha 4, Hvězdova 1716/2b	97	200	100%	100%	210
Total at 31 December 2015						516,320

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

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

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

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

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

- Lease of movable and immovable assets;
- Valuation of immovable assets;
- Agency activities related to trade and services;
- Accounting advisory, bookkeeping, tax records; and
- Provision of loans and credits from own resources.

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

The Bank recognises its equity investment in Raiffeisen – Leasing, s.r.o. in the portfolio of subsidiaries although it only holds 50% of share capital. The Bank may appoint a majority in the Advisory Board (the principal advisory and supervisory body of the entity) and it is treated as the controlling entity under IFRS, it treats Raiffeisen – Leasing, s.r.o. as a subsidiary and consolidates it in full.

Raiffeisen investiční společnost a.s. – principal activities:

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

Raiffeisen Direct Investments CZ, s.r.o. – principal activities:

- Real estate activity; and
- Business, financial, organisational and economic advisory activity.

23. INTANGIBLE FIXED ASSETS

CZK thousand	Goodwill	Software	Intangible assets under construction	Total
Cost				
1 January 2015	-	4,145,022	173,959	4,318,981
Additions	-	21,129	350,995	372,124
Disposals	-	(936)	(33,783)	(34,719)
Other changes (transfers)	-	225,693	(225,693)	-
31 December 2015	-	4,390,908	265,478	4,656,386
Additions	65,726	487,189	285,152	838,067
Disposals	-	(180,087)	-	(180,087)
Other changes (transfers)	-	123,622	(123,906)	(284)
31 December 2016	65,726	4,821,632	426,724	5,314,082
Accumulated amortisation				
1 January 2015	-	(2,540,302)	-	(2,540,302)
Additions - annual amortisation charges	-	(320,635)	-	(320,635)
Disposals	-	702	-	702
31 December 2015	-	(2,860,235)	-	(2,860,235)
Additions - annual amortisation charges	(65,726)	(394,032)	-	(459,758)
Disposals	-	178,628	-	178,628
31 December 2016	(65,726)	(3,075,639)	-	(3,141,365)
Net book value				
31 December 2015	-	1,530,673	265,478	1,796,151
31 December 2016	-	1,745,993	426,724	2,172,717

Additions to software predominantly represent the putting into use of technical improvements on data warehouses and other software used by the Bank. Internal costs (primarily staff costs and rental costs) which are required to generate these assets are capitalised. In 2016, internal costs of CZK 57,536 thousand (2015: CZK 54,422 thousand) were capitalised.

Other additions to intangible assets under construction include purchases from external entities. In this category, the Bank does not report and record additions acquired through business combinations.

In relation to taking over the retail portfolio of clients from the Czech branch of Citibank Europe plc, the Bank recognised goodwill in the aggregate amount of CZK 65,726 thousand. On the grounds of prudence, the Bank decided not to recognise the goodwill as of 31 December 2016 and charge it off through the statement of comprehensive income in full.

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

24. PROPERTY AND EQUIPMENT

(a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
Cost					
1 January 2015	981,318	215,621	1,108,797	39,198	2,344,934
Additions	44,759	5,494	28,130	51,522	129,905
Disposals	(13,990)	(27,278)	(206,934)	(32)	(248,234)
Other changes (transfers)	5,630	2,942	14,464	(23,036)	-
31 December 2015	1,017,717	196,779	944,457	67,652	2,226,605
Additions	57,404	8,033	98,241	33,864	197,542
Disposals	(16,108)	(5,383)	(134,057)	-	(155,548)
Other changes (transfers)	12,237	11,261	43,297	(66,511)	284
31 December 2016	1,071,250	210,690	951,938	35,005	2,268,883
Accumulated depreciation					
1 January 2015	(593,650)	(157,214)	(761,969)	-	(1,512,833)
Additions	(85,407)	(19,789)	(130,938)	-	(236,134)
Disposals	11,271	26,546	150,023	-	187,840
31 December 2015	(667,786)	(150,457)	(742,884)	-	(1,561,127)
Additions	(88,193)	(17,054)	(111,394)	-	(216,641)
Disposals	14,750	5,156	121,425	-	141,331
31 December 2016	(741,229)	(162,355)	(732,853)	-	(1,636,437)
Net book value					
31 December 2015	349,931	46,322	201,573	67,652	665,478
31 December 2016	330,021	48,335	219,085	35,005	632,446

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

(b) Property and Equipment Acquired under Finance Leases

The Bank recorded no property and equipment under finance leases in the years ended 31 December 2016 and 2015.

25. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2016	2015
Repayable on demand	1,270,443	1,549,653
Term deposits of banks	28,218,563	8,836,223
Within 3 months	14,287,686	6,265,552
From 3 months to 1 year	9,333,110	197,744
From 1 to 5 years	4,597,767	1,054,634
Over 5 years	-	1,318,293
Total	29,489,006	10,385,876

26. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2016	2015
Repayable on demand	200,332,853	160,463,911
Term deposits with maturity at accrued amount	26,887,216	23,008,400
Change in the fair values of hedged items in the fair value hedging	187,333	196,398
Other	55,363	35,547
Total	227,462,765	183,704,256
<i>of which: repayable within one year</i>	223,651,150	180,347,964
<i>repayable in more than one year</i>	3,811,615	3,356,292

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

The Bank has applied hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items amounts to CZK 753,384 thousand and CZK 815,122 thousand as of 31 December 2016 and 2015, respectively.

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2016	2015
Public sector	2,158,154	1,396,212
Deposits from corporate clients	78,978,063	73,117,230
Deposits to individuals	114,697,119	86,285,354
Small and medium sized enterprises (SME)	31,629,429	22,905,460
Total	227,462,765	183,704,256

(c) Repurchase Transactions

As of 31 December 2016 and 2015, the Bank received no loans as part of repurchase transactions.

27. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2016	2015
Mortgage bonds	24,538,873	17,475,808
Change in the fair value of hedged items upon fair value hedging	85,637	42,062
Non-hedged bonds issued	87,357	934,109
Deposit certificates and depository bills of exchange	10,357	14,402
Total	24,722,224	18,466,381
<i>of which: repayable within one year</i>	12,725,925	2,460,078
<i>repayable in more than one year</i>	11,996,299	16,006,303

The subordinated debt securities issued are disclosed in Note 30.

(b) Analysis of Mortgage Bonds

CZK thousand							
Date of issue	Maturity	ISIN	Currency	Nominal value		Net carrying value	
				2016	2015	2016	2015
12.12.2007	12.12.2017	CZ0002001670	CZK	5,500,000	5,500,000	5,682,935	5,857,534
12.12.2007	12.12.2017	CZ0002001696	CZK	500,000	500,000	507,733	514,007
20.12.2007	20.12.2017	CZ0002001928	CZK	2,000,000	2,000,000	2,061,801	2,120,741
4.5.2011	4.5.2016	CZ0002002314	CZK	-	499,990	-	510,930
27.7.2011	27.7.2016	CZ0002002363	CZK	-	500,000	-	506,952
26.9.2011	26.9.2016	CZ0002002405	CZK	-	930,000	-	938,840
11.1.2012	11.1.2017	CZ0002002439	CZK	282,460	284,580	289,877	292,316
5.12.2012	5.12.2017	XS0861195369	EUR	2,702,000	-	2,728,098	-
5.11.2014	5.11.2019	XS1132335248	EUR	13,212,780	6,756,250	13,268,429	6,734,488
TOTAL				24,197,240	16,970,820	24,538,873	17,475,808

In December 2012, the Bank issued mortgage bonds of EUR 500,000 thousand. The Bank repurchased the entire issue. In November 2014, the Bank placed another mortgage bonds issue of EUR 500,000 thousand. This issue increased by EUR 200,000 thousand in July 2016. These are issues under the bond programme of the Bank with the total amount of EUR 5,000,000 thousand and comply with the conditions for money market transactions with the European Central Bank.

As of 31 December 2016, the Bank held issued euro mortgage bonds totalling EUR 611,000 thousand (as of 31 December 2015: EUR 750,000 thousand), of which EUR 413,256 thousand (as of 31 December 2015: EUR 599,220 thousand) may be used as part of repurchase transactions with the European Central Bank and EUR 197,744 thousand is used as collateral for a loan received from a client. As of 31 December 2015: EUR 150,780 thousand is used as collateral for loans received from the European Investment Bank - refer to Note 33 (c).

28. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for outstanding vacation days	Provision for payroll bonuses	Provision for restructuring	Provision for income tax payable		Other provisions	Total
1 January 2015	14,800	51,956	21,065	332,359	-	3,072	77,838	501,090	
Charge for provisions	5,373	184,438	20,836	256,934	-	286,808	24,542	778,931	
Use of provisions	-	-	(21,065)	(56,001)	-	(3,072)	(31,078)	(111,216)	
Release of redundant provisions	-	(51,956)	-	(278,559)	-	-	(13,281)	(343,796)	
Foreign exchange rate differences	-	(960)	-	-	-	-	919	(41)	
31 December 2015	20,173	183,478	20,836	254,733	-	286,808	58,940	824,968	
Charge for provisions	1,400	143,193	27,405	507,001	80,358	561,659	87,211	1,408,227	
Use of provisions	(3,000)	-	(20,836)	(254,733)	-	(286,808)	(3,618)	(568,995)	
Release of redundant provisions	(13,773)	(85,886)	(445)	(155,032)	-	(318,392)	(26,480)	(600,008)	
Foreign exchange rate differences	-	(22)	-	-	-	-	(8)	(30)	
31 December 2016	4,800	240,763	26,960	351,969	80,358	243,267	116,045	1,064,162	

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

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

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

In the years ended 31 December 2016 and 2015, the Bank recognised a provision for restructuring of CZK 80,538 thousand and CZK 0 thousand, respectively.

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

29. OTHER LIABILITIES

CZK thousand	2016	2015
Liabilities arising from non-banking activities	600,567	432,092
Estimated payables for payroll costs	247,147	203,624
Accrued expenses and deferred income	46,194	38,226
Liabilities from securities trading	10,567	2,367
Settlement and suspense clearing account	1,645,024	678,822
Other	1,374,091	711,626
Total	3,923,590	2,066,757

30. SUBORDINATED LIABILITIES AND BONDS

(a) Subordinated Loan

CZK thousand	2016	2015
Raiffeisen Bank International AG (parent company)	2,737,981	2,740,743
Total	2,737,981	2,740,743
<i>of which: repayable within one year</i>	35,981	38,243
<i>repayable in more than one year</i>	2,702,000	2,702,500

(b) Issue of Subordinated Bonds

CZK thousand				Nominal value		Net book value	
Date of issue	Date of maturity	ISIN	Currency	2016	2015	2016	2015
21.9.2011	21.9.2016	CZ0003702953	CZK	-	125,000	-	127,033
21.9.2011	21.9.2018	CZ0003702961	CZK	125,000	125,000	126,001	126,011
TOTAL				125,000	250,000	126,001	253,044

31. EQUITY

(a) Share Capital

The Bank's shareholder structure as of 31 December 2015:

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

*Direct investment in the share capital

On 28 April 2016, the General Meeting of the Bank approved the following allocation of the profit generated in 2015:

Net profit for 2015	2 538 362
Approved allocation:	
Allocation to statutory reserve funds	-
Allocation to retained earnings	1,150,003
Dividends paid to shareholders*	1,388,359
of which: Raiffeisen CEE Region Holding GmbH	1,041,269
RB Prag Beteiligungs GmbH	347,090

* Dividends were paid out on 4 May 2016 according to the shareholder structure effective as of 31 December 2015.

During 2016, the share capital of the Bank was not increased. The shareholder structure and the nominal value of their investments as of 31 December 2016 and 2015 are the same, please refer to above. The ultimate parent company of the Bank is Raiffeisen-Landesbanken-Holding GmbH, Austria.

(b) Other Capital Instruments

Other capital instruments include subordinated unsecured AT1 capital investment certificates issued by the Bank that combine the elements of equity and debt securities and meet the criteria for inclusion in the Bank's Tier 1 capital. The issue amounted to CZK 1,934,450 thousand as of 31 December 2016 (2015: CZK 1,934,450 thousand). The Czech National Bank approved the inclusion of AT1 certificates in the Bank's auxiliary Tier 1 capital. In 2016, the Bank paid out a coupon of CZK 134,460 thousand (2015: CZK 62,536 thousand) from retained earnings to the holders of these certificates.

(c) Gains and Losses from Revaluation**Arising from Cash Flow Hedges**

CZK thousand	2016	2015
The fair value of the effective part of cash flow hedges at 1 January	(217 593)	-
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	41,342	-
Total balance at 1 January	(176 251)	-
Net profit/(loss) from the change in the fair value of a hedge instrument for the period		
Cross currency swaps	157,293	(603,137)
Accumulated net profit/loss arising from cash flow hedges for the period recognised through profit or loss (refer to Note 8)		
Cross currency swaps	(251 122)	385,544
Tax effect of cash flow hedges for the period	17,828	41,342
The fair value of the effective part of cash flow hedges as of 31 December	(311,422)	(217,593)
Deferred tax asset/(liability) arising from revaluation gains and losses at 31 December	59,170	41,342
Total balance at 31 December	(252,252)	(176,251)

The Bank started applying hedge accounting upon cash flow hedges in 2015.

(d) Arising from Securities Available for Sale

CZK thousand	2016	2015
Gains and losses from revaluation of securities available for sale at 1 January	577,261	220,908
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	(67 717)	(56)
Total balance as of 1 January	509,544	220,852
Net profit/(loss) from revaluation of securities available for sale	(28,029)	356,409
Accumulated net profit/loss for the period recognised through profit or loss (refer to Note 8)	(356 409)	-
Tax effect of revaluation of securities available for sale	65,993	(67,717)
Gains and losses from revaluation of securities available for sale at 31 December	192,823	577,261
Deferred tax asset/(liability) arising from valuation differences at 31 December	(1,724)	(67,717)
Total balance at 31 December	191,099	509,544

The increase in the valuation difference from revaluation of securities available for sale in 2015 represents the revaluation of the Bank's membership in Visa Europe. For more details, please refer to Note 37 (c).

32. CASH AND CASH EQUIVALENTS

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

CZK thousand	2016	2015
Cash and balances with central banks (Note 14)	92,079,929	38,633,848
Statutory minimum reserves (Note 14)	(3,707,871)	(3,104,191)
Placements in other financial institutions (Note 17)	701,553	418,380
Total cash and cash equivalents	89,073,611	35,948,037

33. CONTINGENT LIABILITIES

(a) Legal Disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2016. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Bank recognised provisions (Note 28) for significant litigations in the aggregate amount CZK 4,800 thousand in 2016 (2015: CZK 20,173 thousand).

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

CZK thousand	2016	2015
Banks		
Provided commitments (irrevocable)	57,722	60,348
Guarantee issued	58,913	35,974
Letters of credit issued	274,344	80,035
Total	390,979	176,357
Customers		
Provided commitments (irrevocable)	24,469,946	24,737,332
Guarantee issued	16,169,225	14,114,231
Letters of credit issued	241,331	602,846
Total	40,880,502	39,454,409
Total	41,271,481	39,630,766

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

(c) Refinancing Agreements

From 2011 to 2013, the Bank received a loan of EUR 200,000 thousand from the European Investment Bank in three tranches. In 2015, the bank prepaid the first two out of three tranches. The third tranche was prematurely repaid by the Bank in September 2016. As of 31 December 2016, the Bank recorded no payables to the European Investment Bank (as of 31 December 2015: CZK 2,637,234 thousand).

34. FINANCIAL DERIVATIVES

During the year ended 31 December 2016, the Bank reported the following hedging arrangements that meet the criteria for hedge accounting under IAS 39.

Fair Value Hedge:

- Fair value hedge of the mortgage loan receivable portfolio;
- Fair value hedge of the current and savings account portfolio;
- Fair value hedge of term deposits; and
- Fair value hedge of securities issued (a new hedging arrangement in 2015).

Interest rate swaps are the hedging instruments used in hedge accounting upon a fair value hedge.

Portfolio Cash Flow Hedge:

- Cash flow hedge of the portfolio of crown assets and euro liabilities (a new hedge arrangement in 2015).

Cross currency swaps are the hedging instruments used in cash flow hedging.

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

CZK thousand	Contractual amounts (nominal value)	
	2016	2015
Financial derivatives (non-hedging)		
Cross currency swaps	1,854,457	3,375,991
Currency forwards and swaps	45,526,081	31,778,360
Interest rate swaps (IRS)	117,535,631	86,659,161
Forward rate agreements (FRA)	-	8,000,000
Option contracts (purchase)	7,135,630	6,098,980
Option contracts (sale)	7,451,649	6,053,038
Total non-hedging derivatives	179,503,448	141,965,530
Hedging derivatives		
Interest rate swaps (IRS)	188,574,689	155,110,906
Cross currency swaps	17,401,137	16,017,474
Total hedging derivatives	205,975,826	171,128,380
Financial derivatives – total contractual amount	385,479,274	313,093,910

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2016		Fair value in 2015	
	Positive	Negative	Positive	Negative
Financial derivatives (non-hedging)				
Cross currency swaps	135,895	(86,240)	81,000	(79,136)
Currency forwards and swaps	726,677	(122,233)	262,571	(96,292)
Interest rate swaps (IRS)	1,028,253	(1,060,757)	1,084,446	(999,666)
Forward rate agreements (FRA)	-	-	1,992	(1,528)
Option contracts (purchase)	67,948	-	138,510	-
Option contracts (sale)	-	(64,039)	-	(139,336)
Total non-hedging derivatives	1,958,773	(1,333,269)	1,568,519	(1,315,958)
Hedging derivatives				
Interest rate swaps (IRS)	1,973,110	(1,170,539)	1,814,312	(924,000)
Cross currency swaps	-	(412,271)	-	(348,751)
Total hedging derivatives	1,973,110	(1,582,810)	1,814,312	(1,272,751)
Financial derivatives – total fair value	3,931,883	(2,916,079)	3,382,831	(2,588,709)

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

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
At 31 December 2016				
Financial derivatives (non-hedging)				
Cross currency swaps	1,854,457	-	-	1,854,457
Currency forwards and swaps	43,175,834	2,350,247	-	45,526,081
Interest rate swaps (IRS)*	26,037,654	57,436,080	34,061,897	117,535,631
Forward rate agreements (FRA)	-	-	-	-
Option contracts (purchase)	4,160,913	2,974,717	-	7,135,630
Option contracts (sale)	4,476,932	2,974,717	-	7,451,649
Total non-hedging derivatives	79,705,790	65,735,761	34,061,897	179,503,448
Hedging derivatives				
Interest rate swaps (IRS) *	48,422,372	92,574,621	47,577,696	188,574,689
Cross currency swaps	2,745,999	14,655,138	-	17,401,137
Total hedging derivatives	51,168,371	107,229,759	47,577,696	205,975,826
Total financial derivatives	130,874,161	172,965,520	81,639,593	385,479,274

*The nominal value reported by the final transaction maturity.

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
At 31 December 2015				
Financial derivatives (non-hedging)				
Cross currency swaps	1,572,879	1,803,112	-	3,375,991
Currency forwards and swaps	30,587,396	1,190,964	-	31,778,360
Interest rate swaps (IRS)*	6,461,808	44,925,034	35,272,319	86,659,161
Forward rate agreements (FRA)	8,000,000	-	-	8,000,000
Option contracts (purchase)	3,164,381	2,934,599	-	6,098,980
Option contracts (sale)	3,118,439	2,934,599	-	6,053,038
Total non-hedging derivatives	52,904,903	53,788,308	35,272,319	141,965,530
Hedging derivatives				
Interest rate swaps (IRS)*	17,766,699	98,278,842	39,065,365	155,110,906
Cross currency swaps	-	13,281,272	2,736,202	16,017,474
Total hedging derivatives	17,766,699	111,560,114	41,801,567	171,128,380
Total financial derivatives	70,671,602	165,348,422	77,073,886	313,093,910

*The nominal value reported by the final transaction maturity.

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2016						
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	77,987	395,005	560,976	(63,984)	(510,473)	(486,300)
Forward rate agreements (FRA)	-	-	-	-	-	-
Option contracts (purchase)	-	20,322	-	-	-	-
Option contracts (sale)	-	-	-	-	(20,322)	-
Total non-hedging derivatives	77,987	415,327	560,976	(63,984)	(530,795)	(486,300)
Hedging derivatives						
Interest rate swaps (IRS)	127,977	957,870	887,263	(69,391)	(604,183)	(496,965)
Total hedging derivatives	127,977	957,870	887,263	(69,391)	(604,183)	(496,965)
Financial derivatives - total contractual payments	205,964	1,373,197	1,448,239	(133,375)	(1,134,978)	(983,265)

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2015						
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	75,295	446,604	562,547	(21,560)	(386,431)	(591,675)
Forward rate agreements (FRA)	1,992	-	-	(1,528)	-	-
Option contracts (purchase)	-	28,416	-	-	-	-
Option contracts (sale)	-	-	-	-	(28,416)	-
Total non-hedging derivatives	77,287	475,020	562,547	(23,088)	(414,847)	(591,675)
Hedging derivatives						
Interest rate swaps (IRS)	57,682	903,966	852,664	(75,747)	(631,645)	(216,608)
Total hedging derivatives	57,682	903,966	852,664	(75,747)	(631,645)	(216,608)
Financial derivatives - total contractual payments	134,969	1,378,986	1,415,211	(98,835)	(1,046,492)	(808,283)

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2016						
Financial derivatives (non-hedging)						
Cross currency swaps	1,854,457	-	-	(1,807,199)	-	-
Currency forwards and swaps	43,175,834	2,350,247	-	(42,491,662)	(2,308,482)	-
Option contracts (purchase)	4,799,084	525,778	-	(4,797,861)	(520,182)	-
Option contracts (sale)	4,483,836	520,182	-	(4,486,808)	(525,778)	-
Total non-hedging derivatives	54,313,211	3,396,207	-	(53,583,530)	(3,354,442)	-
Hedging derivatives						
Cross currency swaps	2,745,999	14,655,138	-	(2,746,100)	(14,720,775)	-
Total hedging derivatives	2,745,999	14,655,138	-	(2,746,100)	(14,720,775)	-
Financial derivatives - total contractual payments	57 059,210	18 051,345	-	(56,329,630)	(18 075,217)	-

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2015						
Financial derivatives (non-hedging)						
Cross currency swaps	1,572,879	1,803,112	-	(1,577,122)	(1,796,832)	-
Currency forwards and swaps	30,587,396	1,190,964	-	(30,371,275)	(1,200,762)	-
Option contracts (purchase)	3,164,381	365,513	-	(3,145,791)	(357,463)	-
Option contracts (sale)	3,099,857	357,463	-	(3,118,439)	(365,513)	-
Total non-hedging derivatives	38,424,513	3,717,052	-	(38,212,627)	(3,720,570)	-
Hedging derivatives						
Cross currency swaps	-	13,281,272	2,736,202	-	(13,370,925)	(2,744,300)
Total hedging derivatives	-	13,281,272	2,736,202	-	(13,370,925)	(2,744,300)
Financial derivatives - total contractual payments	38,424,513	16,998,324	2,736,202	(38,212,627)	(17,091,495)	(2,744,300)

35. OTHER OFF BALANCE SHEET ASSETS

(a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2016 and 2015, the Bank provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2016	2015
Assets accepted for management	6,769,827	6,013,468
Assets accepted for administration	30,254,379	25,192,697
Total	37,024,206	31,206,165

36. SEGMENT ANALYSIS

The base for the segment analysis according to IFRS 8 are internal reports of the Bank which are based on management accounts and serve as the principal financial information for decision-making of the Bank's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expenses and fee and commission expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

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

The Corporate banking segment involves transactions with corporate clients, public sector institutions and financial institutions. The Retail banking segment generally includes all private individuals including VIP clients, individuals - entrepreneurs and the Bank's own employees.

The Treasury segment includes interbank transactions, trading with financial instruments, securities and ALM.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Bank that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Bank monitors amounts of net interest income and net fee and commission income, net profit/(loss) from financial operations, movements in provisions, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other profit and loss items are not monitored by segment.

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

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

Selected items by segment (2016)

At 31 December 2016						
CZK thousand	Corporate entities	Retail clients	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
Profit and loss account:						
Net interest income	2,102,066	4,261,499	(161,893)	148,550	(64,000)	6,286,222
Net fee and commission income	1,436,827	1,727,048	(9,625)	(166,460)	(1,293,156)	1,694,634
Net profit/(loss) from financial operations	27,738	334,447	249,339	155,694	1,293,156	2,060,374
Movements in allowances	(575,636)	(307,717)	-	(1)	-	(883,354)
Other operating expenses	(1,509,437)	(4,430,277)	(187,137)	191,755	-	(5,935,096)
Dividend income	-	-	-	-	64,000	64,000
Losses from impairment of equity investments	-	-	-	-	-	-
Profit before tax	1,481,558	1,585,000	(109,316)	329,538	-	3,286,780
Income tax	(307,619)	(329,098)	22,696	(68,423)	-	(682,444)
Profit after tax	1,173,939	1,255,902	(86,620)	261,115	-	2,604,336
Assets and liabilities:						
Total assets	109,356,881	100,383,132	99,925,994	8,612,072	-	318,278,079
Total liabilities	96,847,727	143,456,531	43,873,546	11,621,724	(2,604,336)	293,195,192

Selected items by segment (2015)

At 31 December 2015						
CZK thousand	Corporate entities	Retail clients	Treasury and ALM	Other	Reconciliation to the statement of comprehensive income	Total
Profit and loss account:						
Net interest income	1,978,396	3,639,597	218,639	338,847	(71,033)	6,104,446
Net fee and commission income	1,117,205	1,688,045	1,847	(5,429)	(966,946)	1,834,722
Net profit/(loss) from financial operations	11,733	7,000	275,803	(2,740)	966,946	1,258,742
Movements in allowances	(179,357)	(885,627)	-	(26)	-	(1,065,010)
Other operating expenses	(1,403,322)	(3,516,762)	(143,180)	14,114	-	(5,049,150)
Dividend income	-	-	-	-	71,033	71,033
Losses from impairment of equity investments	-	-	-	-	-	-
Profit before tax	1,524,655	932,253	353,109	344,766	-	3,154,783
Income tax	(297,906)	(182,155)	(68,995)	(67,365)	-	(616,421)
Profit after tax	1,226,749	750,098	284,114	277,401	-	2,538,362
Assets and liabilities:						
Total assets	98,628,351	85,463,987	54,333,153	7,899,539	-	246,325,030
Total liabilities	81,975,868	106,256,842	26,563,761	9,671,105	(2,538,362)	221,929,214

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

The difference in "Net interest income" arises primarily from the different presentation of the dividend income.

In "Net interest income" in the "Other" segment the Bank reports a positive compensation of capital costs that are allocated to the individual client segments.

The difference in "Net fee and commission income" arises from the different presentation of income and expenses from commissions from foreign currency transactions.

The difference in "Net profit/(loss) from financial operations" arises from the different presentation of the income and expenses from foreign currency transactions.

"Other operating expenses" includes "Other operating income/(expenses), net" and "General administrative expenses" presented in the statement of comprehensive income in separate lines.

The difference in liabilities arises from the different presentation of profit for the reporting period.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items in the Bank's management accounting.

37. FINANCIAL INSTRUMENTS – MARKET RISK

The Bank is exposed to market risks arising from open positions of transactions with interest rate, equity and currency instruments which are sensitive to the changes of conditions on financial markets.

(a) Trading

The Bank holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Bank's trading activities are conducted on the basis of the requirements of the Bank's clients. The Bank maintains the admission to the financial markets through the quoting of bid and ask prices and by trading with other market makers. The Bank's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Bank manages risks associated with its trading activities on the level of individual risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 37 (d).

(b) Risk Management

The selected risks exposures resulting from the Bank's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 37 (d).

Liquidity Risk

Liquidity risk arises from the time mismatch between cash inflows and outflows. It includes both the risk of inability to raise funds to cover the Bank's assets using instruments with appropriate maturity and the Bank's ability to sell assets at a reasonable price within a reasonable time frame. The liquidity position of the Bank is regularly monitored by the Czech National Bank.

The Bank has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Bank's equity. This diversification makes the Bank flexible and reduces its dependency on one source of funding. The Bank regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Bank's liquidity risk management strategy, which is approved by the Bank's Board of Directors. As part of its liquidity risk management strategy, the Bank also holds a portion of its assets in highly liquid funds, such as government treasury bills and similar bonds and deposits with the Czech National Bank (repurchase transactions/deposit facilities). The Bank uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 34 (d) and 34 (e).

Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

2016 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	29,578,409	15,571,084	9,363,303	4,644,022	-
Amounts owed to customers	228,713,414	220,226,001	4,974,504	3,503,894	9,015
Debt securities issued	25,014,346	374,946	11,228,704	13,410,696	-
Subordinated liabilities and bonds	2,868,512	41,512	-	2,827,000	-
Other liabilities	3,923,588	3,923,588	-	-	-
Off-balance sheet items	38,088,577	36,995,266	42,398	118,105	932,808

2015 (CZK thousand)	Total contractual liability	Up to 3 months	3 - 12 months	1 - 5 years	Over 5 years
Amounts owed to financial institutions	10,490,601	7,820,196	205,416	1,095,551	1,369,438
Amounts owed to customers	184,293,850	180,067,447	551,969	3,634,000	40,434
Debt securities issued	19,138,707	10,463	3,004,775	16,123,469	-
Subordinated liabilities and bonds	3,149,751	38,359	130,921	277,971	2,702,500
Other liabilities	2,066,757	2,066,757	-	-	-
Off-balance sheet items	25,863,241	24,836,710	7,234	18,587	1,000,710

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

Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Bank's foreign currency position which arises from the mismatch of the Bank's assets and liabilities, including the currency-sensitive off balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Bank denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 37 (d).

Interest Rate Risk

The Bank is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Bank is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The interest rate risk of the Bank is primarily impacted by the development in interbank interest rates, including the negative rates (the impact of negative interest rates is disclosed in Note 5). The Bank's interest rate risk management activities are aimed at optimising the Bank's net interest income in accordance with its strategy approved by the Board of Directors. In managing the interest rate risk, the Bank uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates or liquidity maturity (for example on current accounts).

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

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

Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Bank's portfolio and financial derivatives related to these instruments. As the Bank does not trade shares on its own account, it is exposed to indirect equity risk arising from the shares held by the Bank as collateral for customer loans. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 37 (d).

(c) Fair values of financial assets and liabilities

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

i) Cash and balances with central banks

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

ii) Loans and advances to financial institutions

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

iii) Loans and advances to customers

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

iv) Securities held to maturity

Fair values of securities carried in the held-to-maturity portfolio are estimated based on discounted cash flows using the interest rate common as of the balance sheet date unless they are traded on an active market.

v) Amounts owed to financial institutions and customers

Fair values reported in respect of loans on request match amounts payable on demand (i.e. their carrying amounts) at the balance sheet date. Carrying amounts of term deposits with variable rate are principally equal to their fair values as of the balance sheet date. Fair values of deposits with a fixed interest rate are estimated based on the discounting of cash flows using market interest rates and reflecting the Bank's liquidity costs.

vi) Debt securities issued

Fair values of debt securities issued by the Bank are determined on the basis of updated market prices. If market prices are not available, fair values are estimates of the Bank where the fair value is estimated based on the discounting of cash flows using market interest rates and reflecting the Bank's liquidity costs.

vii) Subordinated liabilities and bonds

Fair values of the subordinated loan are estimated based on discounting cash flows using market interest rates and reflecting liquid costs of the Bank. Fair values of subordinated bonds issued by the Bank are determined by reference to current market prices.

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

2016	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash and balances with central banks	-	-	92,079,929	92,079,929	92,079,929	-
Loans and advances to financial institutions	-	-	5,664,472	5,664,472	5,664,472	-
Loans and advances to customers*	-	-	219,140,807	219,140,807	207,686,359	11,454,448
Securities held to maturity	2 681,154	-	-	2,681,154	2,545,956	135,198
Liabilities						
Amounts owed to financial institutions	-	-	29,550,553	29,550,553	29,489,006	61,547
Amounts owed to customers	-	-	227,757,821	227,757,821	227,462,765	295,056
Debt securities issued	-	-	24,722,224	24,722,224	24,722,224	-
Subordinated liabilities	-	-	3,036,892	3,036,892	2,863,982	172,910

* including allowances

2015	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash and balances with central banks	-	-	38,633,848	38,633,848	38,633,848	-
Loans and advances to financial institutions	-	-	4,047,655	4,047,655	4,047,655	-
Loans and advances to customers*	-	-	189,662,524	189,662,524	182,790,328	6,872,196
Securities held to maturity	11,568,140	-	-	11,568,140	11,265,127	303,013
Liabilities						
Amounts owed to financial institutions	-	-	10,191,108	10,191,108	10,385,876	(194 768)
Amounts owed to customers	-	-	184,046,747	184,046,747	183,704,256	342,491
Debt securities issued	-	-	19,001,446	19,001,446	18,466,381	535,065
Subordinated liabilities	-	-	3,175,873	3,175,873	2,993,787	182,086

* including allowances

Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2016			Fair value at 31 Dec 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	3,931,883	-	-	3,382,831	-
Securities at fair value through profit or loss	125,592	406,982	201,065	1,179,378	-	2,759
Securities available for sale	-	891	114,411	-	892	356,409
Total	125,592	4,339,756	315,476	1,179,378	3,383,723	359,168

CZK thousand	Fair value at 31 Dec 2016			Fair value at 31 Dec 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair values of financial derivative instruments	-	2 916,079	-	-	2,588,709	-
Total	-	2 916,079	-	-	2,588,709	-

Securities available for sale of CZK: 479,000 thousand (2015: CZK 516,106 thousand), not included in the above table, are measured at cost due to the impossibility to reliably determine their fair value and the Bank performs regular impairment testing.

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

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

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

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

2016

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
Balance at the beginning of the period	2,759	356,409	359,168
Transfer to Level 3	-	-	-
Purchases	201,991	106,759	308,750
Comprehensive income/(loss)	(3,685)	7,652	3,967
- in the income statement	(3,685)	-	(3,685)
- in equity (Note 31)	-	7,652	7,652
Sales/settlement	-	(356,409)	(356,409)
Transfer from Level 3	-	-	-
Balance at the end of the period	201,065	114,411	315,476

2015

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
Balance at the beginning of the period	87,836	-	87,836
Transfer to Level 3	-	-	-
Purchases	-	-	-
Comprehensive income/(loss)	7,568	356,409	363,978
- in the income statement	7,568	-	7,568
- in equity (Note 31)	-	356,409	356,409
Sales/settlement	(92,645)	-	(92,645)
Transfer from Level 3	-	-	-
Balance at the end of the period	2,759	356,409	359,168

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

The amount in Level 3, item "Securities available for sale" comprises the Bank's membership in Visa Inc. in the amount of CZK 114,411 thousand (2015: CZK 0 thousand). Until June 2016, the Bank reported an equity investment in Visa Europe of CZK 356,409 thousand in the amount of the Bank's expected share in the cash settlement of the sale of Visa Europe Ltd. to Visa Inc. In accordance with the final form of the merger, the sale price is settled in three tranches: cash payment, transfer of priority shares of Visa Inc. and an additional cash payment in 2019. After the merger realised in June 2016 the Bank received a cash settlement in the amount of EUR 14 million and a proportionate part of priority shares in Visa Inc. in the amount of USD 4.4 million. The Bank incorporated these shares in the portfolio of Securities available for sale and subsequently the Bank derecognised the original investment in Visa Europe. The Bank reported the result of the transaction as a profit of CZK 518,638 thousand (see Note 8) in "Net profit from financial operations".

The largest amount in Level 3, "Securities available for sale", comprised the Bank's membership in Visa Europe Limited in 2015 in the amount of CZK 356,409 thousand. The increase in the value in 2015 arose from revaluation relating to the announced sale of Visa Europe Limited to Visa Inc. The Bank measured the fair value of its membership as of 31 December 2015 as equal to the amount of its assumed share in the cash settlement of the sale. The Bank also anticipated receiving a proportion of the priority shares of Visa Inc. and a proportion of a subsequent deferred cash payment, which were also included in the settlement and were allocated to the association's members as part of the proceeds of the sale. Since not all of the conditions of the additional settlement items were clear at the time of preparation of the financial statements for the year ended 31 December 2015 and the Bank was unable to make a reliable estimate of the fair value of its share therein, the Bank did not increase the fair value of its investment in Visa Europe Limited to reflect these items.

(d) Risk Management Methods

The Bank uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits consist of limits determined by the regulator which are complemented by the limits set by the parent bank in a standardised way for the whole CEE region. In some cases, the set of limits is complemented by other internal limits that reflect the specifications of local markets to which the Bank is exposed.

The Bank monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates, market spreads and equity market prices).

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total market risk VaR	22,165	19,795	7,852	5,417

Interest Rate Risk

The Bank monitors interest rate risk of the banking book and the trading book separately, at the level of individual currencies. The interest rate position is monitored based the sensitivity of the position to the shift in the interest rate curve (BPV). The BPV technique (basis point value) involves determining the change of the present value (both in total and in individual time periods) of the portfolio when interest rates shift by one basis point (0.01 percent). This technique is complemented by monitoring interest rate risks using Value at Risk.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total interest rate risk VaR	18,984	5,296	8,064	5,061
Interest rate risk VaR - banking book	16,774	5,161	9,706	5,459
Interest rate risk VaR - trading book	2,515	2,079	1,800	2,025

Currency Risk

The Bank uses a set of limits established by reference to the standards of the Raiffeisen Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulatory body. These techniques are complemented by monitoring currency risks using Value at Risk.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Currency risk VaR	1,207	1,399	710	1,550

Market Spread Risk

To determine the risk of change in market spreads for currency forward transactions (in the trading portfolio) and for its own positions in debt instruments (state and corporate), the Bank now also uses the Value at Risk technique.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total market spread VaR	16,378	18,398	not available	not available
Market spread VaR - debt instruments	10,488	18,049	not available	not available
Market spread VaR - currency positions	14,208	4,202	not available	not available

Equity Risk

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

Stress Testing

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

Operational Risk

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

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

Operational risk management primarily draws upon the following:

- Event Data Collection;
- General Ledger Analysis;
- Risk Assessment;
- Scenario Analysis;
- Early Warning Indicators; and
- Mitigation Plans.

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

The General Ledger Analysis provides reconciliation between the reported loss and its recognition in the books.

The Risk Assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risks identified. The Risk Assessment determines the risk of individual processes, organisational units or activities. The risk level is a relevant value for taking measures within qualitative risk management.

The Scenario Analysis is a process used by the Bank to consider the impact of extreme but probable events on its activities, assess the probability of occurrence and estimate significance of the impact on a scale of possible results. The Scenario Analysis aims at: (i) providing a potential method to record a specific event that occurred in a specific organisation, (ii) increasing awareness and educate management by providing insight into various types of risks and managing the plan of remedies and investments.

EWIs are used for the ongoing monitoring and reporting of the risk exposure to operational risk. They provide early warning to take possible steps or make changes in the risk profile, which may initiate management measures. The Risk Assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risk identified.

The Bank defines and reviews the Risk Appetite on a regular basis. In using the above-specified instruments, the Bank compares the identified risks with the appetite and prepares Mitigation Plans for the risks that exceed the appetite.

All instruments are used in a regular annual cycle.

Capital Management

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

The Bank additionally manages its capital to ensure that the Bank, its subsidiaries and jointly controlled entities are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy has remained unchanged since 2006.

38. FINANCIAL INSTRUMENTS – CREDIT RISK

The Bank takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities are managed using the methods and instruments applied by the Bank in managing its credit risk exposures.

(a) Assessment and Classification of Receivables

The Bank assesses its receivables in accordance with the principles determined by CNB's Decree No. 163/2014 dated 30 July 2014, on the Activities of Banks, Savings Banks and Credit Cooperatives and Securities Traders (Decree of the Czech National Bank), as amended, and also in accordance with IFRS IAS 39 and internal regulations.

The Bank assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to Regulation of the Czech National Bank No. 123. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard, watch, substandard, doubtful, and loss. Substandard, doubtful and loss receivables are aggregately designated as receivables with debtor's default. If the Bank records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating. This rule does not apply to retail receivables where the default and sub-categories are allocated on the level of receivables rather than the client.

The classification is performed on an annual basis, with the key criteria being:

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

(b) Provisioning for Receivables

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

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

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

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

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

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

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

(c) Evaluation of Collateral

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

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

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

(d) Credit Risk Measurement Methods

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

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

(e) Concentration of Credit Risk

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

The credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Notes 18(c), 18(d) and 18 (i).

(f) Recovery of Receivables

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

(g) Forbearance and Non-Performing Exposures

In compliance with the EBA's Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and Non-Performing Exposures), the Bank introduced a new definition of forbearance and non-performing exposures that do not represent default under the CNB's Regulation in 2014.

The key criterion in treating an exposure as forbore is a customer's financial health as of the date on which contractual conditions are adjusted. Receivables are defined as forbore if a customer has financial difficulties at the time of a change in contractual conditions (taking into account the client's internal rating or other circumstances known at that time) and if the adjustment of the contractual conditions is considered a payment relief provided in order to divert the client's unfavourable financial situation. If such an adjustment of contractual conditions results in subsequent forbearance or default exceeding 30 days, the exposure is considered non-performing irrespective of the conditions of the CNB's Regulation being met or not.

If a forbore exposure is classified as non-performing (after the forbearance is provided) it remains in this category for a period of at least 12 months. After the lapse of this period, the exposure is reclassified as performing forbearance provided the predefined conditions are met. Subsequently, the exposure is monitored on a regular basis during a probation period of at least 24 months. If the predefined conditions are met after the expiry of the probation period, the exposure ceases to be classified as forbore.

Within the defined processes, the Bank's customers having financial difficulties and being provided with forbearance are assessed, rated and monitored according to specific algorithms in line with the relevant regulations. In practice, this means that all customers with financial difficulties who were provided with forbearance, or for whom forbearance is considered, are at least subject to the Early Warning System, or in case of default, they are treated by the Workout or Collection teams. The algorithms applied are in compliance with the parent group's requirements for individual segments of the Bank. The above-specified processes have an impact on the classification of receivables under the five sub-categories of loan quality as specified in the CNB's Regulation (standard, monitored, non-standard, doubtful, and loss-making) and, consequently, on the assessment of the amount of individual and portfolio allowances.

The credit risk analysis of loans and advances to forborne customers under IFRS 7

CZK thousand	Loans and advances to forborne customers					
	Before due date without default	After due date with default	With default	Total forbearance	Allowances	Collateral
31 December 2016						
Public sector	-	-	-	-	-	-
Loans to corporate entities	973,702	52,637	1,662,659	2,688,998	(745 460)	1,726,396
Loans to private individuals	1,012,459	231,549	1,092,081	2,336,089	(740,481)	1,351,891
Small and medium-sized enterprises (SME)	82,060	2,071	167,457	251,588	(223,714)	169,259
Total	2,068,221	286,257	2,922,197	5,276,675	(1,709 655)	3,247,546

CZK thousand	Loans and advances to forborne customers					
	Before due date without default	After due date with default	With default	Total forbearance	Allowances	Collateral
31 December 2015						
Public sector	-	-	-	-	-	-
Loans to corporate entities	476,363	19,406	2,862,569	3,358,338	(1,241 531)	3,268,240
Loans to private individuals	2,296,057	408,098	1,256,222	3,962,152	(835 179)	2,975,610
Small and medium-sized enterprises (SME)	186,656	34,958	249,936	471,550	(91 131)	234,677
Total	2,959,076	462,462	4,368,727	7,792,040	(2,167 841)	6,478,527

The Bank recognises no forborne loans and advances to banks.

The Bank's interest income includes interest on loans and advances to forborne customers in the amount of CZK 195,251 thousand (2015: CZK 275,888 thousand).

Development of loans and advances to forborne customers

CZK thousand 2016	Loans to corporate entities	Loans to private individuals	Small and medium-sized entities (SME)	Total
Balance as of 1 January	3,358,338	3,962,152	471,550	7,792,040
Additions (+)	183,367	230,219	-	413,586
Disposals (-)	(277 711)	(1,345 920)	(55 990)	(1,679 621)
Movements in exposures (+/-)	(574 996)	(510 362)	(163 972)	(1,249 330)
Balance at 31 December	2,688,998	2,336,089	251,588	5,276,675

CZK thousand 2015	Loans to corporate entities	Loans to private individuals	Small and medium- sized entities (SME)	Total
Balance as of 1 January	3,138,613	5,567,935	572,023	9,278,571
Additions (+)	200,700	133,852	-	334,552
Disposals (-)	(27 153)	(741 749)	(35 270)	(804 172)
Movements in exposures (+/-)	46,178	(997 886)	(65 203)	(1,016 911)
Balance at 31 December	3,358,338	3,962,152	471,550	7,792,040

The carrying amount of loans to forborne customers compared to the total loans and advances to customers

CZK thousand 2016	Loans and advances to customers	Loans and advances to forborne customers	Percentage of forborne loans and advances
Public sector	1,091,959	-	-
Loans to corporate entities	108,831,454	2,688,998	2.5%
Loans to private individuals	98,006,142	2,336,089	2.4%
Small and medium-sized enterprises (SME)	5,865,603	251,588	4.3%
Total at 31 December 2016	213,795,158	5,276,675	2.5%

CZK thousand 2015	Loans and advances to customers	Loans and advances to forborne customers	Percentage of forborne loans and advances
Public sector	1,217,200	-	-
Loans to corporate entities	98,591,472	3,358,338	3.4%
Loans to private individuals	83,754,734	3,962,152	4.7%
Small and medium-sized enterprises (SME)	5,379,324	471,550	8.8%
Total at 31 December 2015	188,942,730	7,792,040	4.1%

(h) Securitisation

The Bank eliminates the credit risk of its exposures through synthetic securitisation. Securitisation involves merging loan exposure portfolios (loans and advances, guarantees and commitments) with the appropriate level of loan quality where the Bank offers to transfer the credit risk arising from the loan exposures in securitisation to investors. The transactions are principally aimed at the improvement of the capital adequacy of the Bank and the parent group. The loan exposures included in the synthetic securitisation performed by the Bank do not meet the conditions for de-recognition of assets from the statement of financial position.

For an updated analysis of the Bank's securitisation transactions, refer to Note 18(g).

(i) Portfolio Quality

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

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

CZK thousand	Rating	2016	2015
Retail clients:			
Highly excellent credit rating	0.5	33,451,934	19,371,067
Excellent credit rating	1.0	24,576,246	23,815,209
Very good credit rating	1.5	14,620,960	16,153,755
Good credit rating	2.0	10,218,873	10,021,773
Healthy credit rating	2.5	7,072,264	6,334,164
Acceptable credit rating	3.0	4,220,277	3,680,288
Limit credit rating	3.5	2,120,310	2,142,304
Weak credit rating	4.0	1,082,587	1,031,241
Very weak credit rating /monitored	4.5	1,177,355	1,213,950
Default	5.0	4,144,969	4,236,484
Project financing:			
Excellent project profile - very low risk	6.1	27,922,643	26,358,388
Good project profile - low risk	6.2	4,473,599	2,036,253
Acceptable project profile - average risk	6.3	1,255,701	131,536
Bad project profile - high risk	6.4	11,274	249,897
Default	6.5	401,551	1,015,504
Corporate clients:			
Highly excellent credit rating	1	-	765,734
Excellent credit rating	2	1,263,644	1,039,080
Very good credit rating	3	3,469,306	473,499
Good credit rating	4	6,646,814	9,695,190
Healthy credit rating	5	15,388,932	11,606,936
Acceptable credit rating	6	21,821,943	19,741,447
Limit credit rating	7	6,462,868	8,427,461
Weak credit rating	8	1,927,565	2,050,270
Very weak credit rating /monitored	9	666,602	1,291,224
Default	10	3,133,952	3,582,765
Financial institutions and public sector institutions:			
Highly excellent credit rating	A1	7,585	-
Excellent credit rating	A2	19,663	-
Very good credit rating	A3	49,504	1,420
Good credit rating	B1	14,656,552	8,879,461
Healthy credit rating	B2	22,689	811,893
Acceptable credit rating	B3	5,099	2,228,661
Limit credit rating	B4	984,103	82,258
Weak credit rating	B5	-	274,432
Very weak credit rating /monitored	C	-	-
No rating: before due date		512,295	195,610
No rating: past due date		5,499	3,576
Total		213 795,158	188,942,730

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

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

CZK thousand	Rating	2016	2015
Retail clients:			
Highly excellent credit rating	0.5	33,404,568	19,429,255
Excellent credit rating	1.0	24,505,983	23,781,321
Very good credit rating	1.5	14,538,183	16,086,664
Good credit rating	2.0	10,098,897	9,933,296
Healthy credit rating	2.5	6,880,525	6,244,910
Acceptable credit rating	3.0	3,965,411	3,552,336
Limit credit rating	3.5	1,818,413	1,980,048
Weak credit rating	4.0	733,618	737,691
Very weak credit rating /monitored	4.5	291,660	294,980
Default	5.0	352,487	3,596
Project financing:			
Excellent project profile - very low risk	6.1	26,415,298	26,344,848
Good project profile - low risk	6.2	4,261,079	1,990,738
Acceptable project profile - average risk	6.3	1,101,993	131,536
Bad project profile - high risk	6.4	6,277	243,645
Default	6.5	310,125	-
Corporate clients:			
Highly excellent credit rating	1	-	765,734
Excellent credit rating	2	1,263,643	1,039,078
Very good credit rating	3	3,396,765	473,239
Good credit rating	4	6,623,955	9,687,698
Healthy credit rating	5	14,880,158	11,590,003
Acceptable credit rating	6	22,542,136	19,642,860
Limit credit rating	7	6,627,157	8,337,533
Weak credit rating	8	1,854,359	1,944,602
Very weak credit rating /monitored	9	630,304	1,157,713
Default	10	1,040,476	-
Financial institutions and public sector institutions:			
Highly excellent credit rating	A1	7,585	-
Excellent credit rating	A2	19,663	-
Very good credit rating	A3	49,504	1,420
Good credit rating	B1	13,724,819	8,879,461
Healthy credit rating	B2	22,689	811,893
Acceptable credit rating	B3	5,099	2,228,661
Limit credit rating	B4	981,410	82,258
Weak credit rating	B5	-	274,016
Very weak credit rating /monitored	C	-	-
No rating		236,618	190,127
Total		202,590,857	177,861,160

(k) Maximum Exposure to Credit Risk

2016	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
CZK thousand						
Cash and balances with central banks	92,079,929	-	92,079,929	-	-	-
Loans and advances to financial institutions*	5,664,472	390,979	6,055,451	1,176,106	-	1,176,106
Loans and advances to customers*	207,686,359	40,639,739	248,326,098	165,070,073	17,707,451	182,777,524
Positive fair value of financial derivative transactions	3,931,883	-	3,931,883	743,177	-	743,177
Securities held to maturity	2,545,956	-	2,545,956	-	-	-
Securities at fair value through profit or loss	733,639	-	733,639	-	-	-
Securities available for sale	594,302	-	594,302	-	-	-
Other assets	1,098,429	-	1,098,429	-	-	-

* including allowances and provisions

The values of allocated collateral presented in the above table do not include the portfolio guarantee under the securitisation transactions of CZK 2,080,540 thousand (refer to Note 18 (g)).

2015	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral – balance sheet	Allocated collateral – off balance sheet	Aggregate allocated collateral
CZK thousand						
Cash and balances with central banks	38,633,848	-	38,633,848	-	-	-
Loans and advances to financial institutions*	4,047,655	176,357	4,224,012	997,663	-	997,663
Loans and advances to customers*	182,790,328	39,270,931	222,061,259	147,085,484	19,440,020	166,525,504
Positive fair value of financial derivative transactions	3,382,831	-	3,382,831	335,299	-	335,299
Securities held to maturity	11,265,127	-	11,265,127	-	-	-
Securities at fair value through profit or loss	1,182,137	-	1,182,137	-	-	-
Securities available for sale	873,408	-	873,408	-	-	-
Other assets	873,865	-	873,865	-	-	-

* including allowances and provisions

The values of allocated collateral presented in the above table do not include the portfolio guarantee under the securitisation transactions of CZK 2,080,925 thousand (refer to Note 18 (g)).

(I) Offset of Financial Assets and Financial Liabilities

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

2016	Amount of an asset/liability reported in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Relevant amount not offset in the statement of financial position			
			Net amount reported in the statement of financial position	Financial instrument	Received cash collateral	Total
tis. Kč						
Assets						
Positive values of financial derivatives	3,066,824	-	3,066,824	2,294,825	743,177	28,822
Loans and advances to customers	191,953	-	191,953	191,953	-	-
Total assets	3,258,777	-	3,258,777	2,486,778	743,177	28,822
Liabilities						
Negative values of financial derivatives	2,750,401	-	2,750,401	2,294,825	324,271	131,305
Total liabilities	2,750,401	-	2,750,401	2,294,825	324,271	131,305

2015	Amount of an asset/liability reported in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Relevant amount not offset in the statement of financial position			
			Net amount reported in the statement of financial position	Financial instrument	Received cash collateral	Total
tis. Kč						
Assets						
Positive values of financial derivatives	2,435,219	-	2,435,219	1,951,024	335,299	148,896
Loans and advances to customers	67,261	-	67,261	67,261	-	-
Total assets	2,502,480	-	2,502,480	2,018,285	335,299	148,896
Liabilities						
Negative values of financial derivatives	2,421,905	-	2,421,905	1,951,024	358,834	112,047
Total liabilities	2,421,905	-	2,421,905	1,951,024	358,834	112,047

39. RELATED PARTY TRANSACTIONS

At 31 December 2016

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

CZK thousand	Entities with significant influence over the Bank			Board of Directors, Supervisory Board and other managers			Other related parties			Total
	Parent companies	Subsidiaries	Other	Subsidiaries	Supervisory Board and other managers	Other related parties	Subsidiaries	Supervisory Board and other managers	Other related parties	
Receivables	495,330	-	-	11,100,149	112,473	106,768				11,814,720
Positive fair value of financial derivatives	2,475,373	-	-	47,059	-	848				2,523,280
Payables	14,885,058	222,216	838,236	94,549	22,676,987					38,717,046
Negative fair value of financial derivatives	1,799,212	-	28	-	-	35				1,799,275
Other capital instruments	1,934,450	-	-	-	-	-				1,934,450
Subordinated loans and bonds	2,737,981	-	-	-	-	-				2,737,981
Guarantees issued	35,222	-	3,234,398	-	-	14,984				3,284,604
Guarantees received	281,782	-	-	-	-	39,139				320,921
Nominal values of financial derivatives (off-balance sheet receivables)	248,150,842	-	8,033,972	-	-	691,552				256,876,366
Nominal values of financial derivatives (off-balance sheet payables)	247,679,999	-	8,033,972	-	-	690,710				256,404,681
Provided irrevocable loan commitments	(275,185)	(12,984)	(2,428,685)	(10,653)						(2,880,610)
Interest income	6,890	260	64,470	2,012	96,669					96,669
Interest expense	(90,962)	(7)	(92)	(303)	(272,643)					(272,643)
Fee and commission income	15,979	48	6,763	-	41,486					41,486
Fee and commission expense	(8,843)	-	(114)	-	(50,702)					(50,702)
Net profit or loss on financial operations	619,864	-	29,808	-	638,328					638,328
General administrative expenses	(149,942)	-	(23,809)	(86,187)						(259,938)
Other operating income, net	-	-	18,755	-	22,890					22,890

The receivables are principally composed of the following deposits with:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 495,330 thousand.

Provided loans:

- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 7,906,018 thousand;
- Raiffeisen FinCorp, s.r.o. (subsidiary of Raiffeisen Leasing, s.r.o.) in the amount of CZK 2,954,548 thousand;
- Flex-Space Plzeň I., spol. s r.o. (under joint control of Czech Real Estate Fund B. V.) in the amount of CZK 120,960 thousand;
- RDI Czech 4, s.r.o. (subsidiary of Raiffeisen Direct Investments CZ s.r.o.) in the amount of CZK 59,864 thousand; and
- RDI Czech 6, s.r.o. (subsidiary of Raiffeisen Direct Investments CZ s.r.o.) in the amount of CZK 58,759 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 248,150,842 thousand; and
- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 8,033,972 thousand.

The payables are principally composed of:

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 328,473 thousand; and
- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 252,099 thousand.

Term deposits:

- UNIQA Österreich Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,176,455 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,590 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 301,458 thousand;
- Raiffeisenbank AO (fellow subsidiary) in the amount of CZK 5,149,018 thousand;
- Raiffeisenbank (Bulgaria) EAD (fellow subsidiary) in the amount of CZK 1,490,835 thousand; and
- Raiffeisen Bank Zrt. (fellow subsidiary) in the amount of CZK 9,333,110 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 783,445 thousand.

Issued debt securities of the Bank:

- Raiffeisenbank Hungary (fellow subsidiary) in the amount of CZK 2,854,884 thousand;
- Raiffeisenbank Bulgaria (fellow subsidiary) in the amount of CZK 1,490,835 thousand; and
- Raiffeisen Bank International AG (parent company) in the amount of CZK 6,977,106 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 247,679,999 thousand; and
- Raiffeisen Leasing (subsidiary) in the amount of CZK 8,033,972 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,737,981 thousand.

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

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

At 31 December 2015

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

CZK thousand	Parent companies		Entities with significant influence over the Bank		Board of Directors, Supervisory Board and other managers		Other related parties		Total
Receivables	245,671	-	8,153,620	180,472	46,912				8,626,675
Positive fair value of financial derivatives	1,777,301	-	36,529	-	493				1,814,323
Payables	1,448,382	46,543	690,536	71,874	8,135,301				10,392,636
Negative fair value of financial derivatives	1,412,598	-	718	-	1,751				1,415,067
Other capital instruments	1,934,450	-	-	-	-				1,934,450
Subordinated loans and bonds	2,740,743	-	-	-	-				2,740,743
Guarantees issued	21,269	-	475,000	-	21,600				517,869
Guarantees received	11,725	7,000	2,298,901	-	123,697				2,441,323
Nominal values of financial derivatives (off-balance sheet receivables)	188,947,658	-	4,624,073	-	577,772				194,149,503
Nominal values of financial derivatives (off-balance sheet payables)	189,205,972	-	4,622,597	-	579,339				194,407,908
Provided irrevocable loan commitments	-	(12,972)	(43,200)	(40,398)	-				(96,570)
Interest income	(114,074)	12	87,688	3,330	44,739				21,695
Interest expense	303,111	(18)	(2,974)	(589)	(149,084)				150,446
Fee and commission income	19,603	13	2,657	-	17,039				39,312
Fee and commission expense	(313)	-	-	-	(41,704)				(42,017)
Net profit or loss on financial operations	(37,508)	-	(22,801)	-	2,709				(57,600)
General administrative expenses	(142,685)	-	(4,620)	(76,568)	(4,703)				(228,576)
Other operating income, net	5,287	-	17,362	-	4,297				26,946

The receivables are principally composed of the following deposits with:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 245,671 thousand.

Provided loans:

- Raiffeisen leasing, s.r.o. (subsidiary) in the amount of CZK 6,409,684 thousand;
- Raiffeisen FinCorp, s.r.o. (subsidiary of Raiffeisen leasing, s.r.o.) in the amount of CZK 1,487,735 thousand;
- Flex-Space Plzeň I., spol. s r.o. (under joint control of Czech Real Estate Fund B. V.) in the amount of CZK 133,127 thousand;
- CREF CZ 4 s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 62,069 thousand; and
- PRK Sigma O6, s.r.o. (subsidiary of Czech Real Estate Fund B. V.) in the amount of CZK 61,004 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 188,947,658 thousand; and
- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 4,624,072 thousand.

The payables are principally composed of:

Credit balances on the current account of the Bank from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 568,590 thousand; and
- Raiffeisen Leasing, s.r.o. (subsidiary) in the amount of CZK 404,078 thousand.

Term deposits:

- UNIQA Österreich Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,582 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,582 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 488,567 thousand;
- Raiffeisenbank AO (fellow subsidiary) in the amount of CZK 2,485,151 thousand;
- Raiffeisenbank (Bulgaria) EAD (fellow subsidiary) in the amount of CZK 810,817 thousand; and
- Eastern European Invest GmbH (fellow subsidiary) in the amount of CZK 1,297,325 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 299,707 thousand.

Issued debt securities of the Bank:

- Centrobank (fellow subsidiary) in the amount of CZK 240,421 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 252,376 thousand; and
- Raiffeisen Bank International AG (parent company) in the amount of CZK 54,050 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 189,947,658 thousand; and
- Raiffeisen Leasing (subsidiary) in the amount of CZK 4,624,073 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,740,743 thousand.

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

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

40. POST BALANCE SHEET EVENTS

On 29 November 2016, the Bank's management decided to take over the Czech branch of ZUNO BANK AG. This transaction has no impact on the separate financial statements for the year ended 31 December 2016.

In January 2017, the Bank placed another issue of subordinated unsecured AT1 capital investment certificates that combine the elements of equity and debt securities and fulfil the criteria for inclusion in the Bank's Tier 1 capital. The volume of this issue as of 31 January 2017 is CZK 680,904 thousand. This transaction has no impact on the separate financial statements for the year ended 31 December 2016.

In January 2017, the Bank's management decided to sell securities held to maturity. This transaction has no impact on the separate financial statements for the year ended 31 December 2016.

No other events occurred subsequent to the balance sheet date that would have a material impact on the separate financial statements as of 31 December 2016.

Raiffeisenbank a.s.

Consolidated Financial Statements Prepared in Accordance with International Financial Reporting Standards as Adopted by the European Union for the Year Ended 31 December 2016

Components of the Consolidated Financial Statements:

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

These consolidated financial statements were prepared and approved by the Board of Directors of the Bank on 4 April 2017.

Chief Financial Officer of the reporting entity



Tomáš Jelinek
Chief Financial Officer

Statutory body of the reporting entity



Igor Vida
Chairman of the Board of Directors



Rudolf Rabinřák
Vice-Chairman of the Board of Directors

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2016

CZK thousand	Note	2016	2015 (adjusted)
Interest income and similar income	7	7,875,914	7,473,885
Interest expense and similar expense	7	(1,264,797)	(1,060,582)
Net interest income		6,611,117	6,413,303
Change in provisions for credit risks	8	(927,384)	(1,097,047)
Net interest income after provisions for credit risks		5,683,733	5,316,256
Fee and commission income	9	2,710,873	2,663,524
Fee and commission expense	9	(929,925)	(737,197)
Net fee and commission income		1,780,948	1,926,327
Net profit on financial operations	10	2,307,890	1,253,792
Dividend income	11	25,000	30,000
General administrative expenses	12	(6,480,110)	(5,346,281)
Other operating income/(expenses), net	14	463,105	318,431
Operating profit		3,780,566	3,498,525
Share in income of associated undertakings	24	(1,480)	9,505
Profit/(loss) before income tax		3,779,086	3,508,030
Income tax	15	(737,565)	(693,168)
Net profit for the year attributable to:		3,041,521	2,814,862
The parent company's shareholders		2,794,412	2,689,595
Non-controlling interests		247,109	125,267
Other comprehensive income			
Items that can be reclassified to income (or expenses) in the future:			
Foreign exchange rate gains or losses from the translation of the financial statements denominated in foreign currencies		-	(1,577)
Gains/(losses) from re-measurement of securities available for sale reported in other comprehensive income		(28,029)	356,409
Re-measurement of securities available for sale transferred to profit or loss		(356,409)	-
Gains/(losses) from revaluation of cash flow hedges		(93,828)	(217,593)
Tax on profit attributable to components of other comprehensive income		83,820	(26,375)
Total other comprehensive income attributable to:		(394,446)	110,864
The parent company's shareholders		(394,446)	110,864
Non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,647,075	2,925,726

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

Consolidated Statement of Financial Position

As of 31 December 2016

CZK thousand	Note	2016	2015
ASSETS			
Cash and balances with central banks	16	92,080,041	38,634,429
Securities at fair value through profit or loss	17	733,639	1,182,137
Positive fair value of financial derivative transactions	37	3,885,435	3,346,581
Assets held for sale		-	33,753
Securities available for sale	17	594,302	873,408
Loans and advances to financial institutions	19	5,782,128	4,192,534
Loans and advances to customers	20	217,675,692	191,180,044
<i>of which: change in the fair value of hedged items</i>		(175)	(465)
Provisions for loans and advances	21	(6,264,042)	(6,256,462)
Fair value remeasurement of portfolio-re-measured items	20	389,354	264,129
Income tax receivable	15	5,041	473
Deferred tax asset	22	106,389	12,318
Securities held to maturity	17	2,545,956	11,265,127
Other assets	23	1,510,566	1,166,109
Equity investments in associates	24	30,548	59,406
Intangible fixed assets	25	2,192,593	1,814,688
Property and equipment	26	1 406,021	1,129,422
Investment property	27	1 122,239	1,095,817
TOTAL ASSETS		323,795,902	249,993,913
LIABILITIES AND SHAREHOLDERS' EQUITY			
Amounts owed to financial institutions	28	33,593,018	12,607,429
Amounts owed to customers	29	227,140,057	183,794,225
<i>of which: change in the fair value of hedged items</i>		187,333	196,398
Fair value re-measurement of portfolio-re-measured items (amounts owed to customers)	29	753,384	815,122
Negative fair value of financial derivative transactions	37	2,917,196	2,588,987
Deferred tax liability	22	87,781	147,066
Issued debt securities	30	24,722,224	18,466,381
<i>of which: change in the fair value of hedged items</i>		85,637	42,062
Provisions	31	1,122,654	920,763
Other liabilities	32	4,180,455	2,287,057
Subordinated liabilities and bonds	33	2,863,982	2,993,787
TOTAL LIABILITIES		297,380,751	224,620,817
SHAREHOLDERS' EQUITY			
Attributable to shareholders of the Group		25,670,783	24,848,707
Share capital	34	11,060,800	11,060,800
Reserve fund		693,918	693,908
Valuation gains or losses	34	(96 701)	297,745
Retained earnings		9,283,904	8,172,209
Other capital instruments	34	1,934,450	1,934,450
Profit for the year		2,794,412	2,689,595
Non-controlling interests	34	744,368	524,389
TOTAL SHAREHOLDERS' EQUITY		26,415,151	25,373,096
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		323,795,902	249,993,913

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

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2016

CZK thousand	Equity attributable to shareholders of the Group						Non-controlling interests	Total equity
	Share capital	Reserve fund	Gains and losses from revaluation	Retained earnings	Other capital instruments	Profit for the period		
Balance at 1 Jan 2015	11,060,800	693,908	186,881	7,258,740	1,934,450	2,040,116	546,360	23,721,255
Share capital increase	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,064,111)	(38,889)	(1,103,000)
Payment of coupon on other capital instruments	-	-	-	(62,536)	-	-	-	(62,536)
Net allocation to reserve funds	-	-	-	-	-	-	-	-
Allocation to retained earnings	-	-	-	976,005	-	(976,005)	-	-
Non-controlling interests in entities excluded from the consolidation group	-	-	-	-	-	-	(108,350)	(108,350)
Net profit for the period	-	-	-	-	-	2,689,595	125,267	2,814,862
Other comprehensive income, net	-	-	110,864	-	-	-	-	110,864
Comprehensive income for the period	-	-	110,864	-	-	2,689,595	125,267	2,925,726
Balance at 31 Dec 2015	11,060,800	693,908	297,745	8,172,209	1,934,450	2,689,595	524,389	25,373,096
Share capital increase	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(1,388,359)	(27,130)	(1,415,489)
Payment of coupon on other capital instruments	-	-	-	(134,460)	-	-	-	(134,460)
Net allocation to reserve funds	-	10	-	-	-	(10)	-	-
Allocation to retained earnings	-	-	-	1,301,226	-	(1,301,226)	-	-
Sale of an associate	-	-	-	(55,071)	-	-	-	(55,071)
Non-controlling interests in entities excluded from the consolidation group	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	2,794,412	247,109	3,041,521
Other comprehensive income, net	-	-	(394,446)	-	-	-	-	(394,446)
Comprehensive income for the period	-	-	(394,446)	-	-	2,794,412	247,109	2,647,075
Balance at 31 Dec 2016	11,060,800	693,918	(96,701)	9,283,904	1,934,450	2,794,412	744,368	26,415,151

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

Consolidated Cash Flow Statement

For the Year Ended 31 December 2016

CZK thousand	2016	2015
Profit before tax	3,779,086	3,508,030
Adjustments for non-cash transactions		
Change in provisions for credit risks	927,384	1,097,047
Depreciation and amortisation of property, plant and equipment, intangible assets and investment property	725,386	616,391
Impairment loss on intangible assets and investment property	90,963	38,109
Creation of other provisions	144,606	247,915
Change in fair values of financial derivatives	(304,474)	(469,798)
Unrealised loss/(gain) on revaluation of securities	(15,943)	7,000
Gain on the sale of tangible and intangible assets	(1,167)	(767)
Gain on the sale of subsidiary and joint ventures	(278,379)	-
Change in the revaluation of hedged items upon a fair value hedge	97,997	(172,527)
Share in loss/(gain) of associated undertakings	1,480	(9,505)
Remeasurement of foreign currency positions	689,255	353,828
Other non-cash changes	(1,040,477)	(728,744)
Operating profit before changes in operating assets and liabilities	4,815,717	4,486,979
Cash flows from operating activities		
<i>(Increase)/decrease in operating assets</i>		
Mandatory minimum reserve deposits with the Czech National Bank	(603,680)	(1,936,472)
Loans and advances to financial institutions	(1,443,157)	18,983,147
Loans and advances to customers	(27,316,306)	(17,056,809)
Securities at fair value through profit or loss and securities available for sale	436,052	5,685,026
Other assets	(344,457)	(7,156)
<i>Increase/(decrease) in operating liabilities</i>		
Amounts owed to financial institutions	20,712,683	(1,872,626)
Amounts owed to customers	43,267,423	18,523,305
Other liabilities	1,893,398	(374,091)
Net cash flow from operating activities before income tax and change in non-controlling interests	41,417,673	26,431,303
Income taxes paid	(889,456)	(351,808)
Increase/(decrease) in non-controlling interests	219,979	(108,350)
Net cash flow from operating activities	40,748,196	25,971,145
Cash flows from investing activities		
Net cash flow from the acquisitions and sales of subsidiaries, associates and jointly-controlled entities	251,807	-
Sale of securities available for sale	380,480	-
Purchase of property and equipment and intangible assets	(1,523,344)	(689,074)
Income from the sale of fixed assets	2,291	49,743
Net decrease of securities held to maturity	8,713,249	1,141,596
Dividends received	25,000	30,000
Net cash flow from investing activities	7,849,483	532,265
Cash flows from financing activities		
Share capital increase	-	-
Dividends and paid coupons on other capital instruments paid to the Bank's shareholders	(1,522,844)	(1,126,647)
Dividends paid to minority shareholders	(27,130)	(38,889)
Increase in other capital instruments	-	-
Bonds in issue	6,235,595	1,802,395
Subordinated liabilities and bonds	(125,386)	(1,166,612)
Net cash flow from financing activities	4,560,235	(529,753)
Net (decrease)/increase in cash and cash equivalents	53,157,914	25,973,657
Cash and cash equivalents at the beginning of the year (Note 35)	36,033,465	10,059,808
Cash and cash equivalents at the end of the year (Note 35)	89,191,379	36,033,465

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

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1. PARENT COMPANY INFORMATION

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

The Bank together with its subsidiaries and associates disclosed in Note 3 form the Raiffeisenbank a. s. Financial Group (henceforth the "Group"). The parent company of the Group is the Bank.

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

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

In addition to the licence to pursue bank operations, the Bank:

- was granted a securities broker licence; and
- has been listed by the Ministry of Finance of the Czech Republic as a limited insurance provider.

During the year ended 31 December 2016, the performance or provision of the Bank's activities and services were not restricted or suspended by the Czech National Bank.

2. SHAREHOLDERS OF THE PARENT COMPANY

The shareholders of the Bank as of 31 December 2016 and 2015:

Name, address	Voting power in %	
	2016	2015
Raiffeisen CEE Region Holding GmbH		
Am Stadtpark 9, Vienna, Austria	75%	75%
RB Prag Beteiligungs GmbH, Europaplatz 1a, 4020 Linz, Austria	25%	25%

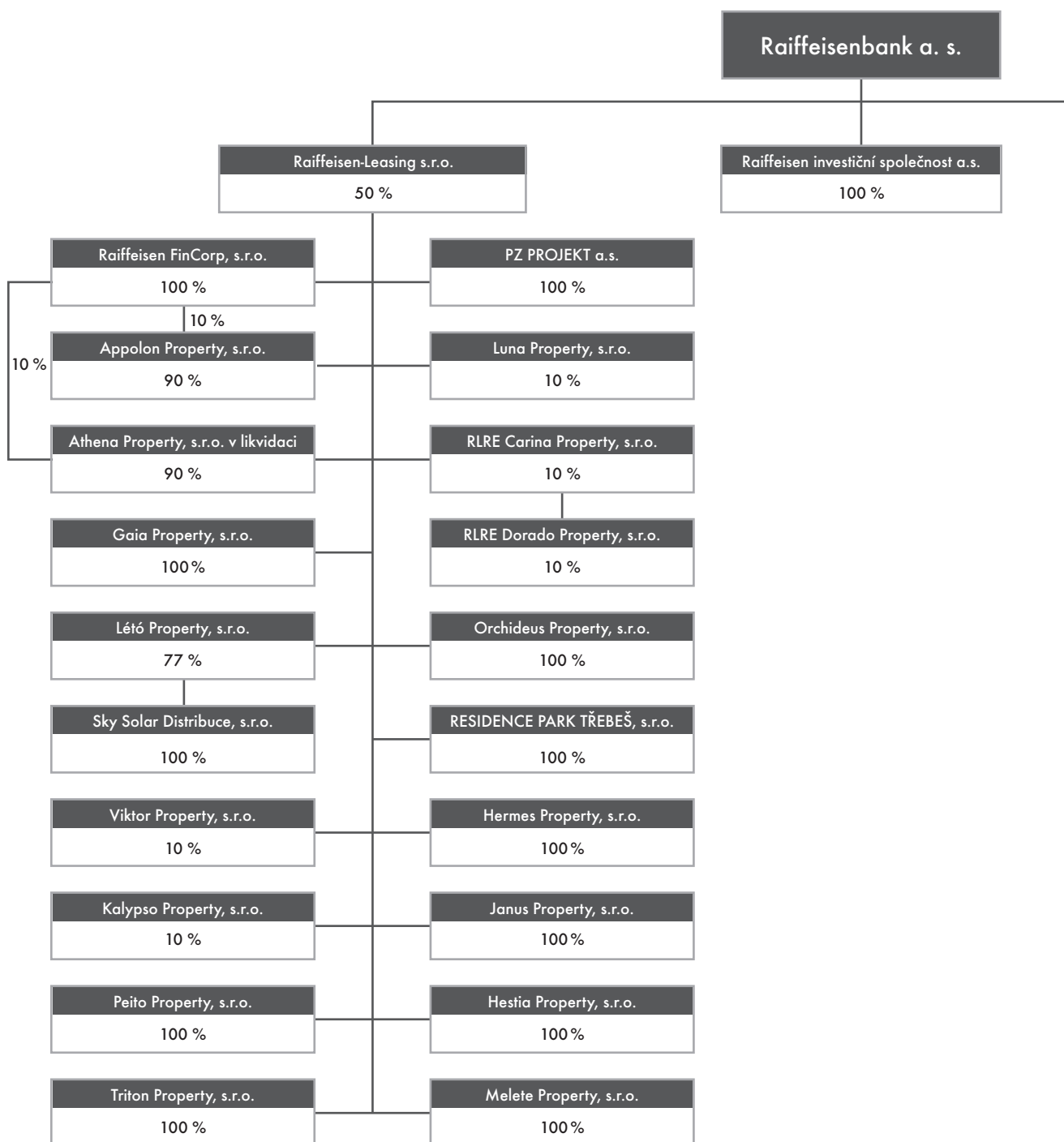
The equity interests of the shareholders equal their share in the voting power. All shareholders have a special relation to the Bank in terms of Section 19 of Banking Act No. 21/1992 Coll., as amended.

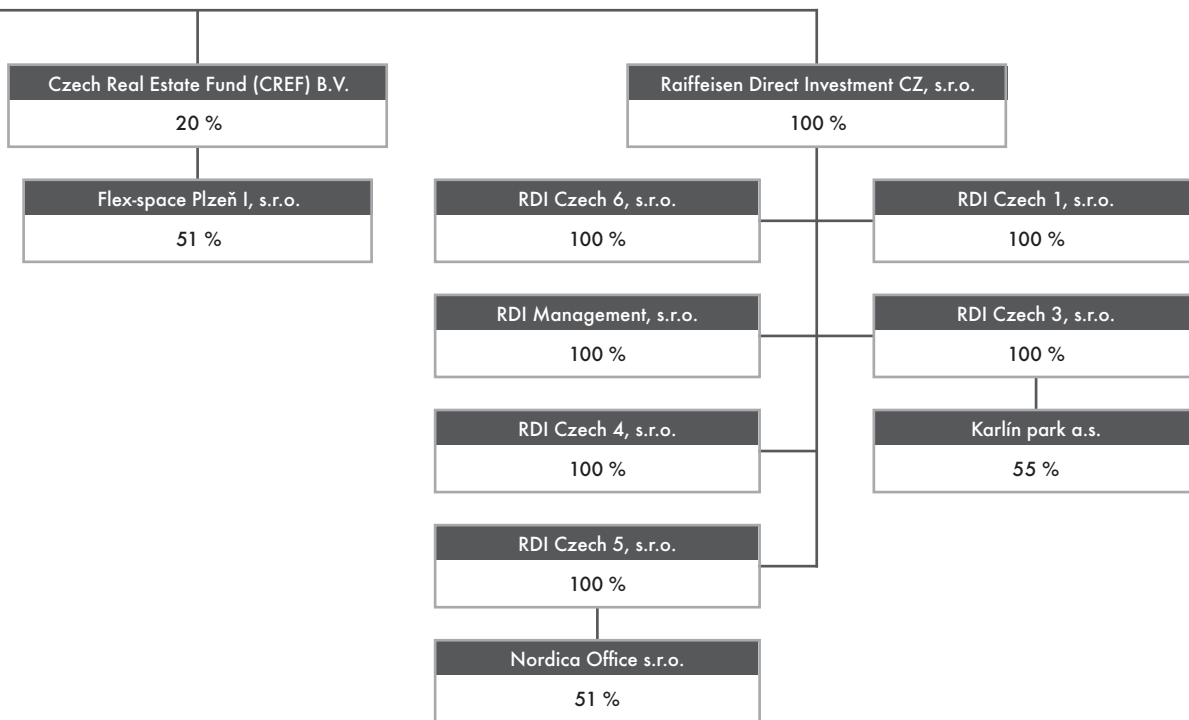
For information on the share capital of the parent company refer to Note 34.

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

3. DEFINITION OF THE CONSOLIDATED GROUP

(a) Group Chart as of 31 December 2016





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

(b) Group Companies Included in the Consolidation

As of 31 December 2016, the Group comprised the following entities:

Company	The Bank's effective holding <u>in %, in 2016</u>	Indirect holding through	Consolidation method in 2016	Registered office
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Raiffeisen Direct Investments CZ s.r.o.	100%	-	Full method	Prague
Raiffeisen - Leasing, s.r.o.	50%	-	Full method	Prague
Raiffeisen FinCorp, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Appolon Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
PZ PROJEKT a.s.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Luna Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Gaia Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Carina Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Dorado Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Orchideus Property, s. r. o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Viktor Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Czech Real Estate Fund (CREF) B.V.	100%	-	Full method	Amsterdam
RDI Management s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 1 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 3 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 4 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 5 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
RDI Czech 6 s.r.o.	100%	Raiffeisen Direct Investments CZ s.r.o.	Full method	Prague
Flex-space Plzeň I, s.r.o.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague
Nordica Office, s.r.o.	50%	Raiffeisen Direct Investments CZ s.r.o.	Equity method	Prague
Karlín park a.s.	50%	Raiffeisen Direct Investments CZ s.r.o.	Equity method	Prague

As of 31 December 2015, the Group comprised the following entities:

Company	The Bank's effective holding		Consolidation method in 2015	Registered office
	in %, in 2015	Indirect holding through		
Raiffeisen investiční společnost a.s.	100%	-	Full method	Prague
Transaction System Servis s.r.o.	100%	-	Full method	Prague
Raiffeisen - Leasing, s.r.o.	50%	-	Full method	Prague
Raiffeisen FinCorp, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Bondy Centrum s.r.o.	25%	Raiffeisen - Leasing, s.r.o.	Equity method	Prague
Appolon Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
PZ PROJEKT a.s.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Luna Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Gaia Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Carina Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
RLRE Dorado Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Orchideus Property, s. r. o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Viktor Property, s.r.o.	50%	Raiffeisen - Leasing, s.r.o.	Full method	Prague
Czech Real Estate Fund (CREF) B.V.	100%	-	Full method	Amsterdam
PRK Sigma Oó, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ1, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ2, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ3, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ4, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
CREF CZ5, s.r.o.	100%	Czech Real Estate Fund (CREF) B.V.	Full method	Prague
Flex-space Plzeň I, s.r.o.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague
Flex-space Plzeň II, s.r.o.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague
Karlín park a.s.	50%	Czech Real Estate Fund (CREF) B.V.	Equity method	Prague

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

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

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

(d) Full Consolidation of Raiffeisen - Leasing, s.r.o. including its Subsidiaries and Jointly Controlled Entities

The Group recognises the equity interest in Raiffeisen - Leasing, s.r.o. including its subsidiaries and jointly controlled entities in the portfolio of equity interests in subsidiaries, although it holds 50% of the share capital. The Group may appoint most of the 'Advisory Board' (which is the main advisory and supervisory body of Raiffeisen - Leasing, s.r.o.) and is considered the controlling entity under IFRS, with Raiffeisen - Leasing, s.r.o. (including its subsidiaries and jointly controlled entities) considered as a subsidiary and fully consolidated by it.

(e) Companies Newly Included in Consolidation in 2016

In 2016, RDI Czech 5, s.r.o. purchased an equity investment in Nordica Office s.r.o., which was included in the consolidation using the equity method of accounting.

(f) Companies Excluded from Consolidation in 2016

In December 2015, the Group's management decided to sell the associate Bondy Centrum s.r.o. The entity was sold in February 2016. In August 2016, Flex-Space Plzeň I, s.r.o. and Flex-Space Plzeň II s.r.o. merged by amalgamation, with Flex-Space Plzeň I, s.r.o. being the successor company. The merger did not have an impact on the consolidated financial statements.

(g) Sale of equity investments of Czech Real Estate Fund (CREF) B.V. to Raiffeisen Direct Investments CZ s.r.o.

During 2016, Czech Real Estate Fund (CREF) B.V. sold the equity investments in PRK Sigma 06, s.r.o., CREF CZ1, s.r.o., CREF CZ2, s.r.o., CREF CZ3, s.r.o., CREF CZ4, s.r.o. and CREF CZ5, s.r.o. to Transaction System Servis s.r.o.

Transaction System Servis s.r.o. was subsequently renamed to Raiffeisen Direct Investments CZ s.r.o., PRK Sigma 06, s.r.o. to RDI Czech 6 s.r.o., CREF CZ1, s.r.o. to RDI Czech 1 s.r.o., CREF CZ2, s.r.o. to RDI Management s.r.o., CREF CZ3, s.r.o. to RDI Czech 3 s.r.o., CREF CZ4, s.r.o. to RDI Czech 4 s.r.o. and CREF CZ5, s.r.o. to RDI Czech 5 s.r.o.

In the context of the transaction, a capital injection was made in respect of Raiffeisen Direct Investments CZ s.r.o. (in the form of a contribution outside the share capital) of CZK 217,000 thousand, and the equity investment in Czech Real Estate Fund (CREF) B.V. was decreased by CZK 85,833 thousand.

In 2017, Czech Real Estate Fund (CREF) B.V. is planned to be liquidated.

(h) Unconsolidated Entities

In the years ended 31 December 2016 and 2015, all subsidiaries and jointly controlled entities and associates were included in the consolidated group.

Raiffeisen – Leasing, s.r.o. legally owns Afrodite Property, s.r.o., ALT POHLEDY s.r.o., Amfion Property, s.r.o., Areal Kbely a.s., Astra Property, s.r.o., Boreas Property, s.r.o., Credibilis a.s., CRISTAL PALACE Property s.r.o., Dafné Property, s.r.o., Dike Property, s.r.o., Don Giovanni Properties, s.r.o., Easy Develop s.r.o., Éós Property, s.r.o., Erató Property, s.r.o., Eris Property, s.r.o., Euros Property, s.r.o., Exit 90 SPV s.r.o., FORZA SOLE s.r.o., FVE Cihelna s.r.o., Gala Property, s.r.o., GHERKIN, s.r.o., Grainulos s.r.o., GS55 Sazovice s.r.o., Harmonia Property, s.r.o., Hébé Property, s.r.o., Holečkova Property, s.r.o., Hyperion Property, s.r.o., Hypnos Property, s.r.o., Chronos Property, s.r.o., Inó Property, s.r.o., Iris Property, s.r.o., KAPMC s.r.o., Kappa Estates, s.r.o., Kleió Property, s.r.o., Lysithea a.s., Maloja investment SICAV a.s., Médea Property, s.r.o., Melete Property, s.r.o., Melpomene Property, s.r.o., Michalka – Sun s.r.o., Morfeus Property, s.r.o., Na Stárce, s.r.o., NC Ivancice s.r.o., Neptun Property, s.r.o., Nike Property, s.r.o., Niobé Property, s.r.o., Ofion Property, s.r.o., Onyx Energy roject II. s.r.o., Onyx Energy s.r.o., Palace Holding, s.r.o., Peito Property, s.r.o., Photon Energie s.r.o., Photon SPV 10 s.r.o., Photon SPV 11 s.r.o., Photon SPV 3 s.r.o., Photon SPV 4 s.r.o., Photon SPV 6 s.r.o., Photon SPV 8 s.r.o., PILSENINVEST SICAV, a.s., Pontos Property, s.r.o., Rheia Property, s.r.o., RLRE Beta Property s.r.o., RLRE Eta Property, s.r.o., RLRE Hotel Ellen, s.r.o., RLRE Jota Property, s.r.o., RLRE Ypsilon Property, s.r.o., Selene Property, s.r.o., Sirius Property, s.r.o., Strasnická realitní a.s., Theia Property, s.r.o., UPC Real, s.r.o., Urania Property, s.r.o., VILLA ATRIUM BUBENEČ s.r.o., Zefyros Property, s.r.o. and Zeleny Zlonin s.r.o. Although these entities are legally owned by Raiffeisen – Leasing, s.r.o., they do not meet the criteria of International Financial Reporting Standards for being included in the consolidation group since, based on concluded contracts, Raiffeisen – Leasing, s.r.o. is not a party accruing benefits arising from the activities of these entities and is exposed to risks relating to the entities; consequently, these entities are not the controlled entities, jointly controlled entities or associates.

In addition, the following entities were not included in the consolidation group in 2016 due to their immateriality: Athena Property, s.r.o. in liquidation, Hermes Property, s.r.o., Kalypso Property, s.r.o., Létó Property, s.r.o., RESIDENCE PARK TŘEBEŠ, s.r.o., Sky Solar Distribuce s.r.o., Hestia Property, s.r.o., Janus Property, s.r.o., Peitó Property, s.r.o., Tritón Property, s.r.o., Melete Property, s.r.o.

4. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Accounting Policies

These statutory consolidated financial statements were prepared in full compliance with International Financial Reporting Standards (IFRS) and interpretations approved by the International Accounting Standards Board (IASB) as adopted by the European Union.

The consolidated financial statements include a consolidated statement of financial position, a consolidated statement of comprehensive income, a consolidated statement of changes in shareholders' equity, a consolidated cash flow statement and notes to the consolidated financial statements containing accounting policies and explanatory disclosures.

The consolidated financial statements were prepared on the accruals basis of accounting whereby the effects of transactions and other events are recognised when they occur and are reported in the financial statements of the periods to which they relate, and on the going concern assumption.

These consolidated financial statements have been prepared under the historical cost convention (including any impairment) as modified by the remeasurement to fair value of financial assets and liabilities at fair value through profit or loss (including all financial derivatives) and available-for-sale securities and hedging derivatives upon a cash flow hedge through other comprehensive income.

Some companies within the Group maintain the books and prepare the financial statements under Czech Accounting Standards or accounting standards applicable in other countries in which the Group operates; the Group performs reclassifications and adjustments of figures to ensure compliance with IFRS.

All figures are presented in thousands of Czech crowns (CZK thousand), unless stated otherwise. Figures presented in brackets represent negative amounts.

Use of Estimates

The presentation of unconsolidated financial statements in conformity with IFRS requires the Group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. These estimates, which specifically relate to the determination of fair values of financial instruments (where no active market exists), valuation of intangible assets, impairment of assets and provisions, are based on the information available at the balance sheet date. However, the actual future results may differ from these estimates.

As disclosed in Note 41, the Group creates a provision for impairment of loans and receivables where there is objective evidence that, as a result of past events, the estimated future cash-flows are negatively impacted. These provisions are based on the Group's historical and current experience as well as judgments of the Group's management regarding the estimated future cash flows and represent the best estimate of loan impairment as of the balance sheet date.

The amounts recognised as provisions for liabilities are based on the management's judgments and represent the best estimate of expenditures required to settle a liability of uncertain timing or amount. Refer to Note 31 for more detailed disclosures of provisions for liabilities.

(b) Principles of Consolidation

Subsidiary undertakings (that is, entities in which the Bank holds, directly or indirectly, more than 50 percent of voting rights or in which the Bank otherwise exercises control over their activities) were consolidated using the full consolidation method. Subsidiaries are included in the consolidation from the date as of which the control over the companies is transferred to the Bank until the date when the Bank ceases to exercise this control. All significant intercompany transactions are eliminated on consolidation. All significant mutual receivables, payables, expenses and revenues, including profit, within the Group were excluded from consolidation. If the Group does not wholly own the subsidiary, it reports a non-controlling interest.

Associate and joint venture undertakings are accounted for under the equity method of accounting. An investment in an associate is one in which the Bank holds, directly or indirectly, 20 percent to 50 percent of its share capital and over which the Bank exercises significant influence or joint control, but which it does not control. A jointly controlled entity is an entity in which two or more participants share control of economic activities of the relevant entity. In accordance with the equity method of consolidation, the consolidated profit and loss account reflects the Group's share in the profit or loss of the associate or joint venture for the period. The share of the Group in associated and joint controlled undertakings is reported in the consolidated statement of financial position in an amount that reflects the Group's share in the net capital of the associates and joint control and includes goodwill arising on consolidation. The recognised net investment is regularly tested for impairment. If impairment is identified, the Group recognises an impairment loss on equity investments in associates or joint ventures.

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

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

Starting from the date when an associate becomes a subsidiary, it recognises its equity investment in line with IFRS 3 and IFRS 10. When the Group obtains control over the subsidiary, it measures the investment that it holds in the former associate/jointly controlled entity at fair value. It recognises the difference between the cost of an additional investment, the fair value of the investment prior to obtaining control, the value of non-controlling interests and the fair value of net identifiable assets as goodwill/negative goodwill. Equity investments where the Bank's shareholding interest is lower than 20 percent are presented as "Securities available for sale" (refer to Note 17) and are reported at fair value except for equity investments where the fair value cannot be reliably determined. In compliance with IAS 39, these equity investments are carried at cost and regularly tested for impairment.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Interest Expense and Interest Income

Interest income and expense are recognised in the consolidated statement of comprehensive income lines "*Interest income and similar income*" and "*Interest expense and similar expense*" on an accruals basis. The Group accounts for the accruals of interest using the effective interest rate method. The effective interest rate method is an approach to calculating the amortised cost of a financial asset or financial liability using the effective interest rate. The effective interest rate is used to discount the nominal value of future cash flows to the present value at the maturity date. Interest income (expense) also includes interest expense (income) arising from negative interest rates carried by the relevant assets (liabilities) of the Group.

(b) Fees and Commissions

Fees and commissions are recognised in the consolidated statement of comprehensive income lines "*Fee and commission income*" and "*Fee and commission expense*" on an accrual basis, with the exception of fees that are deemed to be an integral part of the effective interest rate. The effective interest rate includes fees directly relating to the provision of loans such as the fee for the provision of loans, loan application processing, paid commissions, etc.

(c) Dividends

Income from dividends on securities is recorded as declared and included as a receivable in the consolidated statement of financial position line "*Other assets*" and in "*Dividend income*" in the consolidated statement of comprehensive income. Upon receipt of the dividend, the receivable is offset against the collected cash.

Dividends paid reduce retained earnings in the period in which they are declared by the Annual General Meeting.

(d) Deferred Bonuses

The Group accounts for deferred bonuses on the accrual basis of accounting.

(e) Other Income and Expenses Reported in the Consolidated Statement of Comprehensive Income

Other income and expenses presented in the consolidated statement of comprehensive income are recognised under the accruals basis of accounting in the period to which they relate (and not as cash or its equivalent is received or paid).

Other operating expenses that do not directly relate to banking activities are reported in the consolidated statement of comprehensive income line "*Other operating (expenses)/income, net*".

(f) Taxation

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

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

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

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

(g) Financial Assets and Liabilities

Dates of Recognition and Derecognition of Financial Instruments in/from the Group's Consolidated Statement of Financial Position

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

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

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

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

The substance of transaction date accounting is as follows:

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

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

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

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

Day 1 Profit/Loss

In the event that the transaction price differs from the fair value of a financial asset or financial liability measured at fair value, the difference between these values (profit or loss) is reported in the statement of comprehensive income. The Group typically does not conduct this type of transaction.

Fair Value Measurement Principles

The fair value of financial assets and financial liabilities is based on their quoted market price at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated using appropriate pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on the management's best estimates and the discount rate is based on the market rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market rates at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated as the amount that the Group would receive or pay to terminate the contract at the balance sheet date, taking into account current market conditions and the current creditworthiness of the counterparties.

The revaluation of debt securities in the Group's portfolio is carried out on a daily basis using available market rates quoted by market participants by means of Bloomberg services. A group of contributors who provide reliable and regular debt security valuations is selected for each of the debt securities. The credit spread of the debt security is calculated from particular contributions and discount curves.

If there are sufficient current market prices of contributions available in respect of a given debt security, the valuation is calculated as an average value. To prevent possible errors of particular contributions, a comparison of daily changes is made at the same time. If there is no market price available as a source of valuation or the number of actual contributions is not sufficient, the Group will carry out the valuation on the basis of a risk-free interest rate swap rate, to which the last verified credit spread is applied. The Group continues to apply this method until:

- Market quotations are again available;
- The credit spread of a particular debt security is adjusted based on a comparison of credit spreads of similar debt securities;
- The Group receives other information about a change of the spread applied;
- The issuer's credit rating changes (change of internal and/or external rating, evidence from the market that creditworthiness is worsening); and
- The liquidity of the specific security has deteriorated significantly.

Subsequently, the Group will carry out the revaluation comprising new aspects of the market price, including an assessment of possible impairment losses.

The Group's management believes that the fair value of the assets and liabilities presented in these financial statements can be measured reliably.

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

- Loans and receivables;
- Financial assets and liabilities at fair value through profit or loss;
- Financial assets available for sale;
- Financial assets held to maturity;
- Financial liabilities at amortised cost; and
- Hedging derivatives.

Loans and Receivables

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

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

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

The change in provisions, after write-offs, is charged to the consolidated statement of comprehensive income line "Change in provisions for credit risks". Additional details can be found in Note 41 (b).

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

Restructuring of Loans and Receivables from Customers

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

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

Securities

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

Securities at Fair Value through Profit or Loss

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

Changes in the fair values of securities held for trading as well as securities measured at fair value through profit or loss are recognised in the consolidated statement of comprehensive income as "Net profit on financial operations". Interest income from bonds held for trading and securities at fair value through profit or loss is reported in the consolidated statement of comprehensive income in "Net profit on financial operations". For debt and equity securities traded on a public market, fair values are derived from quoted prices.

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

Securities Available for Sale

Securities available for sale are securities held by the Group for an indefinite period of time that are available for sale as liquidity requirements arise or market conditions change. In accordance with the investments strategy, the Group did not include securities in this portfolio in the past period. The Group does not intend to change the strategy for inclusion of securities in this portfolio in the coming years.

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

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

Securities Held to Maturity

Investments held to maturity are financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity. In accordance with the Group's strategy, only the securities issued by the Czech Republic are included in this portfolio. The Group does not anticipate changing this intent in the future.

Securities held to maturity are initially measured at cost and subsequently reported at amortised cost using the effective interest rate less impairment, if any. The amortisation of premiums and discounts and interest income from coupon debt securities held to maturity is included in "Interest income and similar income".

The fair value of this portfolio is disclosed in Note 40I "Fair values of financial assets and liabilities" of the consolidated financial statements.

Repurchase Agreements

Where debt or equity securities are sold under a concurrent commitment to repurchase them at a pre-determined price, they remain at fair value or amortised cost within the relevant portfolio in the consolidated statement of financial position and the consideration received is recorded in "Amounts owed to financial institutions" or "Amounts owed to customers". Conversely, debt or equity securities purchased under a concurrent commitment to resell are not recognised in the consolidated statement of financial position and the consideration paid is recorded in "Loans and advances to financial institutions" or "Loans and advances to customers".

Securities borrowed are not recognised in the consolidated financial statements, unless they are sold to third parties, in which case ("short sales") the purchase and sale are recorded as a liability with the gain or loss included in "Net profit on financial operations". The obligation to return them is recorded at fair value as a trading liability and presented in the consolidated statement of financial position line "Other liabilities".

Interest on debt securities transferred under repurchase transactions is accrued while interest on debt securities received under reverse repurchase transactions is not accrued. Income and expenses arising under repurchase or reverse repurchase transactions as the difference between the sale and repurchase price are accrued evenly over the term of the transaction and presented in the consolidated statement of comprehensive income as "Interest income and similar income" or "Interest expense and similar expense" as appropriate.

Debt Securities Issued

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

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

Financial Derivative Instruments

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

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

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

Realised and unrealised gains and losses are recognised in the consolidated statement of comprehensive income line "Net profit on financial operations", the only exception being unrealised gains and losses on cash flow hedges which are recognised in equity. Fair values of derivatives are based upon quoted market prices or pricing models which take into account current market and contractual prices of the underlying instruments, as well as the time value and yield curve or volatility factors underlying the positions. The fair value of derivative instruments also includes credit and debit adjustments resulting from a derivative transaction counterparty's credit risk.

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

Hedge Accounting

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

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

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

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

The Group applies fair value hedging to manage its market risks. Changes in the fair value of hedging derivatives classified as a fair value hedge are reported in the consolidated statement of comprehensive income in the line "*Net profit on financial operations*", interest income and expense on these derivatives (i.e. both realised and accrued) are reported in the consolidated statement of comprehensive income line "*Interest income and similar income*" or "*Interest expense and similar expense*", respectively, in the net value. A change in the fair value of the hedged item in relation to the fair value hedge of individual hedged items is recognised as part of the carrying amount of the hedged item in the consolidated statement of financial position and in the line "*Net profit on financial operations*" in the statement of comprehensive income. In respect of the fair value hedge of the hedged items portfolio, the change in the fair value of hedged items is reported in the consolidated statement of financial position as "*Fair value remeasurement of portfolio-remeasured items*" and "*Net profit on financial operations*" in the consolidated statement of comprehensive income.

The cash flow hedging is aimed at the elimination of uncertainty in future cash flows and the stabilisation of the net interest income. The effective part of the change in the fair value of hedging derivatives treated as cash flow hedges is reported in "*Gains/(losses) from revaluation of cash flow hedges*" in the consolidated statement of comprehensive income and cumulatively in "*Gains and losses from revaluation*" in the consolidated statement of financial position. The ineffective part of the change in the fair value of hedging derivatives treated as cash flow hedges is immediately presented in "*Net profit on financial operations*" in the consolidated statement of comprehensive income. The values that were reported in other comprehensive income are reallocated in profit or loss in the period in which the hedged item affects profits or losses in "*Net profit on financial operations*" in the consolidated statement of comprehensive income.

The effectiveness of the hedge is regularly tested on a monthly basis, prospectively and retrospectively. Where the hedge ceases to meet the criteria for hedge accounting, the maturity of the hedging instrument expires, the hedging instrument is sold, terminated or exercised, the Group discontinues the hedging relationship and writes off the adjustments of the carrying amount of the hedged interest-bearing financial instruments through the consolidated statement of comprehensive income over the period to the maturity of the hedged item in respect of the fair value hedge, or the accumulated profit or loss from the hedging instrument, originally presented in other comprehensive income, remain in the consolidated statement of financial position in "*Gains and losses from revaluation*" until the transaction is realised in respect of cash flow hedges.

Subordinated Debt

A subordinated loan is a loan where it has been contractually agreed that, in the event of liquidation, bankruptcy, forced settlement or settlement with the debtor, the loan will be repaid only after the full satisfaction of all other payables to other creditors, the only exception being payables that carry the same or similar subordination condition.

The principal balance of the subordinated loan and relevant interest is recognised from the draw-down date to the maturity date of the subordinated loan. The subordinated loan including the accrued and not yet paid portion of interest is reported as "*Subordinated liabilities*" in the consolidated statement of financial position. The amount of interest expense arising from subordinated deposits is recognised in the consolidated statement of comprehensive income line "*Interest expense and similar expense*".

Subordinated Debt Securities Issued

Subordinated debt securities issued are debt securities where it has been agreed that they will be settled only after the settlement of all other payables if the issuer is placed into liquidation or a resolution on the bankruptcy of the issuer is passed, except for payables that carry the same or similar subordination condition.

Subordinated debt securities issued are reported by the Group at amortised cost using the effective interest rate and are included in "Subordinated liabilities" in the statement of financial position. The interest expense from the issue of own bonds is reported in "Interest expense and similar expense" in the statement of comprehensive income.

Other Capital Instruments

Other capital instruments principally include AT1 capital investment certificates that combine the elements of equity and debt securities and meet the criteria for inclusion in the Group's auxiliary Tier 1 capital. These instruments are reported at nominal value in "Other capital instruments". The payment of interest income attributable to the certificate holders is governed by the relevant terms and conditions set out in the prospectus for the certificates and is made from the Bank's retained earnings following the approval of the profit distribution by the Bank's General Meeting of Shareholders.

(h) Offsetting

Financial assets and liabilities may be offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be reported in the statement of financial position on a net basis. The Group does not offset any financial assets and financial liabilities.

(i) Property and Equipment and Intangible Fixed Assets

Property and equipment includes identifiable tangible assets with physical substance and with an estimated useful life exceeding one year and a cost greater than CZK 40 thousand.

Intangible fixed assets include identifiable assets without physical substance with an estimated useful life exceeding one year and a cost greater than CZK 60 thousand.

Property and equipment and intangible fixed assets are stated at historical cost less accumulated depreciation and provisions and are depreciated when ready for use through the consolidated statement of comprehensive income line "General administrative expenses" on a straight line basis over their estimated useful lives.

Depreciation periods and depreciation rates for individual categories of assets are as follows:

	Depreciation period	Depreciation rate
Software (except for core banking systems)	4 years	25 %
Buildings	30 years	3.33 %
Other (cars, furniture and fixtures, office equipment and computers)	3 - 10 years	10 - 20 %

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

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

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

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

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

The Group periodically reviews the utilisation of its assets and adjusts guidance on their depreciation treatment, as and when needed, in the internal guideline on asset depreciation. A change in the depreciation period is not considered a change of accounting policies but a change of accounting estimates.

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

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

(j) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Group's share of the net assets (equity) of the consolidated company at the date of acquisition. Goodwill is reported in the consolidated statement of financial position as a component of "Intangible fixed assets". Goodwill is not amortised and is tested for impairment at least on an annual basis.

Goodwill is impaired if its carrying amount is greater than its estimated recoverable amount. The recoverable amount is defined as the estimated future economic benefits arising from the acquisition of an equity investment. When an impairment of assets is identified, the Group recognises the impairment through the consolidated statement of comprehensive income line "General administrative expenses".

Negative goodwill represents the difference between the cost and fair value of the Group's interest in net assets of the acquiree at the acquisition date. Negative goodwill exceeding reliably measurable future losses and costs of the acquiree (which are not reflected in its identifiable assets and liabilities) and the fair value of their non-monetary assets is immediately released to income.

(k) Leases

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

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

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

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

(l) Investment Property

Investment property, that is, property held to earn rentals or for capital appreciation, is stated at cost and subsequently depreciated based on the determined useful life or agreed lease term on the expenses of the Group. Depreciation is presented in the line "General administrative expenses".

The Group's investment property is regularly tested for impairment. When an impairment of investment property is identified, the Group recognises the impairment through "General administrative expenses".

(m) Provisions

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

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

Provisions for Guarantees and Other Off Balance Sheet Items

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

Provision for Payroll Bonuses

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

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

Other Provisions

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

(n) Non-Controlling Interests

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

(o) Transactions with Securities Undertaken on behalf of Clients

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

(p) Contingent Assets and Liabilities

A contingent asset/liability is a potential asset/liability that arises from past events and whose existence will be only confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognise contingent assets/liabilities in the balance sheet but regularly reviews their development to specify whether an inflow/outflow of resources embodying economic benefits has become probable. Where the likelihood of an outflow of economic benefits is higher than 50%, the Group will recognise a provision. Where the likelihood of an inflow of economic benefits is virtually certain, the Group will recognise an asset and revenue.

(q) Segment Reporting

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

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

Information on reportable operating segments of the Group is disclosed in Note 39.

(r) Foreign Currency Translation

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

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

(s) Cash and Cash Equivalents

The Group considers cash on hand, deposits with central banks, deposits with other banks and treasury bills with a contractual maturity of three months or less to be cash equivalents. For the purposes of determining cash and cash equivalents, the minimum reserve deposit with the CNB is not included as a cash equivalent due to restrictions on its availability.

6. CHANGES IN ACCOUNTING POLICIES IN 2016

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

In the year ended 31 December 2016, the Group did not apply any new standards and interpretations, the use of which would have a significant impact on the consolidated financial statements.

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

During the year ended 31 December 2016, the following standards, interpretations and amended standards issued by the IASB and adopted by the EU took effect:

- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 1 "Presentation of Financial Statements" – Disclosure Initiative adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" – Bearer Plants adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" – Acceptable Methods of Depreciation and Amortisation adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 19 "Employee Benefits" – Defined Benefit Plans: Employee Contributions – adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);
- Amendments to IAS 27 "Individual Financial Statements" – Equity Method in Separate Financial Statements adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016);

- Amendments to various standards “*Improvements to IFRSs (cycle 2010-2012)*” resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 17 December 2014 (amendments are effective for annual periods beginning on or after 1 February 2015); and
- Amendments to various standards “*Improvements to IFRSs (cycle 2012-2014)*” resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 15 December 2015 (amendments are effective for annual periods beginning on or after 1 January 2016).

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

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

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

- IFRS 9 “*Financial Instruments*” – adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018); and
-
- IFRS 15 “*Revenue from Contracts with Customers*” and amendments to IFRS 15 “*Effective date of IFRS 15*” – adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

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

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

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

- IFRS 14 “*Regulatory Deferral Accounts*” (effective for annual periods beginning on or after 1 January 2016) – the European Union decided not to start the adoption process of the interim standard and wait for the final standard;
- IFRS 16 “*Leases*” (effective for annual periods beginning on or after 1 January 2019);
- Amendments to IFRS 2 “*Share-based Payment*” – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IFRS 4 “*Insurance Contracts*” – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 “*Financial Instruments*” is applied first time);
- Amendments to IFRS 10 “*Consolidated Financial Statements*” and IAS 28 “*Investments in Associates and Joint Ventures*” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded);
- Amendments to IFRS 15 “*Revenue from Contracts with Customers*” – Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018);
- Amendments to IAS 7 “*Statement of Cash Flows*” – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 12 “*Income Taxes*” – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IAS 40 “*Investment Property*” – Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018);

- Amendments to various standards “*Improvements to IFRSs (cycle 2014-2016)*” resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018); and
- IFRIC 22 “*Foreign Currency Transactions and Advance Consideration*” (effective for annual periods beginning on or after 1 January 2018).
- IFRS 9 “*Financial Instruments*” is effective for annual periods beginning on or after 1 January 2018 and replaces IAS 39 “*Financial Instruments: Recognition and Measurement*”. IFRS 9 includes requirements for initial recognition, measurement and derecognition of financial assets and liabilities and hedge accounting. The IFRS 9 implementation project is currently underway in the Group with regard to classification, measurement and impairment.

IFRS 9 includes requirements for recognition and measurement, impairment, de-recognition and general hedge accounting.

Classification and Measurement – IFRS 9 introduces a new approach to the classification of financial assets, which is driven by cash flow characteristics (the “*SPPI test*”) and the business model in which an asset is held. Based on these criteria, the Bank categorises financial instruments as follows:

- Financial assets at amortised cost (“*AC*”);
- Financial assets at fair value through profit or loss (“*FVTPL*”); and
- Financial assets at fair value through other comprehensive income (“*FVOCI*”).

Substantially all loans are held by the Group under a business model designed to hold financial assets to collect contractual cash flows (“*held to collect*”). Based on the result of the SPPI test, loans may be classified as either AC or FVTPL. The portfolio analysis is ongoing at present but the Group anticipates that the vast majority of the loan portfolio will meet the SPPI test and will therefore be classified as AC, ie will continue to be presented on a practically identical basis.

Other financial instruments, namely securities, are held under a business model designed to collect contractual cash flows (“*held to collect*”). These assets may see minor changes in the presentation as a result of a change in classification in specific cases.

Impairment – IFRS 9 has introduced a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The Group anticipates that the new treatment will lead to greater provisioning at the initial recognition date.

Other requirements of IFRS 9 in this area include calculating impairment not only by reference to historical information but also on the basis of current and future prospective macroeconomic or other Group-specific information. The methodology for using this information is currently being analysed and fine-tuned internally and within the Group.

For provisioning purposes, IFRS 9 requires using a new three-level model that evaluates changes in portfolio quality since initial recognition at the balance sheet date.

Level 1 includes financial assets the credit risk of which has not increased significantly since initial recognition and assets with low credit risk at the balance sheet date. The 12-month expected credit losses are recognised for assets in this category. Interest income is calculated on the basis of the gross carrying amount of assets. The Group anticipates that this category will include the majority of standard receivables.

Level 2 includes financial assets the credit risk of which has increased significantly since initial recognition but for which there is no objective evidence of impairment. Full lifetime expected credit losses are recognised for these assets. Interest income is calculated on the basis of the gross carrying amount of assets. The Group anticipates that this category will include receivables whose risk profile has deteriorated since the origination date. In line with the concept, the Group takes into account available information in developing models while also closely cooperating with the Group in developing a consistent interpretation of the methodology.

Level 3 includes financial assets for which there is objective evidence of impairment. Full lifetime expected credit losses are recognised for these assets. Interest income is calculated on the basis of the net carrying amount of assets. This category will include receivables with default. For Level 3 receivables, the Group does not anticipate any significant changes in the logics of the calculation as compared to the current approach to provisioning receivables in default.

Hedge accounting – IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activities. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities. IFRS 9 generally expands and simplifies the possibility of applying hedge accounting by, for example, enabling a broader inclusion of non-financial assets or derivatives among hedged items and simplifying the assessment of hedge effectiveness.

The Group expects that the current and planned hedge accounting arrangements will be subordinated to IFRS 9 as a whole. Given the delayed application of part of IFRS 9 in respect of macro hedge accounting, it will be possible to follow the guidance under IAS 39 on hedge accounting until the date of the effectiveness of the full version of IFRS 9. From 1 January 2018 the Group will continue to approach hedge accounting in line with IAS 39, not under the preliminary guidance under IFRS 9.

The Group will not early-adopt IFRS 9, hence it will apply the requirements of the standard from 1 January 2018.

The expected timeline of the implementation is as follows:

- 2016: finalisation of the IFRS 9 impact analysis;
- 1st quarter of 2017: development of internal and Group-wide methodology and calculation of parameters;
- 1st to 3rd quarter of 2017 : implementation of models for determining impairment under the new standard; and
- 3rd – 4th quarter of 2017: user testing.

The Group will not restate previous periods. The Group plans on preparing and disclosing the following reconciliations:

- Reconciliation of financial assets per the portfolios defined in IAS 39 as of 31 December 2017 and per the new portfolios defined in IFRS 9 as of 1 January 2018; and
- Reconciliation of the amount of provisions defined in IAS 39 as of 31 December 2017 and defined in IFRS 9 as of 1 January 2018 by class of financial assets.

In view of the complexity of the change arising from IFRS 9 and given the pending implementation project, the Group presently does not calculate the expected impact of the initial application of IFRS 9 on the financial statements.

The Group anticipates that the key impact will relate to increased provisioning levels since IFRS 9 requires recognising provisions for expected losses even on assets for which there is no objective evidence of impairment at the financial statements date.

Upon initial recognition as of 1 January 2018, the effect of changes in impairment of financial assets will be charged against equity. Ongoing changes subsequent to 1 January 2018 arising from the new provisioning requirements will be reported in the statement of comprehensive income.

IFRS 15 “*Revenue from Contracts with Customers*” issued by the IASB on 28 May 2014 (on 11 September 2015 the IASB deferred the effective date of IFRS 15 to 1 January 2018 and on 12 April 2016 the IASB issued clarifications to this standard). IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 “*Revenue*”, IAS 11 “*Construction Contracts*” and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers (the main exceptions are leases, financial instruments and insurance contracts). The core principle of the new standard is for companies to recognise revenue depicting the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Group is currently assessing the impacts of IFRS 15 on the Group’s financial statements from 2018. The contracts that are subject to the Group’s assessment in respect of the impacts of IFRS 15 predominantly involve those resulting in reporting revenue arising from fees and commissions. The Group has so far identified the following types of contractual relations, the recognition of which will be subject to new IFRS 15 requirements:

1. Contracts for supplies of financial services combined with supplies of goods ;
2. Contracts the conclusion of which is supported by paying internal or external commissions; and
3. Contracts supported by the loyalty programme.

The Group has not yet identified any significant impact of the application of the new standard on its profit or loss.

The Group anticipates that the adoption of other standards, amendments to existing standards and interpretations in the period of their first-time adoption will have no significant impact on the consolidated financial statements of the Group prepared as of 31 December 2016, including comparative information.

7. NET INTEREST INCOME

CZK thousand	2016	2015 (adjusted)
Interest income arising from		
Loans and advances to financial institutions	68,632	34,381
Loans and advances to customers	7,164,011	6 894,868
Fixed income securities	157,345	192,172
Financial derivatives, fair value hedge, net	307,332	209,131
Financial derivatives, cash flow hedge, net	-	2,548
Financial derivatives in the banking portfolio, net	178,594	140,785
Total interest income and similar income	7,875,914	7 473,885
Interest expense arising from		
Deposits from financial institutions	(79,676)	(54,308)
Deposits from customers	(511,095)	(551,623)
Securities issued	(308,391)	(327,421)
Subordinated liabilities	(93,931)	(104,279)
Securitisation	(245,902)	(22,951)
Financial derivatives, cash flow hedge, net	(25,802)	-
Total interest expense and similar expense	(1,264,797)	(1 060,582)
Net interest income	6,611,117	6,413,303

In "Interest income arising from financial derivatives, fair value hedge (net)", the Group reports net interest expense from hedging financial derivatives upon a fair value hedge of mortgage loans of CZK (248,494) thousand (2015: CZK (312,477) thousand), net interest income from hedging financial derivatives upon a fair value hedge of term deposits and the portfolio of current and savings accounts of CZK 522,262 thousand (2015: CZK 504,952 thousand) and net interest income from hedging financial derivatives upon a fair value hedge of securities issued of CZK 33,564 thousand (2015: CZK 17,241 thousand). The Group started applying hedge accounting upon a fair value hedge of securities issued in 2015.

Interest income additionally includes interest on impaired assets (primarily loans and advances to customers) of CZK 230,134 thousand (2015: CZK 236,981 thousand).

Interest income includes interest paid on assets carrying negative interest rates (primarily loans and advances to financial institutions) of CZK 3,880 thousand (2015: CZK 1,019 thousand) and interest received on liabilities carrying negative interest rates (primarily deposits from financial institutions) of CZK 15,481 thousand (2015: CZK 712 thousand).

8. CHANGE IN PROVISIONS FOR CREDIT RISKS

CZK thousand	2016	2015
Changes in loan loss provisions		
Charge for provisions	(2,933,634)	(2,586,413)
Release of provisions	1,819,098	1,590,802
Use of provisions	1,108,577	1,414,696
Release of discount	105,155	
Nominal value of assigned and written off receivables	(1,109,856)	(1,418,178)
<i>of which: Direct write-off of receivables</i>	(4,533)	(20,769)
Recoveries	140,583	34,528
Total changes in loan loss provisions	(870,077)	(964,565)
Provisions for off balance sheet credit risk exposures		
Charge for provisions	(143,193)	(184,438)
Release of provisions	85,886	51,956
Total change in provisions for off-balance sheet risks	(57,307)	(132,482)
Change in provisions for credit risk	(927,384)	(1,097,047)

9. NET FEE AND COMMISSION INCOME

CZK thousand	2016	2015
Fee and commission income arising from		
Payment transactions	1,681,839	1,823,008
Provided loans and guarantees	489,279	476,111
Securities transactions	219,625	125,650
Financial operations	6,564	8,196
Mediation of the Group's products sale	85,938	53,930
Administration of funds and distribution of participation certificates	162,499	90,901
Other banking services	65,129	85,728
Total fee and commission income	2,710,873	2,663,524
Fee and commission expense arising from		
Payment transactions	(630,307)	(604,511)
Receiving of loans and guarantees	(118,204)	(56,219)
Securities transactions	(20,504)	(19,756)
Financial operations	(7,629)	(6,958)
Mediation of the sale of the Group's products	(10,093)	(8,085)
Other services	(143,188)	(41,668)
Total fee and commission expense	(929,925)	(737,197)
Net fee and commission income	1,780,948	1,926,327

10. NET PROFIT ON FINANCIAL OPERATIONS

CZK thousand	2016	2015
Interest rate derivatives	(51,874)	(25 296)
Commodity derivatives	-	290
Equity derivatives	-	-
Profit/loss from foreign currency transactions	1,554,976	1,166,807
<i>of which: Customer foreign currency result</i>	1,293,156	966,946
<i>FX proprietary P/L</i>	261,820	199,861
Profit/loss from transactions with securities	8,407	57,209
<i>of which: Portfolio of securities available for sale</i>	-	-
<i>Portfolio of securities held for trading</i>	7,707	55,969
<i>Portfolio of securities at fair value through profit or loss</i>	-	-
<i>Own issue</i>	700	1,240
Profit/(loss) from hedge accounting upon a cash flow hedge – the ineffective part	5,704	(5 704)
Profit/(loss) from the sale of securities available for sale (refer to Note 40 c)	518,638	-
Profit/(loss) from the sale of equity interests (refer to Note 42 c)	278,379	-
Change in the fair value of the hedged item in the fair value hedging	152,567	127,189
Change in the fair value of hedging derivatives in the fair value hedging	(158,907)	(66 703)
Total	2,307,890	1,253,792

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

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

The “FX proprietary P/L” line items includes accumulated net profit/loss arising from cash flow hedging recognised for the period through profit or loss in the amount of CZK 251,122 thousand (2015: CZK 385,544 thousand) (refer to Note 34 (c)).

11. DIVIDEND INCOME

In the year ended 31 December 2016, “Income from other shares and participation interest” amounted to CZK 25,000 thousand (2015: CZK 30,000 thousand). The income includes the dividends from Raiffeisen stavební spořitelna a.s.

12. GENERAL ADMINISTRATIVE EXPENSES

CZK thousand	2016	2015
Payroll costs (Note 13)	(3,351,566)	(2,650,699)
Administrative expenses	(2,312,195)	(2,041,082)
Rental, repairs and other office management service expenses	(558,750)	(551,343)
Advertising costs	(383,269)	(324,323)
Costs of legal and advisory services	(318,557)	(302,849)
<i>of which: Audit</i>	(8,064)	(6,528)
<i>Tax advisory</i>	(3,692)	(4,502)
IT support costs	(511,921)	(338,963)
Deposit and transaction insurance	(39,700)	(250,846)
Telecommunication, postal and other services	(125,455)	(108,623)
Security costs	(47,834)	(35,244)
Training costs	(32,325)	(30,987)
Office equipment	(23,104)	(19,542)
Travel costs	(24,017)	(21,543)
Contribution to the crisis resolution fund	(193,739)	-
Fuel	(40,487)	(26,360)
Other administrative expenses	(13,037)	(30,459)
Depreciation and amortisation of fixed assets (Notes 25, 26 and 27)	(725,386)	(616,391)
Loss from impaired investment property (Note 27)	(25,237)	(3,721)
Loss from impaired intangible assets (Note 25)	(65,726)	(34,388)
Total	(6,480,110)	(5,346,281)

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

13. PAYROLL COSTS

CZK thousand	2016	2015
Wages and salaries	(2,499,136)	(1,959,020)
Social security and health insurance	(755,911)	(610,601)
Other staff costs	(96,519)	(81,078)
Total	(3,351,566)	(2,650,699)
Of which wages and salaries paid to:		
Members of the Board of Directors	(81,444)	(71,954)
Members of the Supervisory Board	(4,743)	(4,614)
Total	(86,187)	(76,568)

The average number of the Group's employees as of 31 December 2016 and 2015 was as follows:

	2016	2015
Employees	3,091	2,739
Members of the Board of Directors	7	7
Members of the Supervisory Board	7	9

The members of the Board of Directors and Supervisory Board in the above table represent the members of the Bank's Board of Directors and Supervisory Board.

The financial arrangements between the Group and members of the Board of Directors and Supervisory Board are disclosed in Note 43.

14. OTHER OPERATING INCOME/(EXPENSES), NET

CZK thousand	2016	2015
Change in operating provisions and allowances	6,792	1,405
Gain/(loss) from the disposal of in-/tangible fixed assets	1,167	(767)
Income from leases	72,779	61,632
Other	382,367	256,161
Total	463,105	318,431

15. INCOME TAX

(a) Income tax expense

CZK thousand	2016	2015
Income tax payable	(796,137)	(667,214)
Tax overpayment/(additional payments) from the previous period	(10,964)	(6,628)
Deferred income tax credit /(charge)	69,536	(19,326)
Total income tax	(737,565)	(693,168)

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

CZK thousand	2016	2015
Pre-tax profit (general tax base)	3,779,086	3,508,030
Total pre-tax profit	3,779,086	3,508,030
Tax calculated at the tax rate for the general tax base - 19 % (2015: 19 %)	(718,026)	(666,526)
Non-taxable income (tax effect)	377,633	355,170
Non-tax deductible expenses (tax effect)	(458,813)	(356,172)
Tax relief and credit	3,069	314
Tax liability for the period	(796,137)	(667,214)
Tax overpayment/(underpayment) from the previous period, use of tax relief and credit, including tax refunds and additional assessments from previous years	(10,964)	(6,628)
Deferred tax	69,536	(19,326)
Total income tax	(737,565)	(693,168)
Effective tax rate	19.52%	19.76%

(b) Income Tax Provision)/Receivable

CZK thousand	2016	2015
Tax calculated at the tax rate for the general tax base - 19% (2015: 19%)	(796,137)	(667,214)
Tax liability for the period	(796,137)	(667,214)
Advances paid for current income tax	552,855	346,146
Total income tax (provision)/asset	(243,282)	(321,068)

CZK thousand	2016	2015
Income tax receivable reported in the balance sheet	5,041	473
Income tax provision reported in the balance sheet	(248,323)	(321,541)
Total income tax (provision)/asset	(243,282)	(321,068)

For additional details on the deferred tax, refer to Note 22.

16. CASH AND BALANCES WITH CENTRAL BANKS

CZK thousand	2016	2015
Cash on hand and other cash equivalents	2,976,342	2,877,016
Balances with central banks	85,395,828	32,653,222
Minimum reserve deposits with the CNB	3,707,871	3,104,191
Total	92,080,041	38,634,429

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

For the information on cash and other highly liquid balances reported in the consolidated cash flow statement, refer to Note 35.

17. SECURITIES

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

CZK thousand	2016	2015
Securities held to maturity (debt securities)	2 545,956	11,265,127
Securities at fair value through profit or loss	733,639	1,182,137
of which: Securities held for trading	733,639	1,182,137
- Debt securities	733,639	1,182,137
of which: Securities designated as FVTPL on initial recognition	-	-
- Debt securities	-	-
Securities available for sale (shares and participation certificates)	594,302	873,408
Total	3 873,897	13,320,672
<i>of which: repayable within one year</i>	<i>13,693</i>	<i>9,262,517</i>
<i>repayable in more than one year</i>	<i>3 860,204</i>	<i>4,058,155</i>

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

"Securities at fair value through profit or loss" includes government bonds and treasury bills of CZK 125,592 thousand (2015: CZK 1,179,378 thousand) which may be used for refinancing with the Czech National Bank.

"Securities available for sale" includes the Group's investment in Raiffeisen stavební spořitelna a.s. in the aggregate amount of CZK 479,000 thousand (2015: CZK 516,106 thousand) and its membership in the association Visa Inc. of CZK 114,411 thousand (2015: CZK 0). In 2015, "Securities available for sale" included membership in the association Visa Europe Limited of CZK 356,409 thousand. The increase in the carrying amount of Visa Europe Limited membership in 2015 is attributable to revaluation of the share arising from the announced sale of Visa Europe Limited to Visa Inc.

For more details on the settlement of the sale of the Visa Europe association to Visa Inc., please refer to Note 40(c).

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

(b) Securities Pledged as Collateral

As of 31 December 2016 and 2015, the Group provided no pledge of securities as collateral as part of repurchase and similar transactions with other banks and clients.

18. ASSETS HELD FOR SALE

As of 31 December 2016, the Group reported no assets held for sale.

The carrying amount of assets held for sale is CZK 33,753 thousand as of 31 December 2016. The assets predominantly included payment terminals placed at sellers and owned by the Group, which the Group sold in 2016.

19. LOANS AND ADVANCES TO FINANCIAL INSTITUTIONS

CZK thousand	2016	2015
Placements with financial institutions	819,209	503,227
Term deposits with banks	1,564,096	456,954
Loans and other advances to financial institutions	946,136	774,114
Received loans	341,764	237,154
Debt securities	2,110,923	2,221,085
Total	5,782,128	4,192,534
<i>of which: repayable within one year</i>	5,731,888	1,774,889
<i>repayable in more than one year</i>	50,240	2,417,645

20. LOANS AND ADVANCES TO CUSTOMERS

(a) Classification of Loans and Advances to Customers

CZK thousand	2016	2015
Overdrafts	3,226,914	6,333,466
Term loans	125,214,537	106,551,703
Mortgage loans	80,048,172	71,234,820
Finance lease	6,620,506	4,930,199
Debt securities	1,500,232	1,198,038
Other	1,065,331	931,818
Total	217,675,692	191,180,044
<i>of which: repayable at request</i>	3,226,914	6,333,466
<i>repayable within one year</i>	59,562,659	50,670,370
<i>repayable in more than one year</i>	154,886,119	134,176,208

The Group applies hedge accounting upon a fair value hedge of the portfolio of receivables from mortgage loans. The amount of the remeasurement of hedged items as of 31 December 2016 was CZK 389,354 thousand (2015: CZK 264,129 thousand).

(b) Repurchase and Reverse Repurchase Transactions

The Group advanced loans in the aggregate amount of CZK 191,953 thousand (2015: CZK 67,261 thousand) under reverse repurchase transactions. Reverse repurchase transactions are collateralised by securities with the fair value of CZK 299,874 thousand (2015: CZK 91,683 thousand).

(c) Analysis of Loans Provided to Customers by Sector

CZK thousand	2016	2015
Public sector	1,091,958	1,217,200
Loans to corporate entities (Large corporate)	101,992,863	99,466,574
Loans to private individuals	98,156,653	83,839,776
Small and medium-sized enterprises (SME)	16,434,218	6,656,494
Total	217,675,692	191,180,044

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

CZK thousand	2016	2015
Czech Republic	206,272,322	182,737,704
Slovakia	3,557,677	2,009,146
Other - EU countries	3,924,315	3,614,351
Other	3,921,378	2,818,843
Total	217,675,692	191,180,044

(e) Ageing of Loans to Customers

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

CZK thousand	Past due date		Nominal collateral value	
	2016	2015	2016	2015
Past due				
1 - 30	3,191,704	1,901,666	2,326,236	1,603,599
31 - 90	318,284	357,222	195,755	268,784

Even though the nominal value of the collateral does not cover the volume of loans in the '1 - 30 days past due' category in full, the Group did not recognise individual provisions as the majority of loans in the category are only one day past their due date.

(f) Analysis of Loans Provided to Customers by Delays

CZK thousand 2016	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Amounts due from customers							
- without default	206,289,126	3,191,704	318,284	-	-	-	209,799,114
- with default	1,853,999	302,269	345,885	593,679	809,759	3,970,987	7,876,578
Gross	208,143,125	3,493,973	664,169	593,679	809,759	3,970,987	217,675,692
Provisions	(1,428,349)	(257,837)	(278,741)	(372,001)	(461,647)	(3,465,467)	(6,264,042)
Net	206,714,776	3,236,136	385,428	221,678	348,112	505,520	211,411,650

CZK thousand 2015	Before due date	Less than 1 month	1 month to 3 months	3 months to 6 months	6 months to 1 year	Over 1 year	Total
Amounts due from customers							
- without default	179,954,743	1,901,666	357,222	-	-	-	182,213,631
- with default	2,858,917	391,210	623,859	373,804	755,672	3,962,951	8,966,413
Gross	182,813,660	2,292,876	981,081	373,804	755,672	3,962,951	191,180,044
Provisions	(1,766,200)	(277,974)	(216,000)	(182,598)	(296,577)	(3,517,113)	(6,256,462)
Net	181,047,460	2,014,902	765,081	191,206	459,095	445,838	184,923,582

The definition of amounts due with default and without default is disclosed in Note 41(a).

The proportion of amounts due with default decreased year-on-year from 4.7% to 3.6% of the total loan portfolio. The coverage by individual provisions for loans with default grew from 55.7% in 2015 to 63.1% at the end of 2016.

(g) Securitisation**ROOF RBCZ 2015**

Since December 2015, the Group has carried out a synthetic securitisation of the Corporate Banking loans and guarantees portfolio. The total nominal value of the transaction is EUR 1 billion. The selected portfolio was divided into three tranches by the credit risk exposure attributable to individual tranches. The junior (the first loss piece) tranche amounts to 1.4% of the nominal value. The credit risk relating to the mezzanine tranche has been transferred to external institutional investors. For the purposes of this transaction, a special-purpose vehicle ROOF RBCZ 2015 S.à.r.l. with its registered office in Luxembourg was established, which issued debt securities relating to the credit risk of the mezzanine tranche. These debt securities were sold to external institutional investors and at the same time, ROOF RBCZ 2015 S.à.r.l. provided a portfolio guarantee to the Group as collateral for the credit risk arising from the mezzanine tranche in the amount of CZK 2,080,540 thousand (2015: CZK 2,080,925 thousand). The guarantee is secured by the assets of ROOF RBCZ 2015 S.à.r.l., which comprise cash received by the entity through the sale of the debt securities issued. The transaction will mature in April 2024; in the following three years, the Group may replace settled credit exposures with new ones in its securitised portfolio under the predefined criteria. The costs of the guarantee received is of an interest nature and is recognised in "Interest expense and similar expense", refer to Note 7.

The Group has no equity interest in the newly-established entity and exercises no control or significant influence over it under IFRS. ROOF RBCZ 2015 S.à.r.l. may only perform specific limited-scope activities relevant to the transaction, which were defined in detail at the inception of the transaction, and the Group is unable to influence the activities. For these reasons, the Group does not consider the entity to be its subsidiary or associate. With the exception of the received guarantee referred to above and the charge paid by the Group for this guarantee, the Group reports no assets, liabilities or other balances in respect of ROOF RBCZ 2015 S.à.r.l. that would result in any risks for the Group in relation to this entity.

ROOF CEE 2006-1

Since March 2006, the Group has carried out a synthetic securitisation of the Corporate Banking loans portfolio. In 2013, the Group prematurely terminated the securitisation. The substance of the transaction involved transferring part of the credit risk to the investor which was Kreditanstalt für Wiederaufbau (KfW).

The Group entered into the securitisation transaction jointly with Raiffeisen Bank Polska S.A. and the process was coordinated by Raiffeisen International Bank-Holding AG. The investor was Kreditanstalt für Wiederaufbau (KfW), with the involvement of the European Investment Fund. Dresdner Bank AG acted as the arranger and Clifford Chance acted as the legal counsel. The rating of the loan portfolio was established by Moody's. The entire transaction was supposed to have matured in 2016. The total volume was EUR 450 million, of which EUR 183 million and EUR 267 million related to the Group and Raiffeisen Bank Polska S.A., respectively, in March 2006.

As of 31 December 2014, the volume of the loan portfolio included in the securitisation (two credit cases) was CZK 29,853 thousand. During 2015, the Group sold loans and advances to these customers and the securitisation was terminated.

(h) Syndicated Loans

Pursuant to concluded syndicated loan agreements, the Group acted as the arranger of syndicated loans in the original amount of aggregate credit limits of CZK 7,638,072 thousand as of 31 December 2016 (2015: CZK 8,499,292 thousand), of which the proportion of the Group amounted to CZK 3,231,271 thousand (2015: CZK 3,671,909 thousand) and the proportion of other syndicate members amounted to CZK 4,406,801 thousand (2015: CZK 4,827,382 thousand).

As of 31 December 2016, the aggregate amount of outstanding receivables under the syndicated loan facilities was CZK 5,910,977 thousand (2015: CZK 6,908,959 thousand), of which the proportion of the Group was CZK 2,369,195 thousand (2015: CZK 2,839,708 thousand) and the proportion of other syndicate members was CZK 3,541,782 thousand (2015: CZK 4,069,251 thousand).

The risks and interest arising from these syndicated loans are shared by all participating syndicate members in proportion to their aggregate exposure.

(i) Analysis of Loans and Advances to Customers by Sector and Type of Collateral

2016	Cash collateral	State guarantees	Bank guarantee	Real estate	Company guarantee	Personal and bill guarantee	Other collateral	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	107,537	367,587	174,623	649,091	8782	209,517	201,117	1,718,704
Mining and Quarrying	0	-	715	0	-	16,699	-	28,373	100,951	146,738
Manufacturing	189,373	-	345,409	4,816,002	2,700,884	8,050,437	384,796	2,135,552	4,503,708	23,126,161
Electricity, Gas And Water Supply	111,847	-	16,627	166,592	835,449	271,873	9,222	5,840,007	1,302,694	8,554,311
Construction	6,609	-	164,882	1,194,474	120,194	1,398,631	13,572	285,780	724,955	3,909,097
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	19,588	-	570,102	5,077,311	1,387,269	6,933,326	417,947	1,343,939	1,490,434	17,239,916
Hotels and Restaurants	28,724	-	38,842	2,341,371	44,900	262,377	300	436,58	203,572	2,963,744
Transport, Storage and Communication	408	-	423,219	458,552	16,246	1,613,981	2,825	1,970,852	3,584,959	8,071,042
Financial Intermediation	11,100	-	791,001	686,449	2,820,489	490,919	-	1,502	3,148,902	7,950,362
Real Estate, Lease, Other Business Activities	411,771	1,223,697	285,760	26,255,689	3,515,782	4,730,806	723,076	739,489	3,224,834	41,110,904
Public Administration; Compulsory Social Security	1,000	932,106	321	40,020	52,548	104,672	-	673	13,489	1,144,829
Education	-	-	1486	17,351	298,563	36,137	-	130,505	162,527	646,569
Health and Social Work	1,060	580,209	19,668	236,704	-	190,005	2,500	94,976	131,947	1,257,069
Other Community, Social and Personal Service Activities	1,027	-	313,992	403,308	96,726	442,584	931	63,242	269,090	1,590,900
Private Households	-	-	-	78,938,187	-	7,156	31,629	148,178	19,120,196	98,245,346
Total	782,957	2,736,012	3,079,561	120,999,597	12,063,673	25,198,694	1,595,580	13,036,243	38,183,375	217,675,692

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

The collateral values presented in the above table do not include the portfolio guarantee under the securitisation transaction of CZK 2,080,540 thousand (refer to Note 20 [g]), since it cannot be allocated to individual loans.

2015	Cash collateral	State guaranties	Bank guarantee	Real estate	Company guarantee	Personal and bill guarantee	Other collateral	Movable assets	Uncollateralised	Total
Agriculture, Hunting, Forestry and Fishing	450	-	8,662	359,983	207,034	453,689	-	179,881	289,469	1,499,168
Mining and Quarrying	-	-	875	-	-	10,413	-	28,545	61,112	100,945
Manufacturing	154,940	-	386,127	4,788,681	1,873,899	7,859,194	373,963	1,759,206	6,138,164	23,334,174
Electricity, Gas And Water Supply	172,857	-	18,915	1,295,416	1,183,493	1,057,728	5,500	4,641,912	1,844,650	10,220,471
Construction	9,378	-	159,012	1,559,593	568,309	1,711,526	9,680	179,301	1,027,380	5,224,179
Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods	22,589	-	612,426	4,129,754	619,894	4,973,790	514,385	893,234	3,732,852	15,498,924
Hotels and Restaurants	28,686	-	19,872	2,369,143	30,000	118,859	301	293,400	207,234	2,803,435
Transport, Storage and Communication	120	-	208,280	393,782	1,605	1,177,582	19,970	1,046,540	3,673,038	6,520,917
Financial Intermediation	13,300	-	1,267,275	1,640,570	2,209,881	523,562	-	-	1,654,262	7,308,850
Real Estate, Lease, Other Business Activities	448,732	929,030	239,960	17,040,481	2,109,271	2,949,337	864,150	302,073	5,497,164	30,380,198
Public Administration; Compulsory Social Security	1,700	1,092,739	251	78,682	60,434	27,154	-	1	31,207	1,292,168
Education	2,200	-	1520	9,162	314,820	26,935	-	86,482	151,582	592,701
Health and Social Work	1,060	653,166	7,272	244,905	-	60,617	-	27229	78,146	1,072,395
Other Community, Social and Personal Service Activities	13,978	-	38,198	240,609	131,757	259,222	218	165,662	642,099	1,491,743
Private Households	3,793,864	-	-	70,103,566	-	9,891	6,614	99,748	9,826,093	83,839,776
Total	4,663,854	2,674,935	2,968,645	104,254,327	9,310,397	21,219,499	1,794,781	9,439,154	34,854,452	191,180,044

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

The collateral values presented in the above table do not include the portfolio guarantee under the securitisation transaction of CZK 2,080,925 thousand (refer to Note 20 (g)) since it cannot be allocated to individual loans.

(j) Receivables from Finance Leases

Time structure of receivables from finance leases is as follows:

CZK thousand	2016	2015
Gross investments in finance leases	7,240,439	5,707,195
- within 3 months	462,618	382,553
- from 3 months to 1 year	1,377,299	1,246,530
- from 1 year to 5 years	4,888,226	3,294,131
- more than 5 years	512,296	783,981
Unrealised financial income	(619,933)	(776,996)
- within 3 months	(60,790)	(52,082)
- from 3 months to 1 year	(158,638)	(169,707)
- from 1 year to 5 years	(366,857)	(448,474)
- more than 5 years	(33,648)	(106,733)
Net investments in finance leases	6,620,506	4,930,199

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

CZK thousand	2016	2015
Lease of motor vehicles	3,543,474	1,992,598
Lease of real estate	314,777	362,398
Lease of equipment	2,762,255	2,575,203
Total	6,620,506	4,930,199

21. PROVISIONS FOR LOANS AND ADVANCES TO CUSTOMERS

CZK thousand	2016	2015
Clients		
Balance at 1 January	(6,256,462)	(6,669 578)
Charge for provisions	(2,933,634)	(2,586 413)
Release of provisions	1,819,098	1,590,802
Usage of provisions for the write-off and assignment of receivables	1,108,577	1,414,696
Effect from the change in the scope of consolidation	-	-
FX gains from provisions denominated in a foreign currency	(1,621)	(5 969)
Balance at 31 December	(6,264,042)	(6,256 462)
Banks		
Balance at 1 January	-	(110)
Release of provisions	-	110
Balance at 31 December	-	-
Total	(6,264,042)	(6,256,462)

22. DEFERRED TAX ASSET/LIABILITY

Deferred tax is calculated from all temporary differences under the liability method using the principal income tax rate of 19 percent (the tax rate of 2016).

Deferred income tax assets are as follows:

CZK thousand	2016	2015
Unpaid interest on loans of non-residents	83,599	55,077
Unpaid social security and health insurance	66,874	52,124
Valuation gains or losses - cash flow hedge	5,122	41,343
Outstanding vacation days	80,218	3,959
Other provisions	65,490	49,811
Tax loss of prior years	-	-
Total deferred tax asset	301,303	202,314

Deferred income tax liabilities are as follows:

CZK thousand	2016	2015
Differences between accounting and tax carrying amounts of tangible and intangible assets	(175,424)	(182,134)
Modification in lease reporting from CAS to IFRS	(76,938)	(47,650)
Difference between tax non-deductible and tax deductible provisions	(28,553)	(39,505)
Amount on the valuation difference in equity from revaluation of securities available for sales	(1,780)	(67,773)
Total deferred tax liability	(282,695)	(337,062)

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

CZK thousand	2016	2015
Balance at 1 January	202,314	164,641
Effect from the change in the consolidation scope	-	-
Movement for the year - income/(expense)	81,162	(3,669)
Movement for the year - equity	17,827	41,342
Total deferred tax asset	301,303	202,314
Balance at 1 January	(337,062)	(253,688)
Effect from the change in the consolidation scope	-	-
Movement for the year - income/(expense)	(11,626)	(15,657)
Movement for the year - equity	65,993	(67,717)
Total deferred tax liability	(282,695)	(337,062)
Net deferred tax asset	18,608	(134,748)

CZK thousand	2016	2015
Deferred tax asset reported in the balance sheet	106,389	12,318
Deferred tax liability reported in the balance sheet	(87,781)	(147,066)
Net deferred tax asset	18,608	(134,748)

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

CZK thousand	2016	2015
Basis for net deferred tax asset	97,937	(709,200)
Deferred tax asset	18,608	(134,748)
Recognition of a year-on-year difference due to temporary differences in profit or loss	69,536	(19,326)
Recognition of a year-on-year difference due to temporary differences in equity	83,820	(26,375)
Total year-on-year difference for recognition	153,356	(45,701)

23. OTHER ASSETS

CZK thousand	2016	2015
Indirect tax receivables	44,540	21,861
Receivables arising from non-banking activities	493,865	533,825
Deferred expenses and accrued income	53,460	46,310
Receivables from securities trading	27,377	3,208
Settlement of cash transactions with other banks	349,852	210,699
Other	541,472	350,206
Total	1,510,566	1,166,109

"Other" includes investments in the share capital of unconsolidated uncontrolled entities of Raiffeisen - Leasing, s.r.o., refer to Note 3(h) of CZK 56,037 thousand (2015: CZK 65,828 thousand).

24. EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

CZK thousand	2016	2015
Opening balance	59,406	49,901
Additions		-
Increase/(decrease) in net assets of associates	26,213	9,505
Disposals		-
Sale of an associate	(55,071)	-
Closing balance	30,548	59,406

CZK thousand	Country	Assets	Liabilities	Revenue	Profit/loss	Share of share capital	Share of equity
Flex-space Plzeň I, s.r.o.	CR	152,227	141,230	18,275	2,071	50.00%	4,955
Nordica Office, s.r.o.	CR	446,689	332,826	50,327	1,872	50.00%	25,562
Karlín Park a.s.	CR	225,000	215,466	1,030	(29)	50.00%	31
At 31 Dec 2016							30 548
Bondy Centrum s.r.o.	CR	976,420	756,137	104,485	38,712	25.00%	55,071
Flex-space Plzeň I, s.r.o.	CR	145,727	138,288	17,262	1,556	50.00%	3,719
Flex-space Plzeň II, s.r.o.	CR	1,414	273	12,500	2,930	50.00%	571
Karlín Park a.s.	CR	130,254	130,164	12,743	(162)	50.00%	45
At 31 Dec 2015							59,406

The amount in "Sale of an associate" represents the sale of Bondy Centrum s.r.o. - refer to Note 3(f).

In 2016, RDI Czech 5, s.r.o. purchased Nordica Office s.r.o., which was included in the consolidated financial statements using the equity method of accounting.

Related party transactions of the Group with the above associates are disclosed in Note 43.

25. INTANGIBLE FIXED ASSETS

CZK thousand	Goodwill	Software	Intangible assets under construction	Total
Cost				
1 January 2015	1,155	4,205,760	174,564	4,381,479
Additions	-	28,153	350,995	379,148
Disposals	-	3,145	(34 388)	(31 243)
Other changes (transfers)	-	225,693	(225 693)	-
31 December 2015	1,155	4,462,751	265,478	4,729,384
Additions	65,726	493,208	285,440	844,374
Disposals	-	(180 087)	-	(180,087)
Other changes (transfers)	-	123,622	(123 906)	(283)
31 December 2016	66 881	4,899,495	427,012	5,393,388
Accumulated amortisation and provisions				
1 January 2015	(1,155)	(2,585 406)	-	(2,586,561)
Additions - annual amortisation charges	-	(328 135)	-	(328,135)
Disposals	-	-	-	-
31 December 2015	(1,155)	(2,913 541)	-	(2,914,696)
Additions - annual amortisation charges	(65 726)	(399,001)	-	(464,727)
Disposals	-	178,628	-	178,628
31 December 2016	(66,881)	(3,133,914)	-	(3,200,795)
Net book value				
31 December 2015	-	1,549,210	265,478	1,814,688
31 December 2016	-	1,765,581	427,012	2,192,593

Additions to software predominantly represent the putting into use of technical improvements on data warehouses and other software used by the Group. Internal costs (primarily staff costs and rental costs) which are required to generate these assets are capitalised. In 2016, internal costs of CZK 57,536 thousand (2015: CZK 54,422 thousand) were capitalised. Other additions to intangible assets under construction include purchases from external entities. In this category, the Group does not report and record additions acquired through business combinations.

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

In relation to taking over the retail portfolio of clients from the Czech branch of Citibank Europe plc, the Group recognised goodwill in the aggregate amount of CZK 65,726 thousand. On the grounds of prudence, the Group decided not to recognise the goodwill as of 31 December 2016 and charged it off through the statement of comprehensive income in full.

26. PROPERTY AND EQUIPMENT

(a) Movements in Property and Equipment

CZK thousand	Land, buildings, technical improvements on buildings	Furniture and fixtures	Machinery and equipment	Tangible assets under construction	Total
Cost					
1 January 2015	1,049,967	215,719	1,155,200	344,314	2,765,200
Additions	46,613	5,494	120,472	168,133	340,712
Disposals	(13,990)	(27,278)	(132,699)	(100,451)	(274,418)
Other changes (transfers)	5,630	2,942	14,464	(23,036)	-
31 December 2015	1,088,220	196,877	1,157,437	388,960	2,831,494
Additions	58,550	8,033	518,155	58,410	643,148
Disposals	(17,183)	(5,383)	(156,850)	(52,682)	(232,098)
Other changes (transfers)	12,237	11,260	43,297	(66,511)	283
31 December 2016	1,141,824	210,787	1,562,039	328,177	3,242,827
Accumulated depreciation					
1 January 2015	(600,777)	(157,650)	(778,246)	(56,461)	(1,593,134)
Additions	(86,779)	(19,789)	(99,860)	(40,303)	(246,731)
Disposals	8,608	26,546	102,639	-	137,793
31 December 2015	(678,948)	(150,893)	(775,467)	(96,764)	(1,702,072)
Additions	(90,006)	(17,053)	(177,524)	(102)	(284,685)
Disposals	14,750	5,156	130,045	-	149,951
31 December 2016	(754,204)	(162,790)	(822,946)	(96,866)	(1,836,806)
Net book value					
31 December 2015	409,272	45,984	381,970	292,196	1,129,422
31 December 2016	387,620	47,997	739,093	231,311	1,406,021

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

(b) Property and Equipment Acquired under Finance Leases

The Group recorded no property and equipment under finance leases in the years ended 31 December 2016 and 2015.

27. INVESTMENT PROPERTY

CZK thousand	2016	2015
Cost		
At 1 January	1,436,295	1,412,659
Additions	93,359	23,636
Disposals	-	-
Effect from the change in the consolidation scope	-	-
Cost at 31 December	1,529,654	1,436,295
Accumulated depreciation		
At 1 January	(340,478)	(295,232)
Annual charges	(41,700)	(41,525)
Disposals	-	-
Provision	(25,237)	(3,721)
Effect from the change in the consolidation scope	-	-
Accumulated depreciation and provisions at 31 December	(407,415)	(340,478)
Net book value at 31 December	1,122,239	1,095,817

The fair value of investment property as of 31 December 2016 amounts to CZK 1,385,487 thousand (2015: CZK 1,375,010 thousand).

28. AMOUNTS OWED TO FINANCIAL INSTITUTIONS

CZK thousand	2016	2015
Repayable on demand	1,270,443	1,549,653
Term deposits of banks	32,322,575	11,057,776
Within 3 months	14,491,032	6,336,763
From 3 months to 1 year	10,078,049	359,790
From 1 year to 5 years	7,521,657	2,803,960
Over 5 years	231,837	1,557,263
Total	33,593,018	12,607,429

29. AMOUNTS OWED TO CUSTOMERS

(a) Analysis of Amounts Owed to Customers by Type

CZK thousand	2016	2015
Repayable on demand	199,828,689	160,389,429
Term deposits with maturity at accrued amount	27,068,672	23,172,851
Change in the fair values of hedged items in the fair value hedging	187,333	196,398
Other	55,363	35,547
Total	227,140,057	183,794,225
<i>of which: repayable within one year</i>	223,201,039	180,297,917
<i>repayable in more than one year</i>	3,939,018	3,496,308

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

The Group applies hedge accounting upon the fair value hedge of the current and savings accounts portfolio. The remeasurement of the hedged items amounts to CZK 753,384 thousand as of 31 December 2016 (2015: CZK 815,122 thousand).

(b) Analysis of Amounts Owed to Customers by Sector

CZK thousand	2016	2015
Public sector	2,158,154	1,396,212
Corporate clients (Large corporate)	78,734,010	73,153,743
Private individuals	114,697,119	86,285,354
Small and medium-sized enterprises (SME)	31,550,774	22,958,916
Other	-	-
Total	227,140,057	183,794,225

(c) Repurchase Transactions

As of 31 December 2016 and 2015, the Group received no loans from clients as part of repurchase transactions.

30. DEBT SECURITIES ISSUED

(a) Analysis of Issued Debt Securities by Type

CZK thousand	2016	2015
Mortgage bonds	24,538,873	17,475,808
Change in the fair value of hedged items upon fair value hedging	85,637	42,062
Non-hedged bonds issued	87,357	934,109
Deposit certificates and depository bills of exchange	10,357	14,402
Total	24,722,224	18,466,381
<i>of which: repayable within one year</i>	12,725,925	2,460,078
<i>repayable in more than one year</i>	11,996,299	16,006,303

The subordinated liabilities issued are disclosed in Note 33.

(b) Analysis of Mortgage Bonds

CZK thousand				Nominal value		Net carrying value	
Date of issue	Maturity	ISIN	Currency	2016	2015	2016	2015
12/12/2007	12/12/2017	CZ0002001670	CZK	5,500,000	5,500,000	5,682,935	5,857,534
12/12/2007	12/12/2017	CZ0002001696	CZK	500,000	500,000	507,733	514,007
20/12/2007	20/12/2017	CZ0002001928	CZK	2,000,000	2,000,000	2,061,801	2,120,741
04/05/2011	04/05/2016	CZ0002002314	CZK	-	499,990	-	510,930
27/07/2011	27/07/2016	CZ0002002363	CZK	-	500,000	-	506,952
26/09/2011	26/09/2016	CZ0002002405	CZK	-	930,000	-	938,840
11/01/2012	11/01/2017	CZ0002002439	CZK	282,460	284,580	289,877	292,316
05/12/2012	05/12/2017	XS0861195369	EUR	2,702,000	-	2,728,098	-
05/11/2014	05/11/2019	XS1132335248	EUR	13,212,780	6,756,250	13,268,429	6,734,488
Total				24,197,240	16,970,820	24,538,873	17,475,808

In December 2012, the Group issued mortgage bonds of EUR 500,000 thousand. The Group repurchased the entire issue. In November 2014, the Group placed another mortgage bonds issue of EUR 500,000 thousand. This issue increased by EUR 200,000 thousand in July 2016. These are issues under the bond programme of the Group with the total amount of EUR 5,000,000 thousand and comply with the conditions for money market transactions with the European Central Bank.

As of 31 December 2016, the Group held issued euro mortgage bonds totalling EUR 611,000 thousand (as of 31 December 2015: EUR 750,000 thousand), of which EUR 413,256 thousand (as of 31 December 2015: EUR 599,220 thousand) may be used as part of repurchase transactions with the European Central Bank and EUR 197,744 thousand is used as collateral for a loan received from a client. As of 31 December 2015: EUR 150,780 thousand is used as collateral for loans received from the European Investment Bank – refer to Note 36 (c).

31. PROVISIONS

CZK thousand	Provisions for legal disputes	Provisions for off balance sheet credit risk exposures	Provision for unused holiday	Provision for payroll bonuses	Provision for restructuring	Provision for income tax payable	Other provisions	Total
1 January 2015	17,143	53,050	25,085	356,980	-	5,116	83,952	541,326
Charge for provisions	5,373	184,438	24,709	290,072	-	321,068	56,802	882,462
Use of provisions	(239)	-	(24,854)	(73,971)	-	(5,116)	(31,078)	(135,258)
Release of redundant provisions	(2,025)	(51,956)	-	(300,360)	-	-	(13,385)	(367,726)
Foreign exchange rate differences	-	(960)	-	-	-	-	919	(41)
31 December 2015	20,252	184,572	24,940	272,721	-	321,068	97,210	920,763
Charge for provisions	1,400	143,193	32,476	529,134	80,358	243,282	87,211	1,117,054
Use of provisions	(3,000)	-	(20,836)	(272,545)	-	(321,068)	(10,240)	(627,689)
Release of redundant provisions	(13,853)	(85,886)	(4,318)	(155,032)	-	-	(28,355)	(287,444)
Foreign exchange rate differences	-	(22)	-	-	-	-	(8)	(30)
31 December 2016	4,799	241,857	32,262	374,278	80,358	243,282	145,818	1,122,654

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

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

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

In the years ended 31 December 2016 and 2015, the Group recognised a provision for restructuring of CZK 80,538 thousand and CZK 0 thousand, respectively.

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

32. OTHER LIABILITIES

CZK thousand	2016	2015
Liabilities arising from non-banking activities	606,474	447,841
Estimated payables for payroll costs	247,147	203,624
Accrued expenses and deferred income	56,105	51,060
Liabilities from securities trading	10,567	2,367
Local settlement and suspense clearing account	1,645,024	678,822
Other	1,615,138	903,343
Total	4,180,455	2,287,057

33. SUBORDINATED LIABILITIES

(a) Subordinated Loan

CZK thousand	2016	2015
Raiffeisen Bank International AG (parent company)	2,737,981	2,740,743
Total	2,737,981	2,740,743
<i>of which: repayable within one year</i>	35,981	38,243
<i>repayable in more than one year</i>	2,702,000	2,702,500

(b) Issue of Subordinated Bonds

CZK thousand				Nominal value		Net book value	
Date of issue	Date of maturity	ISIN	Currency	2016	2015	2016	2015
21 Sept 2011	21 Sept 2016	CZ0003702953	CZK	-	125,000	-	127,033
21 Sept 2011	21 Sept 2018	CZ0003702961	CZK	125,000	125,000	126,001	126,011
Total				125,000	250,000	126,001	253,044

34. EQUITY

(a) Share Capital

The shareholder structure of the Bank as of 31 December 2015:

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

* Direct investment in the share capital

On 28 April 2016, the General Meeting of the Bank approved the following allocation of the profit generated in 2015:

Net profit for 2015	2 538 362
Approved allocation:	
Allocation to statutory reserve funds	-
Allocation to retained earnings	1,150,003
Dividends paid to shareholders*	1,388,359
<i>of which: Raiffeisen CEE Region Holding GmbH</i>	<i>1,041,269</i>
<i>RB Prag Beteiligungs GmbH</i>	<i>347,090</i>

* Dividends were paid on 4 May 2016 according to the shareholder structure effective as of 31 December 2015.

In 2016, the share capital of the Group was not increased. The shareholder structure and the nominal value of their investments as of 31 December 2016 and 2015 are the same, please refer to above. The ultimate parent company of the Group is Raiffeisen-Landesbanken-Holding GmbH, Austria.

(b) Other Capital Instruments

Other capital instruments include subordinated unsecured AT1 capital investment certificates issued by the Group that combine the elements of equity and debt securities and meet the criteria for inclusion in the Group's Tier 1 capital. The issue amounted to CZK 1,934,450 thousand as of 31 December 2016 (2015: CZK 1,934,450 thousand). The Czech National Bank approved the inclusion of AT1 certificates in the Group's auxiliary Tier 1 capital. In 2016, the Group paid out a coupon of CZK 134,460 thousand (2015: CZK 62,536 thousand) from retained earnings to the holders of these certificates.

(c) Gains and Losses from Revaluation

Arising from Cash Flow Hedges

CZK thousand	2016	2015
The fair value of the effective part of cash flow hedges at 1 January	(217 593)	-
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	41,342	-
Total balance at 1 January	(176 251)	-
Net profit/(loss) from the change in the fair value of a hedge instrument for the period		
Cross currency swaps	157,293	(603,137)
Accumulated net profit/loss arising from cash flow hedges for the period recognised through profit or loss (refer to Note 10)		
Cross currency swaps	(251 122)	385,544
Tax effect of cash flow hedges for the period	17,828	41,342
The fair value of the effective part of cash flow hedges as of 31 December	(311,422)	(217,593)
Deferred tax asset/(liability) arising from revaluation gains and losses at 31 December	59,170	41,342
Total balance at 31 December	(252,252)	(176,251)

The Group started applying hedge accounting upon cash flow hedges in 2015.

Arising from Securities Available for Sale

CZK thousand	2016	2015
Gains and losses from revaluation of securities available for sale at 1 January	577,261	220,908
Deferred tax asset/(liability) arising from revaluation gains and losses at 1 January	(67,717)	(56)
Total balance as of 1 January	509,544	220,852
Net profit/(loss) from revaluation of securities available for sale	(28,029)	356,409
Accumulated net profit/loss for the period recognised through profit or loss (refer to Note 10)	(356,409)	-
Tax effect of revaluation of securities available for sale	65,993	(67,717)
Gains and losses from revaluation of securities available for sale at 31 December	192,823	577,317
Deferred tax asset/(liability) arising from valuation differences at 31 December	(1,724)	(67,773)
Total balance at 31 December	191,099	509,544

The increase in the valuation difference from revaluation of securities available for sale in 2015 represents the revaluation of the Group's membership in Visa Europe Limited. For more details, please refer to Note 40 (c).

(d) Non-Controlling Interests

The table below contains financial information on the Group's subsidiaries with significant non-controlling interests. Intragroup transactions are not excluded from the tables below.

2016 CZK thousand	Ownership percentage	Net assets	Net profit/ (loss)	Other comprehensive income	Total comprehensive income
Raiffeisen - Leasing, s.r.o.	50%	847,443	178,401	-	178,401
Other	n/a	(103,075)	68,708	-	68,708
Total		744,368	247,109	-	247,109

2015 CZK thousand	Ownership percentage	Net assets	Net profit/ (loss)	Other comprehensive income	Total comprehensive income
Raiffeisen - Leasing, s.r.o.	50%	696,172	123,229	-	123,229
Other	n/a	(171,783)	2,038	-	2,038
Total		524,389	125,267	-	125,267

Contrary to the above stated financial information which relates only to non-controlling interests, the table below contains financial information on individual subsidiaries (including non-controlling interests).

2016	
CZK thousand	Raiffeisen – Leasing, s.r.o.
Operating income	582,934
Net profit/(loss)	356,802
Other comprehensive income	-
Total comprehensive income	356,802
Current assets	3,445,567
Non-current assets	9,789,117
Current liabilities	2,519,575
Non-current liabilities	9,020,222
Net assets	1,694,887
Net cash flow from operating activities	(3,251,003)
Net cash flow from investment activities	(117,172)
Net cash flow from financial activities	3,266,308
Net (decrease)/increase in cash and cash equivalents	(101,867)
Dividends paid to minority shareholders for the period	(27,130)

2015	
CZK thousand	Raiffeisen – Leasing, s.r.o.
Operating income	661,343
Net profit/(loss)	248,602
Other comprehensive income	-
Total comprehensive income	248,602
Current assets	3,066,194
Non-current assets	6,706,340
Current liabilities	1,997,409
Non-current liabilities	6,382,780
Net assets	1,392,345
Net cash flow from operating activities	(79,426)
Net cash flow from investment activities	(635,245)
Net cash flow from financial activities	934,742
Net (decrease)/increase in cash and cash equivalents	220,071
Dividends paid to minority shareholders for the period	(38,889)

During 2015, Raiffeisen – Leasing Real Estate, s.r.o. merged with Raiffeisen – Leasing, s.r.o., and Raiffeisen penzijní společnost a.s., “in liquidation”, was liquidated.

35. CASH AND CASH EQUIVALENTS

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

CZK thousand	2016	2015
Cash and accounts with central banks (Note 16)	92,080,041	38,634,429
Required minimum reserves (Note 16)	(3,707,871)	(3,104,191)
Placements with other financial institutions (Note 19)	819,209	503,227
Total cash and cash equivalents	89,191,379	36,033,465

36. CONTINGENT LIABILITIES

(a) Legal Disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2016. Pursuant to the review of significant litigation matters in terms of the risk of potential losses and the probability of payment, the Group recognised provisions (Note 31) for significant litigations in the year ended 31 December 2016 in the aggregate amount CZK 4,799 thousand (2015: CZK 20,252 thousand).

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

CZK thousand	2016	2015
Banks		
Provided commitments (irrevocable)	57,722	60,348
Guarantee commitments	58,913	35,974
Letters of credit issued	274,344	80,035
Total	390,979	176,357
Customers		
Provided commitments (irrevocable)	25,565,701	25,207,159
Guarantee commitments	14,990,395	16,217,569
Letters of credit issued	241,331	602,846
Total	40,797,427	42,027,574
Total	41,188,406	42,203,931

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

(c) Refinancing Agreements

From 2011 to 2013, the Group received a loan of EUR 200,000 thousand from the European Investment Bank in three tranches. In 2015, the bank prepaid the first two out of three tranches. The third tranche was prematurely repaid by the Group in September 2016. As of 31 December 2016, the Group recorded no payables to the European Investment Bank (as of 31 December 2015: CZK 2,637,234 thousand).

37. FINANCIAL DERIVATIVES

During the year ended 31 December 2016, the Group reported the following hedging arrangements that meet the criteria for hedge accounting under IAS 39.

Fair Value Hedge:

- Fair value hedge of the mortgage loan receivable portfolio;
- Fair value hedge of the current and savings account portfolio;
- Fair value hedge of a term loan;
- Fair value hedge of term deposits; and
- Fair value hedge of securities issued (a new hedging arrangement in 2015).

Interest rate swaps are the hedging instruments used in hedge accounting upon a fair value hedge.

Portfolio Cash Flow Hedge:

- Cash flow hedge of the portfolio of crown assets and euro liabilities (a new hedge arrangement in 2015).

Cross currency swaps are the hedging instruments used in cash flow hedging.

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

CZK thousand	Contractual amounts (nominal value)	
	2016	2015
Financial derivatives (non-hedging)		
Cross currency swaps	1,857,872	3,318,621
Currency forwards and swaps	45,526,081	31,778,360
Interest rate swaps (IRS)	109,501,659	82,064,511
Forward rate agreements (FRA)	-	8,000,000
Option contracts (purchase)	7,135,630	6,098,980
Option contracts (sale)	7,451,649	6,053,038
Total non-hedging derivatives	171,472,891	137,313,510
Hedging derivatives		
Interest rate swaps (IRS)	188,662,826	155,205,709
Cross currency swaps	17,401,137	16,017,474
Total hedging derivatives	206,063,963	171,223,183
Financial derivatives - total contractual amount	377,536,854	308,536,693

(b) Analysis of Derivative Financial Instruments – Fair Value

CZK thousand	Fair value in 2016		Fair value in 2015	
	Positive	Negative	Positive	Negative
Financial derivatives (non-hedging)				
Cross currency swaps	135,895	(86,240)	79,435	(79,136)
Currency forwards and swaps	727,109	(122,232)	262,850	(96,253)
Interest rate swaps (IRS)	987,088	(1,060,729)	1,049,482	(998,948)
Forward rate agreements (FRA)	-	-	1,992	(1,528)
Option contracts (purchase)	62,233	-	138,510	-
Option contracts (sale)	0	(64,039)	-	(139,336)
Total non-hedging derivatives	1,912,325	(1,333,240)	1,532,269	(1,315,201)
Hedging derivatives				
Interest rate swaps (IRS)	1,973,110	(1,171,685)	1,814,312	(925,035)
Cross currency swaps	-	(412,271)	-	(348,751)
Total hedging derivatives	1,973,110	(1,583,956)	1,814,312	(1,273,786)
Financial derivatives – total fair value	3,885,435	(2,917,196)	3,346,581	(2,588,987)

(c) Remaining Maturity of Financial Derivative Instruments – Contractual Amounts (Nominal Value)

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
At 31 December 2016				
Financial derivatives (non-hedging)				
Cross currency swaps	1,854,457	3,415	-	1,857,872
Currency forwards and swaps	43,175,834	2,350,247	-	45,526,081
Interest rate swaps (IRS)*	25,959,876	52,068,573	31,473,210	109,501,659
Forward rate agreements (FRA)	-	-	-	-
Option contracts (purchase)	4,160,913	2,974,717	-	7,135,630
Option contracts (sale)	4,476,932	2,974,717	-	7,451,649
Total non-hedging derivatives	79,628,012	60,371,669	31,473,210	171,472,891
Hedging derivatives				
Interest rate swaps (IRS)	48,422,372	92,662,758	47,577,696	188,662,826
Cross currency swaps	2,745,999	14,655,138	-	17,401,137
Total hedging derivatives	51,168,371	107,317,896	47,577,696	206,063,963
Total financial derivatives	130 796 383	167 689 565	79 050 906	377 536 854

*The nominal value reported by the final transaction maturity.

CZK thousand	Up to 1 year	From 1 to 5 years	Over 5 years	Total
At 31 December 2015				
Financial derivatives (non-hedging)				
Cross currency swaps	1,515,509	1,803,112	-	3,318,621
Currency forwards and swaps	30,587,396	1,190,964	-	31,778,360
Interest rate swaps (IRS)*	6,175,597	43,596,927	32,291,987	82,064,511
Forward rate agreements (FRA)	8,000,000	-	-	8,000,000
Option contracts (purchase)	3,164,381	2,934,599	-	6,098,980
Option contracts (sale)	3,118,439	2,934,599	-	6,053,038
Total non-hedging derivatives	52,561,322	52,460,201	32,291,987	137,313,510
Hedging derivatives				
Interest rate swaps (IRS)	17,766,699	98,373,645	39,065,365	155,205,709
Cross currency swaps	-	13,281,272	2,736,202	16,017,474
Total hedging derivatives	17,766,699	111,654,917	41,801,567	171,223,183
Total financial derivatives	70,328,021	164,115,118	74,093,554	308,536,693

*The nominal value reported by the final transaction maturity.

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

CZK thousand 31 December 2016	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	77,700	375,300	534,088	(63,985)	(510,444)	(486,300)
Forward rate agreements (FRA)	-	-	-	-	-	-
Option contracts (purchase)	-	20,322	-	-	-	-
Option contracts (sale)	-	-	-	-	(20,322)	-
Total non-hedging derivatives	77,700	395,622	534,088	(63,985)	(530,766)	(486,300)
Hedging derivatives						
Interest rate swaps (IRS)	127,977	957,870	887,263	(69,391)	(605,328)	(496,965)
Total hedging derivatives	127,977	957,870	887,263	(69,391)	(605,328)	(496,965)
Financial derivatives - total contractual payments	205,677	1,353,492	1,421,351	(133,376)	(1,136,094)	(983,265)

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2015						
Financial derivatives (non-hedging)						
Interest rate swaps (IRS)	73,274	439,207	537,001	(21,391)	(386,316)	(591,241)
Forward rate agreements (FRA)	1,992	-	-	(1,528)	-	-
Option contracts (purchase)	-	28,416	-	-	-	-
Option contracts (sale)	-	-	-	-	(28,416)	-
Total non-hedging derivatives	75,266	467,623	537,001	(22,919)	(414,732)	(591,241)
Hedging derivatives						
Interest rate swaps (IRS)	57,682	903,966	852,664	(75,747)	(632,680)	(216,608)
Total hedging derivatives	57,682	903,966	852,664	(75,747)	(632,680)	(216,608)
Financial derivatives - total contractual payments	132,948	1,371,589	1,389,665	(98,666)	(1,047,412)	(807,849)

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

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2016						
Financial derivatives (non-hedging)						
Cross currency swaps	1,854,457	-	-	(1,807,199)	-	-
Currency forwards and swaps	43,175,834	2,350,247	-	(42,491,662)	(2,308,482)	-
Option contracts (purchase)	4,799,084	525,778	-	(4,797,861)	(520,182)	-
Option contracts (sale)	4,483,836	520,182	-	(4,486,808)	(525,778)	-
Total non-hedging derivatives	54,313,211	3,396,207	-	(53,583,530)	(3,354,442)	-
Hedging derivatives						
Cross currency swaps	2,745,999	14,655,138	-	(2,746,100)	(14,720,775)	-
Total hedging derivatives	2,745,999	14,655,138	-	(2,746,100)	(14,720,775)	-
Financial derivatives - total contractual payments	57,059,210	18,051,345	-	(56,329,630)	(18,075,217)	-

CZK thousand	Future Cash Inflows			Future Cash Outflows		
	Up to 1 year	From 1 to 5 years	Over 5 years	Up to 1 year	From 1 to 5 years	Over 5 years
31 December 2015						
Financial derivatives (non-hedging)						
Cross currency swaps	1,572,879	1,745,742	-	(1,577,122)	(1,741,028)	-
Currency forwards and swaps	30,587,396	1,190,964	-	(30,371,275)	(1,200,762)	-
Option contracts (purchase)	3,164,381	365,513	-	(3,145,791)	(357,463)	-
Option contracts (sale)	3,099,857	357,463	-	(3,118,439)	(365,513)	-
Total non-hedging derivatives	38,424,513	3,659,682	-	(38,212,627)	(3,664,766)	-
Hedging derivatives						
Cross currency swaps	-	13,281,272	2,736,202	-	(13,370,925)	(2,744,300)
Total hedging derivatives	-	13,281,272	2,736,202	-	(13,370,925)	(2,744,300)
Financial derivatives - total contractual payments	38,424,513	16,940,954	2,736,202	(38,212,627)	(17,035,691)	(2,744,300)

38. OTHER OFF BALANCE SHEET ASSETS – OTHER

(a) Assets Provided for Management, Administration and Custody

In the years ended 31 December 2016 and 2015, the Group provided no assets for management, administration and custody.

(b) Assets Accepted for Management, Administration and Custody

CZK thousand	2016	2015
Assets accepted for management	21,436,673	18,069,319
Assets accepted for administration	29,064,684	24,603,206
Total	50,501,357	42,672,525

39. SEGMENT ANALYSIS

The base for the segment analysis according to IFRS 8 are internal reports of the Group which are based on management accounts and serve as the principal financial information for decision-making of the Group's management.

Management accounts are maintained on a margin basis. For this reason, the interest income and expenses and fee and commission expense of individual operating segments are not reported separately, but on a net basis.

Operating segments are represented as follows:

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

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

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

The Treasury segment includes interbank transactions and securities and ALM.

The "Other" segment mainly includes equity investments and other non-interest bearing assets and liabilities of the Group that cannot be allocated to segments referred to above, i.e. capital, subordinated deposit, assets, other assets/liabilities, capital investments.

The Group monitors amounts of net interest income and net fee and commission income, net profit/(loss) from financial operations, movements in provisions, general operating expenses, income tax, and volume of client and non-client assets and liabilities by segment. Other profit and loss items are not monitored by segment.

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

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

Selected items by segment (2016)

At 31 December 2016	Corporate entities	Retail clients	Treasury	Other	Reconciliation to the statement of comprehensive income	Total
CZK thousand						
Profit and loss account:						
Net interest income	2,268,919	4,362,608	(161,893)	148,550	(25,000)	6,593,184
Net fee and commission income	1,434,207	1,815,982	(9,625)	(166,460)	(1,293,156)	1,780,948
Net profit/(loss) from financial operations	293,187	334,447	249,339	155,694	1,293,156	2,325,823
Movements in provisions	(622,835)	(304,548)	-	(1)	-	(927,384)
Other operating expenses	(1,595,528)	(4,426,095)	(187,137)	191,755	-	(6,017,005)
Dividend income	-	-	-	-	25,000	25,000
Share of income of associates	-	-	-	-	(1,480)	(1,480)
Profit before tax	1,777,950	1,782,394	(109,316)	329,538	(1,480)	3,779,086
Income tax	(354,913)	(336,925)	22,696	(68,423)	-	(737,565)
Profit after tax	1,423,037	1,445,469	(86,620)	261,115	(1,480)	3,041,521
Assets and liabilities:						
Total assets	108,252,084	107,005,752	99,925,994	8,612,072	-	323,795,902
Total liabilities	101,410,365	143,516,637	43,873,546	11,621,724	(3,041,521)	297,380,751

Selected items by segment (2015)

At 31 December 2015					Reconciliation to the statement of comprehensive income	Total
CZK thousand	Corporate entities	Retail clients	Treasury	Other		
Profit and loss account:						
Net interest income	2,178,891	3,706,926	218,639	338,847	(30,000)	6,413,303
Net fee and commission income	1,118,706	1,778,149	1,847	(5,429)	(966,946)	1,926,327
Net profit/(loss) from financial operations	6,783	7,000	275,803	(2,740)	966,946	1,253,792
Movements in provisions	(219,185)	(877,836)	0	(26)	-	(1,097,047)
Other operating expenses	(1,441,370)	(3,457,414)	(143,180)	14,114	-	(5,027,850)
Dividend income	-	-	-	-	30,000	30,000
Share of income of associates	-	-	-	-	9,505	9,505
Profit before tax	1,643,825	1,156,825	353,109	344,766	9,505	3,508,030
Income tax	(365,902)	(190,906)	(68,995)	(67,365)	-	(693,168)
Profit after tax	1,277,923	965,919	284,114	277,401	9,505	2,814,862
Assets and liabilities:						
Total assets	99,621,667	88,139,554	54,333,153	7,899,539	-	249,993,913
Total liabilities	84,885,180	106,315,633	26,563,761	9,671,105	(2,814,862)	224,620,817

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

The difference in "Net interest income" arises primarily from the different presentation of the dividend income.

"Net interest income" - "Other" shows positive compensation of the costs of capital allocated to individual client segments.

The difference in "Net fee and commission income" arises from the different presentation of income and expenses from commissions from foreign currency transactions.

The difference in "Net profit/(loss) from financial operations" arises from the different presentation of the income and expenses from foreign currency transactions.

"Other operating expenses" includes "Other operating income/(expenses), net" and "General administrative expenses" presented in the statement of comprehensive income in separate lines.

The difference in liabilities arises from the different presentation of the profit for the reporting period.

The differences referred to above between the segment analysis and the statement of comprehensive income arise from the different classification of selected profit and loss items in the Group's management accounting.

40. FINANCIAL INSTRUMENTS – MARKET RISK

The Group takes on exposure to market risks arising from open positions of transactions with interest rate, equity and currency instruments which are sensitive to the changes of conditions on financial markets.

(a) Trading

The Group holds trading positions in certain financial instruments including financial derivatives.

These positions are also held for the purpose of speculation on the expected future development of financial markets and thus represent speculation on this development. The majority of the Group's trading activities are conducted on the basis of the requirements of the Group's clients. The Group maintains the admission to the financial markets through the quoting of bid and ask prices and by trading with other market makers. The Group's business strategy is thus affected by the speculative expectation and market making and its goal is to maximise net income from trading.

The Group manages risks associated with its trading activities on the level of individual types of risks and types of financial instruments. The key risk management tools are the limits for individual transaction volumes and individual position volumes, stop loss limits and Value at Risk (VaR) limits. The quantitative methods applied to market risk management are described in "Risk Management Methods" in Note 40 (d).

(b) Risk Management

The selected risks exposures resulting from the Group's activities, management of positions arising from these activities and its risk management approach are described below. More detailed policies applied in measuring and managing these risks are included in "Risk Management Methods" in Note 40 (d).

Liquidity Risk

Liquidity risk arises from the timing mismatch between cash inflows and outflows. It includes both the risk of the inability to raise funds to cover the Group's assets using instruments with appropriate maturity and the Group's ability to sell assets at a reasonable price within a reasonable time frame. The liquidity position of the Group is regularly monitored by the Czech National Bank.

The Group has access to diversified sources of funding, which comprise deposits and other savings, issued securities, loans accepted including subordinated loans, and also the Group's equity. This diversification makes the Group flexible and reduces its dependency on one source of funding. The Group regularly evaluates its liquidity exposures, in particular by monitoring the changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy, which is approved by the Group's Board of Directors. As part of its liquidity risk management strategy, the Group also holds a portion of its assets in highly liquid funds, such as government treasury bills and similar bonds and deposits with the Czech National Bank (repurchase transactions/deposit facilities). The Group uses internal statistical models for diversification of the maturity of client deposits. These models are reassessed on a regular basis.

The following table shows the remaining maturity of contractual cash flows arising from financial liabilities. Contractual cash flows from derivatives are analysed in the tables in Notes 37 (d) and 37 (e).

Analysis of financial liabilities according to remaining maturity (undiscounted cash flows)

2016 (CZK thousand)	Total contractual liability	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years
Amounts owed to financial institutions	33,682,421	15,774,430	10,108,242	7,567,912	231,837
Amounts owed to customers	228,427,764	219,697,629	4,989,708	3,594,292	146,135
Debt securities issued	25,014,346	374,946	11,228,704	13,410,696	-
Subordinated liabilities	2,868,512	41,512	-	2,827,000	-
Other liabilities	4,180,455	4,180,455	-	-	-
Off-balance sheet items	39,245,733	37,085,201	79,268	1,148,456	932,808

2015 (CZK thousand)	Total contractual liability	Up to 3 months	3 – 12 months	1 – 5 years	Over 5 years
Amounts owed to financial institutions	12,712,154	7,891,407	367,462	2,844,877	1,608,408
Amounts owed to customers	184,362,266	179,926,012	551,969	3,634,000	250,285
Debt securities issued	19,138,707	10,463	3,004,775	16,123,469	-
Subordinated liabilities	3,149,751	38,359	130,921	277,971	2,702,500
Other liabilities	2,287,057	2,287,057	-	-	-
Off-balance sheet items	26,376,268	25,059,091	49,733	266,734	1,000,710

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

Foreign Currency Risk

The foreign currency risk is the risk arising from currency markets. The source of this risk is the Group's foreign currency position which arises from the mismatch of the Group's assets and liabilities in various currencies, including the currency-sensitive off balance sheet items. The majority of foreign currency gains or losses is due to changes in foreign currency rates in currency positions of the Group denominated in EUR and USD. The foreign currency risk is managed by setting trading limits. More detailed policies applied in managing this risk are included in "Risk Management Methods" in Note 40 (d).

Interest Rate Risk

The Group is exposed to interest rate risk since the interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes/adjustments and volumes during these periods. In the case of variable interest rates, the Group is exposed to a basis risk arising from the difference in the mechanism of adjusting individual types of interest rates, such as PRIBOR, announced interest on deposits, etc. The interest rate risk of the Group is primarily impacted by the development in interbank interest rates, including the negative rates (the impact of negative interest rates is disclosed in Note 7). The Group's interest rate risk management activities are aimed at optimising the Group's net interest income in accordance with its strategy approved by the Bank's Board of Directors. In managing the interest rate risk, the Group uses (as in the case of liquidity management) statistical models for distribution of those items where it is unable to determine the exact moment of repricing of interest rates (for example on current accounts).

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

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

Equity Risk

Equity risk is the risk of fluctuations of the prices of equity instruments held in the Group's portfolio and financial derivatives related to these instruments. As the Group does not trade shares on its own account, it is exposed to indirect equity risk arising from the shares held by the Group as collateral for customer loans. Equity risk is managed by trading limits. The equity risk management methods are described in "Risk Management Methods" in Note 40 (d).

(c) Fair values of financial assets and liabilities

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

i) Cash and balances with central banks

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

ii) Loans and advances to financial institutions

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

iii) Loans and advances to customers

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

iv) Securities held to maturity

Fair values of securities carried in the held-to-maturity portfolio are estimated based on discounted cash flows using the interest rate common as of the consolidated financial statements date unless they are traded on an active market.

v) Amounts owed to financial institutions and customers

Fair values reported in respect of loans on request match amounts payable on demand (i.e. their carrying amounts) at the balance sheet date. Carrying amounts of term deposits with variable rate are principally equal to their fair values as of the balance sheet date. Fair values of deposits with fixed interest rate are estimated based on discounting of cash flows using market interest rates and taking into account the liquidity costs of the Group.

vi) Debt securities issued

Fair values of debt securities issued by the Group are determined on the basis of updated market prices. If market prices are not available, fair values are estimates of the Group where the fair value is estimated based on the discounting of cash flows using market interest rates and reflecting the Group's liquidity costs.

vii) Subordinated liabilities

Fair values of the subordinated loan are estimated based on discounting cash flows using market interest rates and reflecting liquid costs of the Group. Fair values of subordinated bonds issued by the Group are determined by reference to current market prices.

The following table shows the carrying amounts and fair values of financial assets and liabilities that are not reported at fair value in the consolidated statement of financial position:

2016	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash and balances with central banks	-	-	92,080,041	92,080,041	92,080,041	-
Loans and advances to financial institutions	-	-	5,782,128	5,782,128	5,782,128	-
Loans and advances to customers *	-	-	222,878,754	222,878,754	211,411,650	11,467,104
Securities held to maturity	2,681,154	-	-	2,681,154	2,545,956	135,198
Liabilities						
Amounts owed to financial institutions	-	-	33,654,565	33,654,565	33,593,018	61,547
Amounts owed to customers	-	-	227,435,113	227,435,113	227,140,057	295,056
Debt securities issued	-	-	24,722,224	24,722,224	24,722,224	-
Subordinated liabilities and bonds	-	-	3,036,892	3,036,892	2,863,982	172,910

* including allowances

2015	Level 1	Level 2	Level 3	Fair value	Carrying amount	Difference
Assets						
Cash and balances with central banks	-	-	38,634,429	38,634,429	38,634,429	-
Loans and advances to financial institutions	-	-	4,172,031	4,172,031	4,172,031	-
Loans and advances to customers *	-	-	191,808,001	191,808,001	184,923,582	6,884,419
Securities held to maturity	11,568,140	-	-	11,568,140	11,265,127	303,013
Liabilities						
Amounts owed to financial institutions	-	-	12,412,661	12,412,661	12,607,429	(194,768)
Amounts owed to customers	-	-	184,133,648	184,133,648	183,773,722	359,926
Debt securities issued	-	-	19,001,446	19,001,446	18,466,381	535,065
Subordinated liabilities and bonds	-	-	3,175,873	3,175,873	2,993,787	182,086

* including allowances

Financial instruments at fair value

CZK thousand	Fair value at 31 Dec 2016			Fair value at 31 Dec 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Positive fair values of financial derivative instruments	-	3,885,435	-	-	3,346,581	-
Securities at fair value through profit or loss	125,592	406,982	201,065	1,179,378	-	2,759
Securities available for sale	-	892	114,411	-	892	356,409
Total	125,592	4,293,309	315,476	1,179,378	3,347,473	359,168

CZK thousand	Fair value at 31 Dec 2016			Fair value at 31 Dec 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Negative fair values of financial derivative instruments	-	2,917,196	-	-	2,588,987	-
Total	-	2,917,196	-	-	2,588,987	-

Securities available for sale of CZK 479,000 thousand (2015: CZK 516,106 thousand), not included in the above table, are measured at cost due to the impossibility to reliably determine their fair value and the Group performs regular impairment testing.

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

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

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

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

2016

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
Balance at the beginning of the period	2,759	356,409	359,168
Transfer to Level 3	-	-	-
Purchases	201,991	106,759	308,750
Comprehensive income/(loss)	(3,685)	7,652	3,967
- in the income statement	(3,685)	-	(3,685)
- in equity (Note 31)	-	7,652	7,652
Sales/settlement	-	(356,409)	(356,409)
Transfer from Level 3	-	-	-
Balance at the end of the period	201,065	114,411	315,476

2015

CZK thousand	Securities at fair value through profit or loss	Securities available for sale	Total
Balance at the beginning of the period	87,836	-	87,836
Transfer to Level 3	-	-	-
Purchases	-	-	-
Comprehensive income/(loss)	7,568	356,409	363,977
- in the income statement	7,568	-	7,568
- in equity (Note 31)	-	356,409	356,409
Sales/settlement	(92,645)	-	(92,645)
Transfer from Level 3	-	-	-
Balance at the end of the period	2,759	356,409	359,168

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

The amount in Level 3, item "Securities available for sale" comprises the Group's membership in Visa Inc. in the amount of CZK 114,411 thousand (2015: CZK 0 thousand). Until June 2016, the Group reported an equity investment in Visa Europe of CZK 356,409 thousand in the amount of the Group's expected share in the cash settlement of the sale of Visa Europe Ltd. to Visa Inc. In accordance with the final form of the merger, the sale price is settled in three tranches: cash payment, transfer of priority shares of Visa Inc. and an additional cash payment in 2019. After the merger realised in June 2016 the Group received a cash settlement in the amount of EUR 14 million and a proportionate part of priority shares in Visa Inc. in the amount of USD 4.4 million. The Group incorporated these shares in the portfolio of "Securities available for sale" and subsequently the Group derecognised the original investment in Visa Europe. The Group reported the result of the transaction as a profit of CZK 518,638 thousand (refer to Note 10) in "Net profit from financial operations".

The largest amount in Level 3, "Securities available for sale", comprised the Group's membership in Visa Europe Limited in 2015 in the amount of CZK 356,409 thousand. The increase in the value in 2015 arose from revaluation relating to the announced sale of Visa Europe Limited to Visa Inc. The Group measured the fair value of its membership as of 31 December 2015 as equal to the amount of its assumed share in the cash settlement of the sale. The Group also anticipated receiving a proportion of the priority shares of Visa Inc. and a proportion of a subsequent deferred cash payment, which were also included in the settlement and were allocated to the association's members as part of the proceeds of the sale. Since not all of the conditions of the additional settlement items were clear at the time of preparation of the Group's financial statements for the year ended 31 December 2015 and the Group was unable to make a reliable estimate of the fair value of its share therein, the Group did not increase the fair value of its investment in Visa Europe Limited to reflect these items.

(d) Risk Management Methods

The Group uses a set of limits for individual positions and portfolios as part of the appropriate methodologies to facilitate effective market risk management. The set of limits consist of limits determined by the regulator which are complemented by the limits set by the parent bank in a standardised way for the whole CEE region. In some cases, the set of limits is complemented by other internal limits that reflect the specifications of local markets to which the Group is exposed.

The Group monitors both aggregate and individual market risks using the Value at Risk method. Value at Risk represents the potential loss arising from an adverse movement on the market within a certain time period with a certain confidence level. Value at Risk is measured based on a one-day holding period with a 99 percent confidence level. The calculation reflects mutual correlations of individual risk factors (currency rates, interest rates, market spreads and equity market prices).

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total market risk VaR	22,165	19,795	7,852	5,417

Interest Rate Risk

The Group monitors interest rate risk of the banking book and the trading book separately, at the level of individual currencies. The interest rate position is monitored based the sensitivity of the position to the shift in the interest rate curve (BPV). The BPV technique (basis point value) involves determining the change of the present value (both in total and in individual time periods) of the portfolio when interest rates shift by one basis point (0.01 percent). This technique is complemented by monitoring interest rate risks using Value at Risk.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total interest rate risk VaR	18,984	5,296	8,064	5,061
Interest rate risk VaR - banking book	16,774	5,161	9,706	5,459
Interest rate risk VaR - trading book	2,515	2,079	1,800	2,025

Currency Risk

The Group uses a set of limits established by reference to the standards of the Group. The limits are set for individual currencies and for the overall currency position. Internal currency position limits fully respect the limits set by the local regulatory body. These techniques are complemented by monitoring currency risks using Value at Risk.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Currency risk VaR	1,207	1,399	710	1,550

Market Spread Risk

To determine the risk of change in market spreads for currency forward transactions (in the trading portfolio) and for its own positions in debt instruments (state and corporate), the Group now also uses the Value at Risk technique.

CZK thousand	At 31 December	Average in	At 31 December	Average in
	2016	2016	2015	2015
Total market spread VaR	16,378	18,398	not available	not available
Market spread VaR - debt instruments	10,488	18,049	not available	not available
Market spread VaR - currency positions	14,208	4,202	not available	not available

Equity Risk

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

Stress Testing

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

(e) Operational Risk

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

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

Operational risk management primarily draws upon the following:

- Event Data Collection;
- General Ledger Analysis;
- Risk Assessment;
- Scenario Analysis;
- Early Warning Indicators; and
- Mitigation Plans.

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

The General Ledger Analysis provides reconciliation between the reported loss and its recognition in the books.

The Risk Assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risks identified. The Risk Assessment determines the risk of individual processes, organisational units or activities. The risk level is a relevant value for taking measures within qualitative risk management.

The Scenario Analysis is a process used by the Group to consider the impact of extreme but probable events on its activities, assess the probability of occurrence and estimate significance of the impact on a scale of possible results. The Scenario Analysis aims at: (i) providing a potential method to record a specific event that occurred in a specific organisation, (ii) increasing awareness and educate management by providing insight into various types of risks and managing the plan of remedies and investments.

EWIs are used for the ongoing monitoring and reporting of the risk exposure to operational risk. They provide early warning to take possible steps or make changes in the risk profile, which may initiate management measures.

The Risk Assessment is used to raise awareness of operational risks, clarify individual processes and mitigate the operational risk identified.

The Group defines and reviews the Risk Appetite on a regular basis. In using the above-specified instruments, the Group compares the identified risks with the appetite and prepares Mitigation Plans for the risks that exceed the appetite.

All instruments are used in a regular annual cycle.

(f) Capital Risk Management

The main tools used to manage capital risk include pertaining to minimum capital adequacy requirements.

The Group additionally manages its capital to ensure that the Group and its subsidiaries and jointly controlled entities are able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy has remained unchanged since 2006.

41. FINANCIAL INSTRUMENTS – CREDIT RISK

The Group takes on exposure to credit risks resulting from its trading activities, provision of loans, hedging transactions, investment activities and agency services.

Credit risks associated with trading and investment activities of the Group are managed using the methods and instruments applied by the Group in managing its market risk exposures.

(a) Assessment and Classification of Receivables

The Group assesses its receivables in accordance with the principles determined by CNB's Regulation No. 163/2014 dated 30 July 2014, on the Activities of Banks, Savings Banks and Credit Cooperatives and Securities Traders ("Regulation of the Czech National Bank"), as amended, and also in accordance with IAS 39 and internal regulations.

The Group assesses receivables based on the fulfilment of the criteria. Individual receivables are classified into five categories according to the Regulation of the Czech National Bank. For each client, each criterion is evaluated individually and the receivable is subsequently classified on the basis of the worst rating of the criteria to one of the following categories: standard, watch, substandard, doubtful, and loss. Substandard, doubtful and loss receivables are aggregately designated as receivables with debtor's default. If the Group records more receivables from one client, they are all classified in the same category, based on the receivable with the least favourable rating. This rule does not apply to retail receivables where the default and sub-categories are allocated on the level of receivables rather than the client.

The classification is performed on an annual basis, with the key criteria being:

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

(b) Provisioning for Receivables

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

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

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

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

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

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

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

(c) Evaluation of Collateral

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

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

In arriving at the realisable value of collateral of immovable and movable assets, the Group refers to estimates of usual prices supervised by a specialised department of the Group or internal assessments prepared by this department. In other types of hedging instruments, their value including the recalculated value is determined in line with the internal standards of the Group. The realisable value of collateral is subsequently determined by discounting the appraised value using a correction coefficient which reflects the Group's ability to realise the collateral as and when required. The Group regularly reviews and updates collateral values and correction coefficients depending on the type and quality of the collateral, usually on an annual basis.

(d) Credit Risk Measurement Methods

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

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

(e) Concentration of Credit Risk

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

The credit risk concentration analysis by sectors/industry and concentration by geographical areas is provided in Notes 20(c), 20(d) and 20(i).

(f) Recovery of Receivables

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

(g) Forbearance and Non-Performing Exposures

In compliance with the EBA's Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and Non-Performing Exposures), the Group introduced a new definition of forbearance and non-performing exposures that do not represent default under the CNB's Regulation in 2014.

The key criterion in treating an exposure as forborne is a customer's financial health as of the date on which contractual conditions are adjusted. Receivables are defined as forborne if a customer has financial difficulties at the time of a change in contractual conditions (taking into account the client's internal rating or other circumstances known at that time) and if the adjustment of the contractual conditions is considered a payment relief provided in order to divert the client's unfavourable financial situation. If such an adjustment of contractual conditions results in subsequent forbearance or default exceeding 30 days, the exposure is considered non-performing irrespective of the conditions of the CNB's Regulation being met or not.

If a forborne exposure is classified as non-performing (after the forbearance is provided) it remains in this category for a period of at least 12 months. After the lapse of this period, the exposure is reclassified as performing forbearance provided the predefined conditions are met. Subsequently, the exposure is monitored on a regular basis during a probation period of at least 24 months. If the predefined conditions are met after the expiry of the probation period, the exposure ceases to be classified as forborne.

Within the defined processes, the Group's customers having financial difficulties and being provided with forbearance are assessed, rated and monitored according to specific algorithms in line with the relevant regulations. In practice, this means that all customers with financial difficulties who were provided with forbearance, or for whom forbearance is considered, are at least subject to the Early Warning System, or in case of default, they are treated by the Workout or Collection teams. The algorithms applied are in compliance with the parent group's requirements for individual segments of the Group. The above-specified processes have an impact on the classification of receivables under the five sub-categories of loan quality as specified in the CNB's Regulation (standard, monitored, non-standard, doubtful, and loss-making) and, consequently, on the assessment of the amount of individual and portfolio allowances.

The credit risk analysis of loans and advances to forbore customers under IFRS 7

CZK thousand	Loans and advances to forbore customers				Allowances	Collateral
	Before due date without default	After due date with default	With default	Total forbearance		
31 December 2016						
Public sector	-	-	-	-	-	-
Loans to corporate entities	1,068,591	52,637	1,739,923	2,861,151	(783,902)	1,726,396
Loans to private individuals	1,012,459	231,549	1,092,081	2,336,089	(740,481)	1,351,891
Small and medium-sized enterprises (SME)	82,060	2,071	167,457	251,588	(223,714)	169,259
Total	2,163,110	286,257	2,999,461	5,448,828	(1,748,097)	3,247,546

CZK thousand	Loans and advances to forbore customers				Allowances	Collateral
	Before due date without default	After due date with default	With default	Total forbearance		
31 December 2015						
Public sector	-	-	-	-	-	-
Loans to corporate entities	570,983	19,406	2,862,569	3,452,958	(1,241,531)	3,268,240
Loans to private individuals	2,296,057	408,098	1,256,222	3,962,152	(835,179)	2,975,610
Small and medium-sized enterprises (SME)	186,656	34,958	249,936	471,550	(91,131)	234,677
Total	3,053,696	462,462	4,368,727	7,886,660	(2,167,841)	6,478,527

The Group recognises no forbore loans and advances to banks.

The Group's interest income includes interest on loans and advances to forbore customers in the amount of CZK 202,551 thousand (2015: CZK 279,238 thousand).

Development of loans and advances to forbore customers

CZK thousand	Loans to corporate entities	Loans to private individuals	Small and medium-sized entities (SME)	Total
2016				
Balance as of 1 January	3,452,958	3,962,152	471,550	7,886,660
Additions (+)	260,900	230,219	-	491,119
Disposals (-)	(277 711)	(1,345 920)	(55 990)	(1,679 621)
Movements in exposures (+/-)	(574 996)	(510 362)	(163 972)	(1,249 330)
Balance at 31 December	2,861,151	2,336,089	251,588	5,448,828

CZK thousand 2015	Loans to corporate entities	Loans to private individuals	Small and medium- sized entities (SME)	Total
Balance as of 1 January	3,186,548	5,567,935	572,023	9,326,506
Additions (+)	247,385	133,852	-	381,237
Disposals (-)	(27,153)	(741,749)	(35,270)	(804,172)
Movements in exposures (+/-)	46,178	(997,886)	(65,203)	(1,016,911)
Balance at 31 December	3,452,958	3,962,152	471,550	7,886,660

The carrying amount of loans to forborne customers compared to the total loans and advances to customers

CZK thousand 2016	Loans and advances to customers	Loans and advances to forborne customers	Percentage of forborne loans and advances
Public sector	1,091,958	-	-
Loans to corporate entities	101,992,863	2,861,151	2.8%
Loans to private individuals	98,156,653	2,336,089	2.4%
Small and medium-sized enterprises (SME)	16,434,218	251,588	1.5%
Total at 31 December 2016	217,675,692	5,448,828	2.5%

CZK thousand 2015	Loans and advances to customers	Loans and advances to forborne customers	Percentage of forborne loans and advances
Public sector	1,217,200	-	-
Loans to corporate entities	99,466,574	3,452,958	3.5%
Loans to private individuals	83,839,776	3,962,152	4.7%
Small and medium-sized enterprises (SME)	6,656,494	471,550	7.1%
Total at 31 December 2015	191,180,044	7,886,660	4.1%

(h) Securitisation

The Group eliminates the credit risk of its exposures through synthetic securitisation. Securitisation involves merging loan exposure portfolios (loans and advances, guarantees and commitments) with the appropriate level of loan quality where the Group offers to transfer the credit risk arising from the loan exposures in securitisation to investors. The transactions are principally aimed at the improvement of the capital adequacy of the Group and the parent group. The loan exposures included in the synthetic securitisation performed by the Group do not meet the conditions for de-recognition of assets from the statement of financial position.

For an updated analysis of the Group's securitisation transactions, refer to Note 20(g).

(i) Portfolio quality

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

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

CZK thousand	Rating	2016	2015
Retail clients:			
Highly excellent credit rating	0.5	33,451,934	19,371,067
Excellent credit rating	1.0	24,576,246	23,815,209
Very good credit rating	1.5	14,620,960	16,153,755
Good credit rating	2.0	10,218,873	10,021,773
Healthy credit rating	2.5	7,072,264	6,334,164
Acceptable credit rating	3.0	4,220,277	3,680,288
Limit credit rating	3.5	2,120,310	2,142,304
Weak credit rating	4.0	1,082,587	1,031,241
Very weak credit rating /monitored	4.5	1,177,355	1,213,950
Default	5.0	4,144,969	4,236,484
Project financing:			
Excellent project profile - very low risk	6.1	30,784,362	28,465,620
Good project profile - low risk	6.2	6,630,489	4,252,359
Acceptable project profile - average risk	6.3	1,265,182	364,691
Bad project profile - high risk	6.4	129,254	249,897
Default	6.5	471,621	1,062,818
Corporate clients:			
Highly excellent credit rating	1	-	765,734
Excellent credit rating	2	1,263,644	1,039,080
Very good credit rating	3	3,787,238	843,915
Good credit rating	4	7,263,092	10,097,214
Healthy credit rating	5	16,620,030	12,559,298
Acceptable credit rating	6	23,651,041	20,828,471
Limit credit rating	7	7,595,020	9,578,993
Weak credit rating	8	2,251,587	2,236,738
Very weak credit rating /monitored	9	737,375	1,360,373
Default	10	3,296,123	3,617,177
Financial institutions and public sector institutions:			
Highly excellent credit rating	A1	7,585	-
Excellent credit rating	A2	19,663	-
Very good credit rating	A3	49,504	1,420
Good credit rating	B1	3,795,985	982,041
Healthy credit rating	B2	22,689	811,893
Acceptable credit rating	B3	5,099	2,228,661
Limit credit rating	B4	984,103	82,258
Weak credit rating	B5	-	274,432
Very weak credit rating /monitored	C	-	-
No rating: before due date		4,345,078	1,473,150
No rating: past due date		14,153	3,576
Total		217,675,692	191,180,044

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

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

CZK thousand	Rating	2016	2015
Retail clients:			
Highly excellent credit rating	0.5	33,404,568	19,429,255
Excellent credit rating	1.0	24,505,983	23,781,321
Very good credit rating	1.5	14,538,183	16,086,664
Good credit rating	2.0	10,098,897	9,933,296
Healthy credit rating	2.5	6,880,525	6,244,910
Acceptable credit rating	3.0	3,965,411	3,552,336
limit credit rating	3.5	1,818,413	1,980,048
Weak credit rating	4.0	733,618	737,691
Very weak credit rating /monitored	4.5	291,660	294,980
Default	5.0	352,487	3,596
Project financing:			
Excellent project profile - very low risk	6.1	29,277,017	28,452,080
Good project profile - low risk	6.2	6,404,353	4,188,864
Acceptable project profile - average risk	6.3	1,111,474	351,421
Bad project profile - high risk	6.4	124,257	243,645
Default	6.5	332,716	-
Corporate clients:			
Highly excellent credit rating	1	-	765,734
Excellent credit rating	2	1,275,461	1,039,078
Very good credit rating	3	3,714,697	843,655
Good credit rating	4	7,240,233	10,089,722
Healthy credit rating	5	16,111,256	12,542,365
Acceptable credit rating	6	24,371,234	20,729,884
limit credit rating	7	7,758,805	9,489,065
Weak credit rating	8	2,177,924	2,131,070
Very weak credit rating /monitored	9	701,077	1,226,862
Default	10	1,099,266	-
Financial institutions and public sector institutions:			
Highly excellent credit rating	A1	7,585	-
Excellent credit rating	A2	19,663	-
Very good credit rating	A3	49,504	1,420
Good credit rating	B1	2,864,253	982,041
Healthy credit rating	B2	22,689	811,893
Acceptable credit rating	B3	5,099	2,228,661
limit credit rating	B4	981,410	82,258
Weak credit rating	B5	-	274,016
Very weak credit rating /monitored	C	-	-
No rating		4,048,901	1,436,912
Total		206,288,619	179,954,743

(k) Maximum Exposure to Credit Risk

2016	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral - balance sheet	Allocated collateral - off balance sheet	Aggregate allocated collateral
CZK thousand						
Cash and balances with central banks	92,080,041	-	92,080,041	-	-	-
Loans and advances to financial institutions*	5,782,128	390,979	6,173,107	1,176,106	-	1,176,106
Loans and advances to customers*	211,411,650	40,555,570	251,967,220	179,492,317	18,985,516	198,477,833
Positive fair value of financial derivative transactions	3,885,435	-	3,885,435	743,177	-	743,177
Securities held to maturity	2,545,956	-	2,545,956	-	-	-
Securities at fair value through profit or loss	733,639	-	733,639	-	-	-
Securities available for sale	594,302	-	594,302	-	-	-
Income tax receivable	5,041	-	5,041	-	-	-
Other assets	1,510,566	-	1,510,566	-	-	-

* including allowances

2015	On-balance sheet exposure (carrying amount)	Off-balance sheet exposure (carrying amount)	Aggregate exposure (carrying amount)	Allocated collateral - balance sheet	Allocated collateral - off balance sheet	Aggregate allocated collateral
CZK thousand						
Cash and balances with central banks	38,634,429	-	38,634,429	-	-	-
Loans and advances to financial institutions*	4 192,534	176,357	4,348,388	997,663	-	997,663
Loans and advances to customers*	184,923,692	41,843,002	226,766,694	156,325,593	21,610,538	177,936,131
Positive fair value of financial derivative transactions	3,346,581	-	3,346,581	335,299	-	335,299
Securities held to maturity	11,265,127	-	11,265,127	-	-	-
Securities at fair value through profit or loss	1,182,137	-	1,182,137	-	-	-
Securities available for sale	873,408	-	873,408	-	-	-
Income tax receivable	473	-	473	-	-	-
Other assets	1,166,109	-	1,166,109	-	-	-

* including allowances

(I) Offset of Financial Assets and Financial Liabilities

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

2016			Relevant amount not offset in the consolidated statement of financial position			
CZK thousand	Amount of an asset/liability reported in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount reported in the consolidated statement of financial position	Financial instrument	Received cash collateral	Total
Assets						
Positive values of financial derivatives	3 066 824	-	3,066,824	2,294,825	743,177	28,822
Loans and advances to financial institutions	191 953	-	191,953	191,953	-	-
Total assets	3 258 777	-	3,258,777	2,486,778	743,177	28,822
Liabilities						
Negative values of financial derivatives	2 750 401	-	2,750,401	2,294,825	324,271	131,305
Total liabilities	2 750 401	-	2,750,401	2,294,825	324,271	131,305

2015			Relevant amount not offset in the consolidated statement of financial position			
CZK thousand	Amount of an asset/liability reported in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount reported in the consolidated statement of financial position	Financial instrument	Received cash collateral	Total
Assets						
Positive values of financial derivatives	2 435 219	-	2,435,219	1,951,024	335,299	148,896
Loans and advances to financial institutions	67 261	-	67,261	67,261	-	-
Total assets	2 502 480	-	2,502,480	2,018,285	335,299	148,896
Liabilities						
Negative values of financial derivatives	2 421 905	-	2,421,905	1,951,024	358,834	112,047
Total liabilities	2 421 905	-	2,421,905	1,951,024	358,834	112,047

42. CHANGES IN THE CONSOLIDATION GROUP

(a) Newly Consolidated Entities in the Year Ended 31 December 2016

In 2016, the Group did not acquire any entities that would be included in the consolidation using the full consolidation method.

In 2016, the Group purchased Nordica Office s.r.o. and included it in the consolidation using the equity method of accounting. Detailed information on the assets and liabilities of the entity as of the acquisition date is presented in the summary table below.

CZK thousand	Fair value as of the date of inclusion in the consolidation group
	Nordica Office, s.r.o.
Assets	
Cash and balances with central banks	21,073
Loans and advances to customers	4,762
Tangible and intangible fixed assets	387,300
Deferred tax asset	17,267
Other assets	16,687
Amounts owed to financial institutions	270,001
Amounts owed to customers	59,942
Other liabilities	5,324
Fair value of the identifiable net assets	111,822
Fair value of the Group's share in the identifiable net assets	55,911
Cost of investment	27,692
Goodwill / (Negative goodwill)	(28 219)
Cash inflow/(outflow) arising from the acquisition	(27 692)

(b) Newly Consolidated Entities in the Year Ended 31 December 2015

In 2015, the Group did not acquire any entities that would be included in the consolidation using the full consolidation method or the equity method of accounting.

(c) Disposals for the Year Ended 31 December 2016

In 2016, the Group sold the associate Bondy Centrum s.r.o.

CZK thousand	Fair value as of the sale date
Value of investment as of the sale date	1,120
Selling price of the equity investment	279,499
Profit/(loss) arising from the sale	278,379
Cash inflow/(outflow) arising from the sale	279,499

(d) Disposals for the Year Ended 31 December 2015

In 2015, the Group sold no entities that would be included in the consolidation group using the full consolidation method or associates.

In 2015, the liquidation of Raiffeisen penzijní společnost a.s., "in liquidation", was finalised. The liquidation did not have an impact on the consolidated statement of comprehensive income. In relation to the liquidation, an amount of CZK 108,350 thousand was paid from the liquidation balance to the second shareholder. The same amount was charged against the non-controlling interest in the consolidated statement of financial position.

43. RELATED PARTY TRANSACTIONS

At 31 December 2016

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

CZK thousand	Parent companies	Entities with significant influence over the Group	Associates and jointly controlled entities	Board of Directors, Supervisory Board and other managers	Other related parties	Total
Receivables	507,288	-	474,670	112,473	106,768	1,201,199
Positive fair value of financial derivatives	2,475,373	-	-	-	848	2,476,221
Payables	15,029,493	222,216	8,117	94,549	22,676,987	38,031,362
Negative fair value of financial derivatives	1,799,212	-	-	-	35	1,799,247
Other capital instruments	1,934,450	-	-	-	-	1,934,450
Subordinated loan	2,737,981	-	-	-	-	2,737,981
Guarantees issued	35,222	-	-	-	14,984	50,206
Guarantees received	1,732,657	-	-	-	39,139	1,771,796
Nominal values of financial derivatives (off-balance sheet receivables)	248,150,842	-	-	-	691,552	248,842,394
Nominal values of financial derivatives (off-balance sheet payables)	247,679,999	-	-	-	690,710	248,370,709
Provided irrevocable loan commitments	(275,185)	(12,984)	-	(10,653)	(153,103)	(451,925)
Interest income	6,890	260	6,038	2,012	23,037	38,237
Interest expense	(92,756)	(7)	-	(303)	(181,279)	(274,345)
Fee and commission income	15,979	48	-	-	18,696	34,723
Fee and commission expense	(16,521)	-	-	-	(41,745)	(58,266)
Net profit or loss on financial operations	619,864	-	-	-	(11,344)	608,520
General administrative expenses	(149,942)	-	-	(86,187)	(1,353)	(237,482)
Other operating income, net	-	-	-	-	4,474	4,474

The receivables are principally composed of the following deposits with:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 507,288 thousand.

Provided loans:

- Flex-Space Plzeň I., spol. s r.o. (under joint control of Czech Real Estate Fund B. V.) in the amount of CZK 120,960 thousand;
- Nordica Office, s.r.o. (under joint control of Raiffeisen Direct Investments CZ) in the amount of CZK 247,071 thousand; and
- Karlín Park, s.r.o. (under joint control of Raiffeisen Direct Investments CZ) in the amount of CZK 106,599 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 248,150,842 thousand.

The payables are principally composed of:

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 328,473 thousand.

Term deposits:

- UNIQA Österreich Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,176,455 thousand;
- Raiffeisen Versicherung AG (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,590 thousand;
- UNIQA pojišťovna, a.s. (entity controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 301,458 thousand;
- Raiffeisenbank AO (fellow subsidiary) in the amount of CZK 5,149,018 thousand;
- Raiffeisenbank (Bulgaria) EAD (fellow subsidiary) in the amount of CZK 1,490,835 thousand; and
- Raiffeisen Bank Zrt. (fellow subsidiary) in the amount of CZK 9,333,110 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 783,445 thousand.

Issued debt securities of the Group:

- Raiffeisenbank Hungary (fellow subsidiary) in the amount of CZK 2,854,884 thousand;
- Raiffeisenbank Bulgaria (fellow subsidiary) in the amount of CZK 1,490,835 thousand; and
- Raiffeisen Bank International AG (parent company) in the amount of CZK 6,977,106 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 247,679,999 thousand; and
- Raiffeisen Leasing (subsidiary) in the amount of CZK 8,033,972 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,737,981 thousand.

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

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

At 31 December 2015

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

CZK thousand	Parent companies	Entities with significant influence over the Group	Associates and jointly controlled entities	Board of Directors, Supervisory Board and other managers	Other related parties	Total
Receivables	253,077	-	196,250	180,472	46,912	676,711
Positive fair value of financial derivatives	1,777,301	-	-	-	493	1,777,794
Payables	1,636,551	46,543	67,850	71,874	8,135,301	9,958,119
Negative fair value of financial derivatives	1,412,598	-	-	-	1,751	1,414,349
Other capital instruments	1,934,450	-	-	-	-	1,934,450
Subordinated loan	2,740,743	-	-	-	-	2,740,743
Guarantees issued	21,269	-	-	-	21,600	42,869
Guarantees received	3,523,860	7,000	-	-	123,697	3,654,557
Nominal values of financial derivatives (off-balance sheet receivables)	188,947,658	-	-	-	577,772	189,525,430
Nominal values of financial derivatives (off-balance sheet payables)	189,205,972	-	-	-	579,339	189,785,311
Provided irrevocable loan commitments	-	(12,972)	-	(40,398)	-	(53,370)
Interest income	(114,074)	12	11,121	3,330	44,739	(54,872)
Interest expense	298,077	(18)	-	(589)	(149,084)	148,386
Fee and commission income	19,603	13	4,776	-	17,039	41,431
Fee and commission expense	(9,342)	-	-	-	(41,704)	(51,046)
Net profit or loss on financial operations	(37,508)	-	-	-	2,709	(34,799)
General administrative expenses	(142,685)	-	-	(76,568)	(7,421)	(226,674)
Other operating income, net	5,287	-	2,984	-	4,958	13,229

The receivables are principally composed of the following deposits with:

Credit balances on the current account maintained at:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 245,671 thousand.

Provided loans:

- Flex-Space Plzeň I., spol. s r.o. (jointly controlled company of Czech Real Estate Fund B. V.) in the amount of CZK 133,127 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 188,947,658 thousand.

The payables are principally composed of:

Credit balances on the current account of the Group from:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 568,590 thousand;

Term deposits:

- UNIQA Österreich Versicherungen AG (controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,582 thousand;
- Raiffeisen Versicherung AG (controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 1,185,582 thousand;
- UNIQA pojišťovna, a.s. (controlled by the parent company Raiffeisen Zentralbank Österreich AG) in the amount of CZK 488,567 thousand;
- Raiffeisenbank AO (fellow subsidiary) in the amount of CZK 2,485,151 thousand;
- Raiffeisenbank (Bulgaria) EAD (fellow subsidiary) in the amount of CZK 810,817 thousand; and
- Eastern European Invest GmbH (fellow subsidiary) in the amount of CZK 1,297,325 thousand.

Received collateralising deposit:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 299,707 thousand.

Issued debt securities of the Group:

- Centrobank (fellow subsidiary) in the amount of CZK 240,421 thousand;
- Raiffeisen Stavební Spořitelna a.s. (fellow subsidiary) in the amount of CZK 252,376 thousand; and
- Raiffeisen Bank International AG (parent company) in the amount of CZK 54,050 thousand.

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

- Raiffeisen Bank International AG (parent company) in the amount of CZK 189,947,658 thousand.

Subordinate loans:

- Raiffeisen Bank International AG (parent company) in the amount of CZK 2,740,743 thousand.

Other capital instruments – subordinate non-hedged AT1 capital investment certificates purchased:

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

44. POST BALANCE SHEET EVENTS

On 29 November 2016, the Group's management decided to take over the Czech branch of ZUNO GROUP AG. This transaction has no impact on the consolidated financial statements for the year ended 31 December 2016.

In January 2017, the Group placed another issue of subordinated unsecured AT1 capital investment certificates that combine the elements of equity and debt securities and fulfil the criteria for inclusion in the Group's Tier 1 capital. The volume of this issue as of 31 January 2017 is CZK 680,904 thousand. This transaction has no impact on the consolidated financial statements for the year ended 31 December 2016.

In January 2017, the Group's management decided to sell securities held to maturity. This transaction has no impact on the consolidated financial statements for the year ended 31 December 2016.

No other events occurred subsequent to the balance sheet date that would have a material impact on the consolidated financial statements as of 31 December 2016.

Information on internal control and approach to risks Issuer is or could be exposed to in the process of accounting and preparation of financial statements

Several tools are identified and described to ensure true and accurate presentation of facts in the financial statements of the Bank. These comprise tools for proper recording of operational and financial accounting, property and liability inventorying, bookkeeping documents circulation, procedures for preparing month-end and year-end financial statements, access to accounting software, creation of new analytical accounts, correction of settled transactions, procedures for assets, liabilities and securities valuation, financial assets impairment, costs capitalisation for intangible assets, procedures for creation of impairments and provisions, accounts reconciliation, backdated revaluation, etc.

The Bank has simultaneously identified and described risks related to these processes. Controls with varied periodicity have been introduced to eliminate these risks. Controls are performed automatically or manually and are integrated into the whole process from entering into the Bank system to creation of the financial statements. The setting of the systems, processes and controls is always formally made by an internal regulation. All of these processes are revised at least once a year. Further, the Bank performs control testing which eliminates the described risks.

For the processing of financial statements, the Bank uses an automatic system which uses detail data from core systems and a data warehouse which are reconciled on the general ledger. The effectiveness of the internal control system is regularly evaluated by an internal auditor. The consolidated and unconsolidated financial statements are subject to control by an external audit.

Information on Capital and Capital Requirements

Regulatory Framework

Raiffeisenbank is subject to supervision by the Czech National Bank.

The regulatory requirements in the European Union are established within the Basel III capital Framework through Regulation No. 575/2016 on prudential supervision of credit institutions and investment firms. (CRR - Capital Requirements Regulation) and by Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV - Capital Requirements Directive IV). The directive was transposed into Czech law by an amendment to the Banking Act and publication of Czech National Bank Decree No. 163/2014 Coll. The new regulation establishes, above all, the newly conceived capital ratios as well as stringent requirements mainly on regulatory capital, liquidity and risk-weighted exposures.

CRD IV enables Member States to require banks to create and maintain three types of buffers - the capital conservation buffer, the systemic risk buffer and the countercyclical capital buffer - as from 2014. As regards the capital conservation buffer, the CNB intended to apply it to all institutions in the full amount of 2.5% of common equity Tier 1 from the start. The systemic risk buffer is applied to only five institutions in 2016, including Raiffeisenbank. With regard to the countercyclical capital buffer, the CNB Bank Board decided in late 2014 to set it initially at zero, with banks applying the zero rate for the next two years. In December 2015, The Czech National Bank set the countercyclical capital buffer to 0.5% beginning in January 2017.

Consolidated Capital and Risk Weighted Assets

Consolidated regulatory capital for the capital adequacy calculation as at 31 December 2016 amounted to almost CZK 22.5 billion. Regulatory capital as at year-end does not reflect current year profit until shareholders approve the the Bank's audited financial statements.

The consolidated capital adequacy of the Group amounted to 16.3%, and the consolidated Core Tier 1 ratio amounted to 13.2%. Risk weighted assets of the Group reached as at the end of 2016 CZK 135.1 billion (2015: CZK 127.8 billion). The increase in assets was mainly caused by an increase in the main client segments.

Information about capital

Information about Capital and Ratio indicators pursuant to Annex 14 of Decree No. 163/2014 Coll.

Information about Capital and Capital Requirements pursuant to Article 437 (1) (a) of Regulation (EU) 575/2013

	unconsolidated	consolidated
CZK thousand	at 31. 12. 2016	at 31. 12. 2016
Share capital	11,060,800	11,060,800
Retained earnings	8,850,893	9,283,904
Reserve fund	693,561	693,918
Valuation gains or losses	(61,153)	(96,701)
Other capital instruments	1,934,450	1,934,450
Profit for the year	2,604,336	2,794,412
Non-controlling interests	-	744,368
Total shareholders' equity	25,082,887	26,415,151
Total Adjustments to Common equity tier 1		
Profit for the year	(2,604,336)	(2,794,412)
Intangible fixed assets	(2,172,717)	(2,192,305)
Deferred tax assets	(57,390)	(57,390)
Provision shortage for IRB positions	(490,473)	(483,515)
Additional valuation adjustment (AVA) according to CRR	(27,923)	(27,923)
Securitization - junior tranche (with 1 250% risk weight)	(378,280)	(378,280)
Valuation gains or losses	61,153	96,701
Retained earnings adjustment	-	(93,884)
Reserve fund adjustment	-	(357)
Non-controlling interests	-	(744,368)
Other capital instruments	(1,934,450)	(1,934,450)
Common equity tier 1 (after deductions)	17,478,471	17,804,968
Other capital instruments	1,934,450	1,934,450
Tier 1 (after deductions)	19,412,921	19,739,418
Subordinated loans	2,299,578	2,299,578
IRB Excess of provisions over expected losses eligible	433,061	433,061
Aggregate amount of Tier 2 capital	2,732,639	2,732,639
Total capital	22,145,560	22,472,057

Information about Capital and Capital Requirements pursuant to Article 438 (c) to (f) of Regulation (EU) 575/2013

Information about capital requirements (CZK thousand)	unconsolidated	consolidated
CZK thousand	at 31. 12. 2016	at 31. 12. 2016
Total capital requirement for credit risk	8,674,352	9,333,808
- Internal rating approach (IRB)	8,663,757	8,090,434
- Standardized approach (STA)	1,779	1,234,558
- credit value adjustment (CVA risk)	8,816	8,816
Total capital requirement related to position, foreign exchange and commodity risks	160,415	160,415
Total capital requirement for operational risk	1,276,498	1,317,690
Total capital requirement	10,111,265	10,811,913

Risk weighted assets:	unconsolidated	consolidated
CZK thousand	at 31. 12. 2016	at 31. 12. 2016
Internal rating approach (IRB)	108,296,961	101,130,422
Central governments and central banks exposures	44,422	44,422
Bank exposures	2,825,846	2,825,846
Corporate customer exposures	68,872,231	59,781,132
Retail customer exposures	33,196,477	33,196,477
Equity exposures	2,445,709	1,370,270
Exposures related to securitization	1,735,775	1,735,775
Other exposures	2,176,501	2,176,501
Standardized approach (STA)	22,236	15,431,977
Bank exposures	-	17,519
Corporate customer exposures	15,090	11,388,995
Retail customer exposures	-	2,199,125
Exposures secured by immovable property	7,146	189,982
Exposures at default	-	333,998
Equity exposures	-	59,988
Other exposures	-	1,242,370
Credit value adjustment (CVA risk)	110,201	110,201
Total Risk weighted assets for credit risk	108,429,398	116,672,600
Risk weighted assets for position, foreign exchange and commodity risks	2,005,190	2,005,190
Risk weighted assets for the operating risk	15,956,227	16,471,121
Total risk weighted assets:	126,390,815	135,148,911
Capital ratios	unconsolidated	consolidated
	at 31. 12. 2016	at 31. 12. 2016
Core Tier 1 capital adequacy ratio	13.83 %	13.17 %
Tier 1 capital adequacy ratio	15.36 %	14.61 %
Total capital adequacy ratio	17.52 %	16.63 %
Ratio indicators	unconsolidated	unconsolidated
	at 31. 12. 2016	at 31. 12. 2015
Return of average assets (ROAA)	1.14 %	1.34%
Return of average Tier 1 capital (ROAE)	14.05 %	14.38%
Assets per one employee (CZK thousand)	105,042	92,743
General administrative expenses per one employee (CZK thousand)	2,070	1,930
Net profit or loss per one employee (CZK thousand)	882	964

Further details can be found in the regulatory disclosure report pursuant to regulation no. 163/2014 available on the Bank's web pages: <https://www.rb.cz/o-nas/povinne-uverejnovane-informace>

Capital management

The Group manages its capital adequacy to ensure a sufficient level while allowing for organic business growth and for potentially adverse macroeconomic developments. The Group continuously monitors changes in the regulatory requirements and evaluates their impact on the capital planning process.

The Czech National Bank as a local regulatory body supervises that the Bank keeps unconsolidated and consolidated capital adequacy. During 2016, the Bank complied with all of the regulatory requirements.

The Bank also regularly reports Information on the internal control system (Pillar 2) to the Czech National Bank.

Report on Related Parties

prepared in accordance with Section 82 et seq. of Act No. 90/2012 Coll., on companies and cooperatives (the Companies Act), for the reporting period from 1 January 2016 to 31 December 2016

Raiffeisenbank a.s., with its registered office at Hvězdova 1716/2b, Prague 4, 140 78, ID no. 49240901, entered in the Commercial Register at the Municipal Court in Prague on 25 June 1993, Section B, Insert 2051 (the "Bank") is part of the Raiffeisen Bank International AG group, in which relations between the Bank and controlling entities and between the Bank and entities controlled by the same controlling entities (the "related parties") exist.

This report on relations among the below entities was prepared in accordance with Section 82 of the Companies Act and with regard to the legal definition of business secret under Section 504 of Act No. 89/2012 Coll., the Civil Code, as amended.

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1. CONTROLLING ENTITIES

The indirectly controlling entity is:

Raiffeisen-Landesbanken-Holding GmbH, having its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Republic of Austria.*

R-Landesbanken-Beteiligung GmbH, having its registered office at Friedrich-Wilhelm-Raiffeisen-Platz 1, 1020 Vienna, Republic of Austria.*

Raiffeisen Zentralbank Österreich AG (hereinafter also "RZB"), having with its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.**

Raiffeisen International Beteiligungs GmbH (hereinafter also "RIB"), having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.**

Raiffeisen Bank International AG (hereinafter also "RBI"), having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

Raiffeisen RS Beteiligungs GmbH, having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

The directly controlling entity (the direct shareholder) is:

Raiffeisen CEE Region Holding GmbH, having its registered office at Am Stadtpark 9, 1030 Vienna, Republic of Austria.

* Note: These companies were dissolved through a merger with RZB (September / October 2016).

** Note: RZB and RIB were merged with RBI on March 2017 and thus ceased to exist.

2. OTHER RELATED PARTIES

Czech Republic:

Raiffeisen – Leasing, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen investiční společnost a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen Property Management, s.r.o.	Prague 1, Václavské náměstí 837/11, 110 00
Raiffeisen stavební spořitelna a.s.	Prague 3, Koněvova 2747/99, 130 00
Transaction System Servis s.r.o. (Note: renamed Raiffeisen Direct Investments CZ s.r.o. on 27 July 2016)	Prague 4, Hvězdova 1716/2b, 140 78
ZUNO BANK AG, organizační složka	Prague 4, Hvězdova 1716/2b, 140 78
Hotel Maria Prag Besitz s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78 (Note: registered office changed on 28 January 2016 to Opletalova 1402/21, Nové Město, 110 00 Prague 1)
KHD a.s.	Karla Engliše 3219/4, 150 00 Prague 5
KONEVOVA s.r.o.	Prague 3, Koněvova 2747/99, 130 45
Raiffeisen FinCorp, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78

Related parties controlled indirectly through Raiffeisen-Leasing, s.r.o.:

Afrodité Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
ALT POHLEDY s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Amfión Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Appolon Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Areál Kbely a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Astra Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Athena Property, s.r.o. in liquidation	Prague 4, Hvězdova 1716/2b, 140 78
Bondy Centrum s.r.o. (Note: sold on 1 February 2016)	Prague 4, Hvězdova 1716/2b, 140 78
Boreas Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Credibilis a.s.	Prague 4, Hvězdova 1716/2b, 140 78

CRISTAL PALACE Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Dafné Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Dike Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Dione Property, s.r.o. (Note: sold on 30 June 2016)	Prague 4, Hvězdova 1716/2b, 140 78
Don Giovanni Properties, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Easy Develop s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Eris Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Éós Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Erató Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Euros Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Euterpé Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Exit 90 SPV s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Forkys Property, s.r.o. (Note: merger with Pilseninvest, uzavřený investiční fond, a.s., on 18 January 2016)	Prague 10, Na Královce 437/7, 101 00
FORZA SOLE s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
FVE Cihelna s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Gaia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Gala Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Grainulos s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
GS55 Sazovice s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Harmonia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hébé Property	Prague 4, Hvězdova 1716/2b, 140 78
Hermes Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hestia Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Holečkova Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hyperion Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Hypnos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Chronos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Inó Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Iris Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Janus Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Kalypso Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
KAPMC s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Kappa Estates, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Kleió Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Létó Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Luna Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Lysithea a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Maloja investment SICAV a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Maharal Hotels, s.r.o. (Note: sold on 26 May 2016)	Prague 4, Hvězdova 1716/2b, 140 78
Médea Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Meleté Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Melpomené Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Michalka – Sun s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78

Morfeus Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Na Stárce, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
NC Ivančice, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Neptun Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Nike Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Niobé Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Ofión Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Onyx Energy projekt II s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Onyx Energy s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Orchideus Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Palace Holding s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Peitó Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon Energie s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 10 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 11 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 3 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 4 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 6 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Photon SPV 8 s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
PILSENINVEST SICAV, a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Pontos Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Priapos Property, s.r.o. (Note: erased from the Register of Companies on 18 January 2016)	Prague 10, Na Královce 437/7, 101 00
PZ PROJEKT a.s.	Prague 4, Hvězdova 1716/2b, 140 78
Raiffeisen FinCorp s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Raines Property, s.r.o. (Note: sold on 26 May 2016)	Prague 4, Hvězdova 1716/2b, 140 78
RESIDENCE PARK TŘEBEŠ, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Rheia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Beta Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Carina Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Dorado Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Eta Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE HOTEL ELLEN, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Jota Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Orion Property, s.r.o. (Note: sold on 22 December 2016)	Prague 4, Hvězdova 1716/2b, 140 78
RLRE Ypsilon Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Selene Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Sirius Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Sky Solar Distribuce s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Strašnická realitní a.s.	Prague 4, Hvězdova 1716/2b, 140 78
T.L.S. building construction s.r.o. (Note: sold on 1 March 2016)	Prague 4, Hvězdova 1716/2b, 140 78
Theia Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Tritón Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
UPC Real, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78

Urania Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Viktor Property, s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
VILLA ATRIUM BUBENEČ s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Zefyros Property s.r.o.	Prague 4, Hvězdova 1716/2b, 140 78
Zethos Property, s.r.o. (Note: re-named Zelený Zlonín s.r.o.)	Prague 4, Hvězdova 1716/2b, 140 78

Other countries:

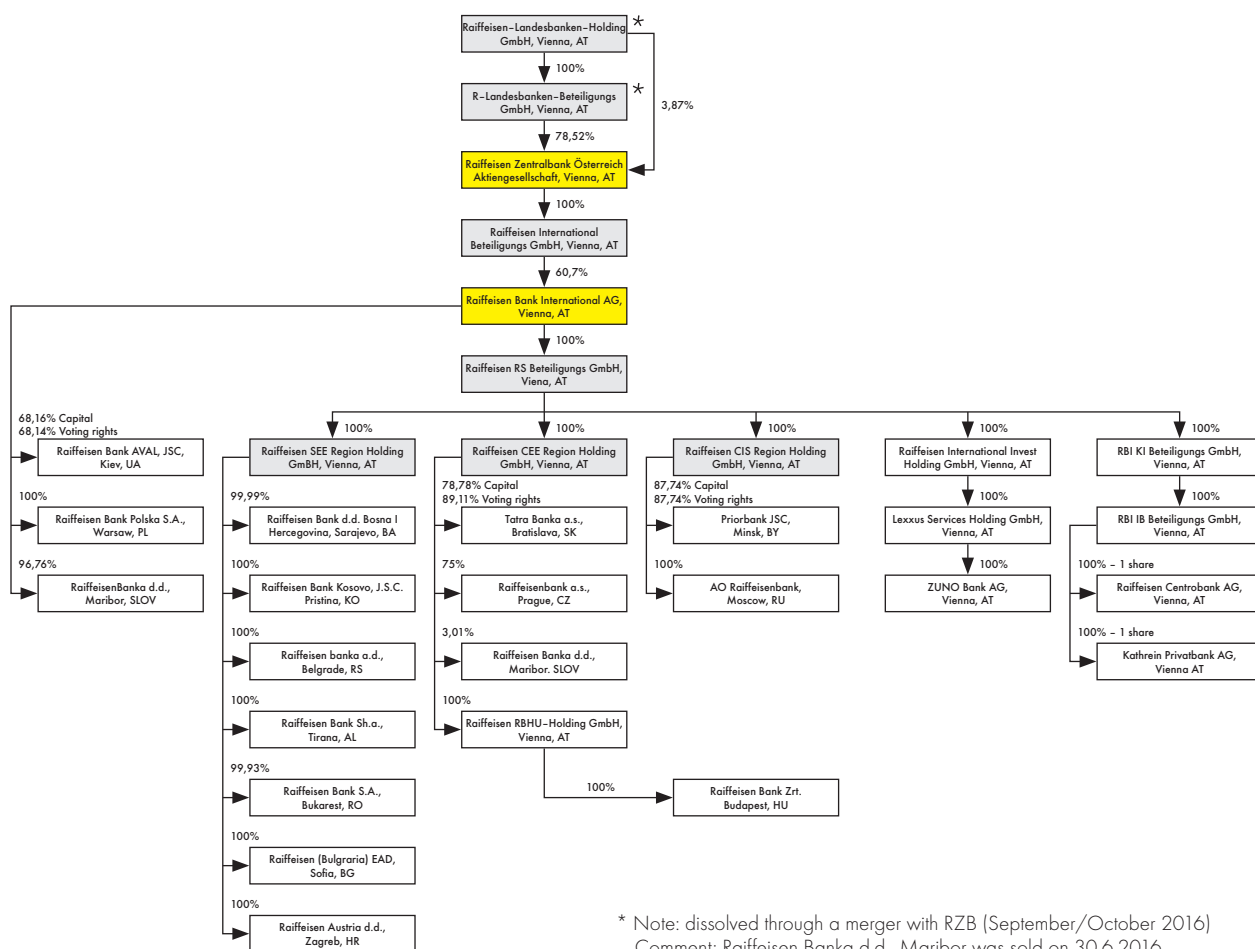
Raiffeisen Bank Zrt.	Akadémia utca 6, Budapest, Hungary
Raiffeisen Bank Polska S.A.	Piekna ulica 20, Warsaw, Poland
Raiffeisen banka a.d.	Dorda Stanojevicica 16, Novi Beograd, Serbia
Raiffeisenbank Austria d.d.	Petrinjska 59, Zagreb, Croatia
Tatra Banka, a.s.	Hodžovo námestie 3, 811 06, Bratislava, Slovak Republic
Centralised Raiffeisen International Services and Payments S.R.L.	Dimitre Pompei Bld. No. 9-9A, 020335 Bucharest, Romania
RZB Finance LLC	1133 Avenue of the Americas, 16th Floor, New York, NY 10036, USA
ZUNO BANK AG	Muthgasse 26, 1190, Vienna, Republic of Austria
Regional Card Processing Centre, s.r.o.	Hodžovo námestie 3, 811 06 Bratislava, Slovak Republic
RB International Finance LLC	1133 Avenue of the Americas, 16th Floor, New York, NY 10036, USA
Raiffeisen Bank S.A.	Sky Tower Building, 246C Calea Floreasca, Bucharest, Romania
Tatra Asset Management, správ. spol., a.s.	Hodžovo námestie 3, 850 05, Bratislava, Slovak Republic
Raiffeisen Centrobank AG	Tegetthoffstrasse I, 1020, Vienna, Republic of Austria
Raiffeisen Banka d.d. (former Raiffeisen Krekova Banka d.d.)*	Zagrebska cesta 76, Maribor, Slovenia
Raiffeisen-Leasing International GmbH	Am Stadtpark 9, 1030 Vienna, Republic of Austria
Raiffeisen-Leasing Bank AG	Mooslackengasse 12, 1190 Vienna, Republic of Austria
AO Raiffeisenbank (former ZAO Raiffeisenbank)	Smolenskaya-Sennaya 28, Moscow, Russian Federation
Raiffeisen Informatik Consulting GmbH	Lillienbrunnngasse 7-9, A-1020 Vienna, Republic of Austria
Raiffeisen Kapitalanlage-Gesellschaft m.b.H (Raiffeisen Kag)	Mooslackengasse 12, 1190Vienna, Republic of Austria
Ukrainian Processing Center	Moskovsky av., 9, Kyiv, 04073, Ukraine
Raiffeisen Leasing Polska S. A. ** Raiffeisenbank Sh. A	Prosta 51, Warsaw, postal code: 00-838 "Ruga e Kavajës" Tiranë
STRABAG SE	Triglavstrasse 9, 9500 Villach, Austria

* Raiffeisen Banka d.d. was sold on 30. 6. 2016.

** Raiffeisen Leasing Polska S.a. was sold on 1. 12. 2016.

3. STRUCTURE OF RELATIONS AMONG RELATED PARTIES

3.1. Description of Relations Between the Controlled Entity and Controlling Parties



3.2. Role of the Controlled Entity within the Relationship Structure

The banking group of the parent company Raiffeisen Bank International AG (RBI Group) is a leading banking group operating in the region of Central and Eastern Europe. In the individual states of the region, Raiffeisen Bank International AG renders banking services through a total of 14 individual majority owned legal entities holding a banking licence, so called Networkbank. Raiffeisenbank a.s. is one of these Networkbanks and its role is to provide banking services to both domestic and foreign clients in the Czech Republic in line with the group’s strategy.

3.3. Method and Means of Control

The controlling parties exercise their influence by owning a 75% share in the controlled entity’s registered capital and voting rights. In addition, members of the Board of Directors of Raiffeisen Bank International AG are also members of the Supervisory Board of Raiffeisenbank a.s.

4. LIST OF CONTRACTS

4.1. List of Contracts with Controlling Entities

In the 2016 reporting period, Raiffeisenbank a.s. had relations with the following controlling entities:

Raiffeisen Zentralbank Österreich AG

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Confidentiality Agreement	Raiffeisen Zentralbank Österreich AG	2 April 2010	Confidentiality agreement as part of potential mutual cooperation

Raiffeisenbank a.s. also had subordinated debt agreements concluded with Raiffeisen Zentralbank Österreich AG, which have been transferred to Raiffeisen Bank International AG in October 2010 as a result of a merger of Raiffeisen Zentralbank Österreich AG and Raiffeisen Bank International AG. In 2016, Raiffeisenbank a.s. paid contractual interest under these agreements.

Raiffeisen Bank International AG

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Subordinated Loan Contract	Raiffeisen Bank International AG	15 September 2008	Provision of a subordinated loan / payment of contractual interest
Amendment no. 1 to the Insurance Refund Agreement	Raiffeisen Bank International AG	20 December 2010	Change of contractual terms
Master Agreement on Cooperation in Risk Management and Reporting	Raiffeisen Bank International AG	1 January 2011	Definition of terms of cooperation in Risk Management and Reporting / payment of contractual fees
4 Service Agreements related to the Master Agreement on Cooperation in Risk Management and Reporting	Raiffeisen Bank International AG	1 January 2011	Detailed description of cooperation in the areas
Service Agreement	Raiffeisen Bank International AG	3 January 2011	Agreement on the provision of defined services in selected areas / payment of contractual remuneration
Agreement to Open a Correspondent Loro Account	Raiffeisen Bank International AG	28 March 2011	Opening of a correspondent account / payment of contractual fees
Master IT Cooperation Agreement (note: in 2016, a new agreement relating to the same area was concluded)	Raiffeisen Bank International AG	31 October 2011	Definition of terms of cooperation in IT services / payment of contractual fees
11 Service Descriptions related to the Master IT Cooperation Agreement (in 2016, replaced by new versions)	Raiffeisen Bank International AG	31 October 2011	Detailed description of cooperation in respect of specific IT application
STEP2 Indirect Participation Contract	Raiffeisen Bank International AG	7 November 2011	Definition of the terms of use of STEP2 services
Project Contract	Raiffeisen Bank International AG	11 November 2011	Analysis of the supply of software application / payment of contractual fees
Agreement to Open a Correspondent Loro Account	Raiffeisen Bank International AG	18 November 2011	Opening of a correspondent account / payment of contractual fees
Amendment no. 2 to the Insurance Refund Agreement	Raiffeisen Bank International AG	20 December 2011	Change of contractual terms

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Project Contract	Raiffeisen Bank International AG	29 December 2011	Analysis of the supply of software application / payment of contractual remuneration
Service Agreement	Raiffeisen Bank International AG	1 January 2012	Agreement on services provided by the majority shareholder
Master Project and Consultancy Agreement	Raiffeisen Bank International AG	23 March 2012	Consulting in project management / payment of contractual price
Amendment to partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	12 June 2012	Stipulation of detailed terms for Rating Model Validation and Methods
Service Level Agreement	Raiffeisen Bank International AG	25 June 2012	Definition of cooperation within the competence centre in Fixed Income / payment of contractual fees
Amendment to the Master Project and Consultancy Agreement and Service Agreement	Raiffeisen Bank International AG	30 June 2012	Change of contractual terms
Amendment to the Project Contract of 11 November 2011	Raiffeisen Bank International AG	1 July 2012	Change of contractual terms
Implementing Agreement to the Master Project Consultancy Agreement of 23 March 2012	Raiffeisen Bank International AG	27 August 2012	Detailed definition of terms of a payment system project
Master Service Agreement	Raiffeisen Bank International AG	30 September 2012	Agreement to provide defined transaction services / payment of contractual remuneration
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	16 October 2012	Definition of detailed contractual terms for Workout
Partial Service Agreement related to the Master Agreement on Cooperation in Risk Management and Reporting of 1 January 2011	Raiffeisen Bank International AG	7 November 2012	Definition of detailed contractual terms for Credit Management Corporate
Amendment to Service Description Corporate Network International (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	CNI system operation / payment of contractual remuneration + fees
Amendment of Service Description T.I.G.E.R. OPERATING (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	TIGER system operation / payment of contractual fees
Amendment to Service Description RBI Midas Support Service (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	MIDAS system support / payment of contractual fees
Service Description RIAH	Raiffeisen Bank International AG	1 January 2013	Provision of RIAH services
Amendment of the Service Agreement of 2012	Raiffeisen Bank International AG	1 January 2013	Change of contractual terms
Service Description Group Customer Product ProfitabilitySolution (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	Agreement on common use of the Group Customer Product Profitability Solution / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Service Description RIAH Raiffeisen International Access Hub (documentation replaced in 2016)	Raiffeisen Bank International AG	1 January 2013	New group remote access / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	25 January 2013	Participation in credit risk / payment of contractual fees
Risk Participation Confirmation	Raiffeisen Bank International AG	31 July 2013	Participation in credit risk / payment of contractual fees
Services to Support International Operations in RBI Group	Raiffeisen Bank International AG	1 March 2013	Agreement on mutual support in Operations / payment of contractual remuneration
Agreement for rendering the Project FATCA between RBI and RBCZ"	Raiffeisen Bank International AG	10 April 2013	Agreement on mutual cooperation in the FATCA Project / payment of contractual fees a remuneration
Service Agreement - Building a best fit Operations Target Operating Model	Raiffeisen Bank International AG	29 May 2013	Providing a service supporting international transactions in the RBI Group/ payment of contractual fees
FATCA Support Services	Raiffeisen Bank International AG	20 November 2013	Norkom infrastructure use for FATCA process identification / payment of contractual fees
Transfer Agreement - Subordinate Loan Transfer	Raiffeisen Bank International AG	26 November 2013	Subordinate loan transfer from Raiffeisenbank Malta /payment of contractual interest
ISLA Global Master Securities Lending Agreement - Schedule	Raiffeisen Bank International AG	19 December 2013	Master agreement on lending investment instruments / payment of contractual remuneration
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2014	Extension of provided services
Multichannel customer acquisition and Digital CC capability building	Raiffeisen Bank International AG	27 January 2014	Agreement on multichannel customer acquisition and Digital CC capability building / payment of agreed fees
RBCZ Lean Study Stay 2014 Cooperation Agreement	Raiffeisen Bank International AG	24 February 2014	Cooperation between the contractor and client in the Lean Study Stay 2014 training event
Amendment to International Group Marketing Agreement	Raiffeisen Bank International AG	14 March 2014	Amendment to the International Group Marketing Agreement / payment of contractual remuneration
Agreement for Integrated Risk Management Services and Risk Management Balance	Raiffeisen Bank International AG	26 March 2014	Fees to RBI / payment of contractual fees
Share Incentive Program	Raiffeisen Bank International AG	1 April 2014	Board member option scheme
Master Agreement for dealings in fund shares	Raiffeisen Bank International AG	2 April 2014	Dealings in funds managed by RCM / payment of contractual fees
Amendment No. 1 to FATCA Project Agreement	Raiffeisen Bank International AG	7 April 2014	Specification of FACTA implementation support / payment of contractual remuneration
Service Agreement for HO Services	Raiffeisen Bank International AG	15 April 2014	Service agreement for HO services / payment of contractual fees
Agreement (2014-2015) to Compensate for Marketing Research Costs	Raiffeisen Bank International AG	27 May 2014	Agreement to compensate for costs associated with marketing research to be carried out by RBI in the CR in 2014 and 2015 / payment of contractual remuneration

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Amendment No. 1 to Master Agreement on Payment Card Processing	Raiffeisen Bank International AG	9 June 2014	Personal data protection update
One amendment to Service Description RIAH following the Master IT Cooperation Agreement concluded on 31 October 2011 (or 19 April 2016)	Raiffeisen Bank International AG	14 July 2014	Amendment regulates the price for the RIAH service from 2014 on
Provision of GCPP IT Service and Support (documentation replaced in 2016)	Raiffeisen Bank International AG	14 July 2014	Provision of GCPP IT service and support / payment of agreed fees
Provision of Service for Corporate Network International CNI (documentation replaced in 2016)	Raiffeisen Bank International AG	14 July 2014	Provision of service for CNI / payment of agreed fees
RBI Midas Support Service (documentation replaced in 2016)	Raiffeisen Bank International AG	24 July 2014	Amendment to the Service Description RBI Midas Support Service - price update / payment of contractual remuneration
Amendment to Service Description RIAH (documentation replaced in 2016)	Raiffeisen Bank International AG	24 July 2014	Amendment to the Service Description RIAH - price increase / payment of contractual remuneration
Amendment to Lotus Notes International Domino Hub Service Agreement (documentation replaced in 2016)	Raiffeisen Bank International AG	24 July 2014	Amendment to the Lotus Notes International Domino Hub Service Agreement - price increase / payment of contractual remuneration
Agreement (ASLA) - Operations Center Model	Raiffeisen Bank International AG	27 August 2014	Operations Center Model agreement / payment of contractual fees
Amendment to TIGER Operating Agreement (documentation replaced in 2016)	Raiffeisen Bank International AG	29 September 2014	Amendment to the TIGER Operating Agreement / payment of contractual fees
Fraud Propensity Tool Agreement (documentation replaced in 2016)	Raiffeisen Bank International AG	22 October 2014	Fraud Propensity Tool agreement / payment of contractual fees
Service Level Agreement (Running Target Operating Model)	Raiffeisen Bank International AG	14 November 2014	Rules and conditions for some kinds of transactions in the name of RBI
RDL032 Project Agreement	Raiffeisen Bank International AG	2 December 2014	Audit findings - Treasury Limits - BN-497 / payment of agreed fees
Investment Certificates 2014	Raiffeisen Bank International AG	15 December 2014	Investment certificates 2014 / payment of agreed commissions
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2015	Adjustment for 2015, partial changes in the field of provided services
Service Agreement for Risk Methods & Analytics	Raiffeisen Bank International AG	1 January 2015	Cooperation with RBI in the field of Risk Methods & Analytics
Service Agreement for Credit Risk Control	Raiffeisen Bank International AG	1 January 2015	Cooperation with RBI in the field of Credit Risk Control
New Limit Approval - overdraft limit	Raiffeisen Bank International AG	12 January 2015	New limit approval - overdraft limit / payment of contractual fees
Non-Disclosure Agreement	Raiffeisen Bank International AG	30 January 2015	Non-Disclosure Agreement
Market Data Distribution Agreement	Raiffeisen Bank International AG	2 March 2015	Agreement on the provision of services within Market Data / / payment of contractual fees

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
McKinsey European Banking IT Benchmarking 2014	Raiffeisen Bank International AG	2 March 2015	Study European Banking IT Benchmarking (BIB / payment of contractual remuneration)
Reimbursement Agreement	Raiffeisen Bank International AG	7 April 2015	"Rotation" programme within RBI
Agreement for rendering the Project Brain 2 (Kamakura)	Raiffeisen Bank International AG	21 April 2015	Services offered by RBI to our bank as part of the implementation of the Kamakura system / payment of contractual remuneration
Raiffeisen Bank International AG limit approval - extending the maturity of the bank guarantee	Raiffeisen Bank International AG	6 May 2015	Raiffeisen Bank International AG limit approval - extending the maturity of the bank guarantee
Amendment of Service Description Fraud Propensity Tool (documentation replaced in 2016)	Raiffeisen Bank International AG	16 June 2015	Amendment of Service Description Fraud Propensity Tool Agreement / payment of contractual fees
Amendment of Service Description Corporate Network International CNI (documentation replaced in 2016)	Raiffeisen Bank International AG	16 June 2015	Amendment of Service Description Corporate Network International CNI / payment of contractual fees
Amendment of Service Description Lotus Notes International Domino Hub service (documentation replaced in 2016)	Raiffeisen Bank International AG	16 June 2015	Amendment to Service Description Lotus Notes / payment of contractual fees
Amendment to Market Data Distribution Agreement	Raiffeisen Bank International AG	16 June 2015	Change of yearly fees / payment of contractual fees
Project Collateral Fields Changes	Raiffeisen Bank International AG	28 July 2015	Addition of attributes for reconciliations of Notes / payment of contractual fees
Participation Certificate	Raiffeisen Bank International AG	28 August 2015	Risk participation / payment of contractual fees
Agreement for rendering the Project CPA rollout on Nearshored OFSAA Hub	Raiffeisen Bank International AG	9 September 2015	New Pricing Engine for Corp Division on RBI / payment of contractual fees
Limit approval - non-funded participation	Raiffeisen Bank International AG	16 September 2015	Limit approval - non-funded participation / payment of contractual fees
Participation Certificate	Raiffeisen Bank International AG	28 September 2015	Risk participation / payment of contractual fees
Midas Core Banking System Agreement	Raiffeisen Bank International AG	30 September 2015	Sublicensing agreement on the provision of Midas Core Banking / payment of contractual fees
Online Banking Security Service Agreement (documentation replaced in 2016)	Raiffeisen Bank International AG	8 October 2015	Agreement on banking security services / payment of contractual fees
Midas Maintenance & Upgrade Contract (documentation replaced in 2016)	Raiffeisen Bank International AG	13 October 2015	Midas licences and support / payment of contractual fees
Agreement on the termination of the contract about automatic balance transfers	Raiffeisen Bank International AG	16 October 2015	Agreement on the termination of the contract about automatic balance transfers from 20 May 2011

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Limit approval - settlement limit increase	Raiffeisen Bank International AG	19 October 2015	Limit approval - settlement limit increase / payment of contractual fees
Micro Contract	Raiffeisen Bank International AG	12 November 2015	Agreement about the reimbursement of expenses related to marketing research data analysis / payment of contractual fees
FWR Contract	Raiffeisen Bank International AG	12 November 2015	Agreement about the reimbursement of expenses related to marketing research data analysis / payment of contractual fees
Limit approval - settlement limit increase	Raiffeisen Bank International AG	26 November 2015	Limit approval - settlement limit increase / payment of contractual fees
Agreement on automatic balance transfers	Raiffeisen Bank International AG	10 December 2015	Changes to mutual rights and obligations when making automatic balance between accounts administered by Raiffeisenbank a.s.
Agreement for rendering the CRS Group Program	Raiffeisen Bank International AG	16 December 2015	Mutual provision of services in the project Common Reporting Standard/payment of contractual fees
Cross Border Merchant Services Visa and Master Card Consolidated Settlement Agreement	Raiffeisen Bank International AG	1 January 2016	Service provided by the card accounting department in Olomouc for RBI
Amendment to the 2014 McKinsey European Banking IT Benchmarking	Raiffeisen Bank International AG	1 January 2016	Validation extension of the original contract even for 2016
Service Level Agreement (Operative Operational Risk Management)	Raiffeisen Bank International AG	1 January 2016	Provision of services outlined in the agreement/settlement of contractual fees
Amendment to the 2012 Service Agreement	Raiffeisen Bank International AG	1 January 2016	Update of amendments, change in supplies in the individual fields
Service Agreement for Credit Risk Control	Raiffeisen Bank International AG	1 January 2016	Update (specification) of the subject of provided services
Master IT Cooperation Agreement	Raiffeisen Bank International AG	19 April 2016	Setting IT cooperation conditions/ payment of contractual fees
Service Agreement (HR Services)	Raiffeisen Bank International AG	5 September 2016	Provision of Talent Management and Succession Planning services
FWR Agreement (survey in the Czech Republic)	Raiffeisen Bank International AG	22 September 2016	Remuneration of costs for the preparation of survey analyses in the Czech Republic
Agreement for rendering the Project MAD II STOR	Raiffeisen Bank International AG	8 August 2016	Implementation of a group solution for the MADII/MAR project
Agreement for rendering the MiFID II - KIDs for PRIIPs Project	Raiffeisen Bank International AG	31 August 2016	Implementation and integration regarding the group solution for the PRIIPs project
Gartner for Technical Professional Usage Agreement	Raiffeisen Bank International AG	31 August 2016	Access right to information provided by Gartner
Agreement for rendering the RAP NWU Rollout Project	Raiffeisen Bank International AG	13 December 2016	Participation on the "Roll out Research Application" RBI group project

Legal act	Counterparty	Date concluded	Performance/ Counter-performance
Agreement for rendering the MiFID II Project	Raiffeisen Bank International AG	20 December 2016	Implementation of a group solution for the MiFID project
Amendment No. 1 Project CRS (Agreement for rendering the CRS Group Program)	Raiffeisen Bank International AG	5 October 2016	Support for the CRS project at the part of RBI
Service Agreement - Provision of Program Management Services (Compliance)	Raiffeisen Bank International AG	18 August 2016	Compliance advisory and information support
Participation Certificate (Globus)	Raiffeisen Bank International AG	18 July 2016	Risk participation
Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	21 March 2016	Risk participation
Amendment No. 1 Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	25 May 2016	Amendment of terms and conditions
Amendment No. 2 Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	23 September 2016	Amendment of terms and conditions
Amendment No. 3 Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	9 November 2016	Amendment of terms and conditions
Amendment No. 4 Participation Certificate (Lasselsberger GmbH)	Raiffeisen Bank International AG	16 November 2016	Amendment of terms and conditions
Participation Certificate (Steinhoff Möbel Holding Alpha GmbH)	Raiffeisen Bank International AG	16 December 2016	Risk participation
11 x Service Description partial agreements following the Master IT Cooperation Agreement	Raiffeisen Bank International AG	11 August 2016	More detailed description of cooperation regarding individual IT applications
New limit approval	Raiffeisen Bank International AG	19 January 2016	Overdraft limit
Prolongation of the limit maturity	Raiffeisen Bank International AG	9 February 2016	Non-funded participation (guarantee)
Limit approval	Raiffeisen Bank International AG	29 March 2016	New limit on the guarantee issued
Limit approval	Raiffeisen Bank International AG	10 May 2016	Settlement limit increase

In addition to the contracts referred to above, the Bank and the controlling entities entered into other bank transactions in the course of 2016, predominantly loans and borrowings in the money market, guarantees and counter-guarantees, and fixed-term transactions, under which the Bank received or paid interest and fees.

In the reporting period, the controlled entity received or provided no other performance or counter-performance in the interest or at the instigation of the controlling entity or entities controlled by the controlling entity outside the scope of performance or counter-performance, which is customary within the controlled entity's relations with the controlling entity as the shareholder of the controlled entity.

4.2. List of Contracts with Other Related Parties

In the 2016 reporting period, Raiffeisenbank a.s. had relations with the following related parties:

Raiffeisen stavební spořitelna a.s.

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Cooperation Contract	Raiffeisen stavební spořitelna a.s.	31 May 2002	Mediation of the sale of building saving schemes / payment of contractual commissions
Contract for the Provision of Call Centre Services	Raiffeisen stavební spořitelna a.s.	23 June 2005	Provision of call centre services to Raiffeisen stavební spořitelna / contractual fee
Amendment No. 5 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	27 March 2009	Change of conditions of cooperation in mutual offering of products
Amendment No. 6 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	23 December 2009	Change of conditions of cooperation in mutual offering of products
Cooperation Contract (note: contract terminated as of 28 November 2016)	Raiffeisen stavební spořitelna a.s.	7 June 2010	Change of mutual cooperation in providing payment cards / payment of contractual commission
Amendment to the Cooperation Contract of 7 June 2010 (note: contract terminated as of 28 November 2016)	Raiffeisen stavební spořitelna a.s.	15 November 2011	Change of contractual terms for the purpose of addressing clients with a new offer
Treasury Master Agreement	Raiffeisen stavební spořitelna a.s.	29 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement	Raiffeisen stavební spořitelna a.s.	5 April 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Agreement on Further Terms of Cooperation	Raiffeisen stavební spořitelna a.s.	16 April 2012	Agreement on further cooperation in mutual offering of products to clients (according to the Cooperation Agreement of 31 May 2002)
FTP Access Agreement	Raiffeisen stavební spořitelna a.s.	15 February 2013	Agreement on mutual data exchange using an FTP server (see Agreement on Further Terms of Cooperation of 16 April 2012)
Amendment No. 7 to the Cooperation Contract of 31 May 2002	Raiffeisen stavební spořitelna a.s.	24 July 2013	Definition of activities of RBCZ for Raiffeisen stavební spořitelna a.s. concerning online client service
Amendment No. 1 to the Agreement to Buy or Sell Securities	Raiffeisen stavební spořitelna a.s.	25 September 2013	Change of contractual terms
Direct Banking Service Agreement	Raiffeisen stavební spořitelna a.s.	15 November 2013	Agreement on direct banking services / payment of contractual fees
Sales Representation Agreement	Raiffeisen stavební spořitelna a.s.	15 December 2014	Agreement on sales representation / payment of commissions within Product Appendices
Product Appendix 1	Raiffeisen stavební spořitelna a.s.	15 December 2014	Addressing prospects interested in services related to mutual funds managed by RIS / payment of commission

Legal act	Counterparty	Date concluded	Performance / Counter-performance
Product Appendix 2 (appendix terminated as of 30 November 2016)	Raiffeisen stavební spořitelna a.s.	15 December 2014	Provision of a mortgage loan product / payment of commission
Product Appendix. 3	Raiffeisen stavební spořitelna a.s.	15 December 2014	Identifying prospects interested in concluding an "Account agreement" / payment of commission
Product Appendix 4 (appendix terminated as of 30 November 2016)	Raiffeisen stavební spořitelna a.s.	15 December 2014	Addressing prospects interested in an EASY credit card / payment of commission
Product Appendix 5 (appendix terminated as of 30 November 2016)	Raiffeisen stavební spořitelna a.s.	15 December 2014	Identifying prospects interested in a MICRO loan product / payment of commission
Agreement to Provide X-business Internet Banking Services	Raiffeisen stavební spořitelna a.s.	3 February 2015	X-business internet banking / payment of contractual fees
Amendment 1 dated 27 April 2015 to the Business Representation Contract	Raiffeisen stavební spořitelna a.s.	27 April 2015	Change of Appendix 1
Agreement to issue a debit card	Raiffeisen stavební spořitelna a.s.	10 June 2015	Debit card issue
Prolongation of existing limits	Raiffeisen stavební spořitelna a.s.	10 December 2015	Prolongation of existing limits / payment of contractual fees
Insurance Participation Agreement	Raiffeisen stavební spořitelna a.s.	29 December 2015	Insurance participation/ payment of a share in an insurance premium
Agreement on terminating Appendices No. 2, 4 and 5 to the Sales Representation Agreement dated 15 December 2014	Raiffeisen stavební spořitelna a.s.	29 November 2016	Termination of RB offering loan products at the part of RSTS

In 2015, Raiffeisenbank a.s. connected accounts to the X-business installation for the following companies: KONEVOVA s.r.o. and Raiffeisen stavební spořitelna a.s.

Raiffeisen – Leasing, s.r.o.

Legal Act	Counterparty	Date concluded	Performance / Counter-Performance
Contract for the Sublease of Non-Residential Premises	Raiffeisen – Leasing, s.r.o.	28 August 2008	Sublease of non-residential premises / payment of the rent
Amendment no. 1 to the Contract on the Sublease of Non-Residential Premises from 28 August 2008	Raiffeisen – Leasing, s.r.o.	15 June 2009	Change of contractual terms
Amendment no. 2 to the Contract on the Sublease of Non-Residential Premises from 28 August 2008	Raiffeisen – Leasing, s.r.o.	1 December 2009	Change of contractual terms
Cooperation Agreement	Raiffeisen – Leasing, s.r.o.	13 December 2010	Definition of mutual cooperation in the provision of payment cards / payment of contractual commission
Amendment no. 3 to the Contract on the Sublease of Non-Residential Premises from 28 August 2008	Raiffeisen – Leasing, s.r.o.	28 March 2011	Change of contractual terms
Loan Contract	Raiffeisen – Leasing, s.r.o.	28 March 2011	Provision of a loan facility / payment of contractual interest
Cash Pooling Agreement	Raiffeisen – Leasing, s.r.o.	28 April 2011	Automatic transfers of account balances

Legal Act	Counterparty	Date concluded	Performance / Counter-Performance
Risk Management Cooperation Contract	Raiffeisen - Leasing, s.r.o.	11 July 2011	Provision of credit risk analyses / payment of fees and costs according to the contract
Agreement on Accounts	Raiffeisen - Leasing, s.r.o.	21 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Agreement on Accounts	Raiffeisen - Leasing, s.r.o.	8 August 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Agreement on Accounts	Raiffeisen - Leasing, s.r.o.	11 July 2011	Agreement to open special accounts for clients of Raiffeisen-Leasing, s.r.o.
Treasury Master Agreement	Raiffeisen - Leasing, s.r.o.	20 February 2012	Agreement on rights and obligations related to transactions in the financial market
Personal Data Processing and Confidentiality Agreement	Raiffeisen - Leasing, s.r.o.	1 March 2012	Agreement on the processing of personal data and confidentiality as part of mutual business cooperation
Amendment No. 1 to the Risk Management Cooperation Contract of 11 July 2011	Raiffeisen - Leasing, s.r.o.	13 April 2012	Change of contractual terms
Amendment no. 4 to the Contract on the Sublease of Non-Residential Premises from 28 August 2008	Raiffeisen - Leasing, s.r.o.	29 June 2012	Change of contractual terms
Agreement on Cooperation in Client Data Exchange	Raiffeisen - Leasing, s.r.o.	6 August 2012	Stipulation of rights and obligations in exchanging data for the purpose of business cooperation
FTP Access Agreement	Raiffeisen - Leasing, s.r.o.	6 August 2012	Agreement on the use of a server for mutual exchange of data
Loan Contract No. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	27 September 2012	Provision of a credit limit / payment of contractual interest
Amendment No. 1 to Loan Contract No. 110157/2012/01 of 27 September 2012	Raiffeisen - Leasing, s.r.o.	16 November 2012	Change of contractual terms
Amendment No. 1 to the Agreement on Cooperation in Client Data Exchange S/2012/02973	Raiffeisen - Leasing, s.r.o.	27 March 2013	Stipulation of rights and obligations of contracting parties in exchanging information
Agreement on Non-Exclusive Sales Representation	Raiffeisen - Leasing, s.r.o.	18 April 2013	Stipulation of rights and obligations under non-exclusive sales representation / payment of contractual commissions
Amendment no. 5 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	28 June 2013	Change of contractual terms / payment of rent
Agreement on Cooperation and Provision of Information Systems and Technology Services	Raiffeisen - Leasing, s.r.o.	14 February 2014	Provision of information systems and technology services / payment of agreed remuneration
Agreement on Risk Participation and Provision of Special-Purpose Loan	Raiffeisen - Leasing, s.r.o.	15 May 2015	Provision of funds for leasing finance / payment of contractual fees
Amendment no. 6 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	11 February 2014	Amendment no. 6 to the Contract on the Sublease of Non-Residential Premises

Legal Act	Counterparty	Date concluded	Performance / Counter-Performance
Amendment no. 7 to the Contract on the Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	24 November 2014	Amendment no. 7 to the Contract on the Sublease of Non-Residential Premises
Master Service Agreement	Raiffeisen - Leasing, s.r.o.	14 January 2015	Provision of payroll accounting and registry services / payment of contractual fees
Amendment no. 12 to the Loan Contract no.110157/2012/01 of 27 September 2012	Raiffeisen - Leasing, s.r.o.	21 April 2015	Provision of credit limit / payment of contractual interest
Amendment no. 13 to the Loan Contract no.110157/2012/01	Raiffeisen - Leasing, s.r.o.	22 June 2015	Provision of credit limit / payment of contractual interest
Escrow Account Contract	Raiffeisen - Leasing, s.r.o.	24 June 2015	Opening and administration of an escrow account
Amendment no. 1 to Escrow Account Contract	Raiffeisen - Leasing, s.r.o.	14 July 2015	Opening and administration of an escrow account
limit approval - review of the loan and treasury line including its extension and increase	Raiffeisen - Leasing, s.r.o.	27 July 2015	limit approval - review of the loan and treasury line including its extension and increase
Amendment no. 15 to the Loan Contract no. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	29 July 2015	Provision of credit limit / payment of contractual interest
Amendment no. 14 to the Loan Contract no. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	31 July 2015	Provision of credit limit / payment of contractual interest
Amendment no. 16 to the Loan Contract no. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	17 August 2015	Provision of credit limit / payment of contractual interest
Contract on the opening and administration of account no. 5170012066 (EUR)	Raiffeisen - Leasing, s.r.o.	24 August 2015	Account opening and administration
Master Agreement - RB car fleet management	Raiffeisen - Leasing, s.r.o.	30 September 2015	RB car fleet management / payment of contractual fees
Amendment no. 17 to the Loan Contract no. 110157/2012/01	Raiffeisen - Leasing, s.r.o.	30 September 2015	Provision of credit limit / payment of contractual interest
Amendment no. 1 on non-exclusive business representation	Raiffeisen - Leasing, s.r.o.	29 October 2015	Business representation / payment of contractual provisions
Contract on the opening and administration of account no. 5170012293 (EUR)	Raiffeisen - Leasing, s.r.o.	26 November 2015	Account opening and administration
Agreement on Cooperation in Compliance, Fraud Risk Management, Information Security and Physical Security	Raiffeisen - Leasing, s.r.o.	28 December 2015	Cooperation in the area of Compliance & Security / Payment of contractual remuneration
Amendment No. 2 to the Risk Management Cooperation Agreement of 11 July 2011	Raiffeisen - Leasing s.r.o.	22 December 2016	Change of Appendix No. 1
Agreement on Risk Participation and Provision of Special-Purpose Loan (VAL - Linter EKO s.r.o.)	Raiffeisen - Leasing, s.r.o.	20 April 2016	Risk participation / payment of contractual interest
Agreement on Communication via the JIRA Application	Raiffeisen - Leasing, s.r.o.	21 March 2016	Inserting comments on audit tasks in the Follow Up Internal Audit Application in JIRA

Legal Act	Counterparty	Date concluded	Performance / Counter-Performance
Agreement on Confidentiality and Protection of Personal Information	Raiffeisen - Leasing, s.r.o.	25 November 2016	Agreement on personal data processing, confidentiality and some other provisions
Amendment No. 8 to the Agreement on Sublease of Non-Residential Premises	Raiffeisen - Leasing, s.r.o.	16 December 2016	Change of the lease subject/change of the lease
Deal Participation Agreement S/2016/00211	Raiffeisen - Leasing, s.r.o.	4 January 2016	Participation on CECC Research/ payment of contractual amount
Sub-licence Agreement	Raiffeisen - Leasing, s.r.o.	9 September 2016	Adjustment of Registered trademarks terms/payment contractual fee
Amendment No. 1 to the Deal Participation Agreement S/2016/00211	Raiffeisen - Leasing, s.r.o.	7 November 2016	Prolongation of the Agreement to 2017

In 2016, Raiffeisenbank a.s. was related to a total of 101 companies (see the list in Chapter 2) indirectly through Raiffeisen-Leasing, s.r.o., with which it concluded contracts for the opening and maintenance of a current account, based on which it received standard contractual fees from and paid standard contractual interest to the above companies. Also, Raiffeisenbank a.s. concluded contracts for the use of electronic banking, or authorisation to use electronic banking, with these companies, based on which it received standard contractual fees from the above companies. Furthermore, Raiffeisenbank a.s. has several Treasury Master Agreements with the above companies, the subject-matter of which is the provision of trades concluded on the money and capital markets / payment of contractual fees.

In 2016, Raiffeisenbank a.s. connected accounts to the Multicash installation for the following companies: Onyx Energy s.r.o., Appolon Property, s.r.o., lysishea a.s., Palace Holding s.r.o., Michalka - Sun s.r.o., Urania Property, s.r.o., Euterpé Property, s.r.o., Grainulos s.r.o., Tritón Property, s.r.o., Hypnos Property, s.r.o., Morfeus Property, s.r.o., BOMAK, spol. s r.o., FORZA SOLE s.r.o., Peitó Property, s.r.o., Melpomené Propert, s.r.o., Meleté Property, s.r.o., Strašnická realitní a.s., Gherkin, s.r.o., Hyperion Property, s.r.o., Kleió Property, s.r.o.

Raiffeisen FinCorp, s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Master Treasury Agreement	Raiffeisen FinCorp, s.r.o.	26 February 2015	Agreement on rights and obligations related to transaction on the financial market
Amendment to the Master Treasury Agreement	Raiffeisen FinCorp, s.r.o.	26 February 2015	Agreement on rights and obligations related to transaction on the financial market
Amendment no. 2 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	31 March 2015	Provision of credit limit / payment of contractual interest
Guarantor's Statement	Raiffeisen FinCorp, s.r.o.	11 May 2015	Security to a liability
Amendment no. 3 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	22 June 2015	Provision of credit limit / payment of contractual interest
Amendment no. 1 to the Guarantor's Statement	Raiffeisen FinCorp, s.r.o.	22 June 2015	Security to a liability
Amendment no. 4 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	31 July 2015	Provision of credit limit / payment of contractual interest
Amendment no. 5 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	17 August 2015	Change in the wording of Appendix 2 to the Agreement
Amendment no. 6 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	29 April 2016	Change in Article VIII, Paragraph 5 of the Agreement
Amendment no. 7 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	31 May 2016	Change in Article I, Paragraph 6 of the Agreement
Amendment no. 8 to the Master Agreement on loan banking products	Raiffeisen FinCorp, s.r.o.	29 July 2016	Provision of a credit limit of up to CZK 4,000,000,000
Amendment no. 2 to the Guarantor's Statement	Raiffeisen FinCorp, s.r.o.	29 July 2016	Change of terms and conditions of the contract
Limit approval	Raiffeisen FinCorp, s.r.o.	16 February 2016	Credit and treasury line revision incl. prolongation and increase
Limit approval for Raiffeisen FinCorp and Raiffeisen-Leasing	Raiffeisen FinCorp, s.r.o.	26 July 2016	Credit and treasury line revision incl. prolongation and increase

As of 31 December 2016, Raiffeisenbank a.s. concluded Agreements to Open and Administer Current Accounts with Raiffeisen FinCorp, s.r.o. Based on these agreements it accepted regular contractual fees from the above company and paid regular contractual interest.

KHD, a.s.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open and Maintain a Current Account	KHD, a.s.	13 February 2009	Opening and maintenance of a current account / payment of contractual fees

Raiffeisen Direct Investments CZ s.r.o.

(Note: former Transaction System Servis s.r.o.)

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open and Maintain a Current Account	Transaction System Servis s.r.o.	17 December 2008	Opening and maintenance of a current account / payment of contractual fees
Agreement on Direct Banking	Transaction System Servis s.r.o.	1 December 2010	Setting up direct banking services
Agreement on Cooperation in Preparation of Tax Returns for VAT Group (note: agreement terminated during 2016 in the course of the company being renamed RDI)	Transaction System Servis s.r.o.	25 February 2013	Cooperation in preparation of group tax returns for VAT group
Agreement on Cooperation in Preparation of VAT-Tax Returns for the Group	Raiffeisen Direct Investments CZ s.r.o.	29 August 2016	Obligations of Group members regarding the preparation of tax returns and supplementary VAT-tax returns

In 2016, Raiffeisen Direct Investments CZ s.r.o. acquired a 100% investment in the following companies:

RDI Czech 1 s.r.o. (former CREF CZ 1 s.r.o.);
 RDI Management s.r.o. (former CREF CZ 2 s.r.o.);
 RDI Czech 3 s.r.o. (former CREF CZ 3 s.r.o.);
 RDI Czech 4 s.r.o. (former CREF CZ 4 s.r.o.);
 RDI Czech 5 s.r.o. (former CREF CZ 5 s.r.o.); and
 RDI Czech 6 s.r.o. (former PRK Sigma 06 s.r.o.).

During 2016, the Bank concluded contracts for the maintenance of a current account (based on which it received standard contractual fees) and, furthermore, lease and loan agreements (including hedging documentation) for the purpose of financing the acquisition of fixed assets with the aforementioned companies.

Raiffeisen investiční společnost a.s.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Master Agreement on RIS Services	Raiffeisen investiční společnost a.s.	1 January 2013	Provision of RIS services / payment of contractual remunerations and fees
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	23 January 2013	Current account maintenance / payment of contractual fees
Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	14 February 2013	Stipulation of mutual rights and obligations of VAT group members
Agreement on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	29 March 2013	Agreement on the Sublease of Non-Residential Premises / payment of rent
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	13 June 2013	Opening and maintenance of a current account / payment of contractual fees
Confidentiality Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Confidentiality agreement
Cooperation Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Agreement on cooperation (distribution of RIS funds) / payment of contractual remuneration
Service Agreement	Raiffeisen investiční společnost a.s.	17 June 2013	Provision of services - settlement of trades / payment of contractual remuneration

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on Direct Banking	Raiffeisen investiční společnost a.s.	18 June 2013	Setting up direct banking services / payment of contractual fees
Treasury Master Agreement	Raiffeisen investiční společnost a.s.	17 July 2013	Agreement on rights and obligations related to transactions in the financial market
Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	19 September 2013	Agreement on the provision of IT services to RIS / payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	27 September 2013	Current Account maintenance / payment of contractual fees
Amendment No. 1 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	1 October 2013	Deletion of current Appendices No. 1 and 2 and replacement by updates
Amendment No. 1 to Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	1 January 2014	Change of terms and conditions
Amendment No. 1 to Agreement on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	1 January 2014	Amendment to the Agreement on the sublease of non-residential premises / payment of rent
Amendment No. 1 to Treasury Master Agreement	Raiffeisen investiční společnost a.s.	31 January 2014	Modification according to EMIR
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	27 February 2014	Agreement to Open and Maintain a Current Account 5170010677-5500
Amendment No. 1 to Service Agreement S/2014/00265	Raiffeisen investiční společnost a.s.	14 March 2014	Change of remuneration/ payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	13 June 2013	Agreement to Open and Maintain a Current Account for RCHFEC
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	21 March 2014	Agreement to Open and Maintain a Current Account for RCHFAP
Amendment No. 2 to Cooperation Agreement	Raiffeisen investiční společnost a.s.	10 April 2014	Appendix update, modification of rights and obligations
Amendment No. 3 to Cooperation Agreement	Raiffeisen investiční společnost a.s.	14 April 2014	Appendix update
Amendment No. 1 to Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	13 May 2014	Contact information update
Amendment No. 2 to Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	1 July 2014	Remuneration amount update / payment of contractual remuneration
Agreement to Open and Maintain a Current Account	Raiffeisen investiční společnost a.s.	10 July 2014	Agreement to Open and Maintain a Current Account (5170011354-5500 USD, 5170011362-5500 EUR)
Agreement on Certain Issues Related to Management of Qualifying Investors' Fund	Raiffeisen investiční společnost a.s.	18 July 2014	Cooperation, compulsory disclosure in management of Leonardo, open-end mutual fund
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	8 October 2014	Agreement on Discharge of Obligation regarding account maintenance (EUR, USD) RCHFAP
Cooperation Agreement	Raiffeisen investiční společnost a.s.	1 December 2014	Agreement on cooperation (RCM funds) / payment of agreed commission

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Investment Instrument Brokerage Agreement	Raiffeisen investiční společnost a.s.	5 December 2014	Brokerage of purchases/sales of investment instruments / payment of contractual remuneration
Agreement on the Use of Electronic Banking	Raiffeisen investiční společnost a.s.	17 December 2014	Agreement to provide international electronic banking
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	28 January 2015	Termination of the agreement to issue a debit card
Amendment no.1 to Master Service Agreement S/2013/00482	Raiffeisen investiční společnost a.s.	16 March 2015	Amendment supplements the existing Appendix no. 2, part 1/ payment of contractual remuneration
Amendment no.1 to Agreement on the Use of Electronic Banking	Raiffeisen investiční společnost a.s.	21 April 2015	Amendment changes point 6.8. of the contract
Amendment no.4 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	12 June 2015	Amendment terminates appendix no. 1 and 2 of the contract and provides updated versions /change of authorised person
Amendment no. 2 to Service Agreement S/2013/00265	Raiffeisen investiční společnost a.s.	15 June 2015	Amendment terminates appendix no. 1 of the contract and provides an updated version
Amendment no. 5 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	13 July 2015	Amendment terminates appendix no. 1 and 2 of the contract and provides updated versions
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	27 July 2015	Agreement on Discharge of Obligation regarding account maintenance (CZK) RFDP
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	27 July 2015	Agreement on Discharge of Obligation regarding account maintenance (CZK) RFEC
Agreement to Provide Outsourcing Services in RIS Risk Management	Raiffeisen investiční společnost a.s.	30 July 2015	Agreement to Provide Outsourcing Services in RIS Risk Management / payment of contractual remuneration
Amendment no. 1 to Cooperation Agreement S/2014/00508	Raiffeisen investiční společnost a.s.	1 September 2015	Update of appendix no.1 and 2 par. 5 of the agreement /new wording of par. 5 in the Client section
Agreement on Discharge of Obligation	Raiffeisen investiční společnost a.s.	26 October 2015	Termination of the agreement on current accounts
Cooperation Agreement in the Area of Compliance	Raiffeisen investiční společnost a.s.	3 December 2015	Stipulation of the conditions of the cooperation of RB in the area of compliance and FRM / payment of contractual remuneration
Amendment no. 6 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	7 December 2015	Amendment terminates appendix no. 1 and 2 of the contract and provides updated versions / payment of contractual remuneration
Amendment no. 7 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	7 December 2015	Change to the construction of the remuneration for the provider/ Appendices 1 and 3 replaced by the update/ changes to practical procedures
Amendment no. 2 to Master Service Agreement S/2013/00482	Raiffeisen investiční společnost a.s.	1 January 2016	Amendment updates Appendices 1 to 8 to the contract

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Amendment no. 8 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	1 March 2016	Additional client information on findings in relation to PF solved by the provider
Amendment no. 1 to Service Agreement S/2013/00265	Raiffeisen investiční společnost a.s.	14 March 2016	Change of rights and obligations of the contractual parties
Amendment no. 9 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	30 March 2016	Amendment annuls point 1 of the Appendix and point 1 of the Agreement and replaces these with updates
Amendment no. 2 to Agreement on Cooperation in Preparation of Tax Returns for VAT Group	Raiffeisen investiční společnost a.s.	11 May 2016	Added obligation to file in data for Local Purchases and Sales List
Confidentiality Agreement	Raiffeisen investiční společnost a.s.	19 May 2016	Subject of the Agreement are rights and obligations of RB and RIS
Amendment no. 10 to Cooperation Agreement S/2013/00263	Raiffeisen investiční společnost a.s.	1 September 2016	Amendment annuls Appendix no. 1 to the Agreement and replaces this by new wording
Sub-License Agreement	Raiffeisen investiční společnost a.s.	1 September 2016	Sub-License agreement on registered trademarks
Agreement on the Provision of Outsourcing Services in the Field of Internal Audit of Raiffeisen investiční společnost a.s.	Raiffeisen investiční společnost a.s.	22 September 2016	Outsourcing internal audit services
Amendment no. 2 to Agreement on the Sublease of Non-Residential Premises	Raiffeisen investiční společnost a.s.	11 November 2016	Change in the lease subject/ change in the lease
Amendment no. 3 to Agreement on Information System and Technology Services	Raiffeisen investiční společnost a.s.	31 December 2016	Remuneration amount update / payment of contractual remuneration

Raiffeisen Property Management, s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open and Maintain a Current Account	Raiffeisen Property Management, s.r.o. (previously Raiffeisen Property Invest, s.r.o.)	12 May 1997	Current Account maintenance / payment of contractual fees
Agreement to Open and Maintain a Current Account	Raiffeisen Property Management, s.r.o. (previously Raiffeisen Property Invest, s.r.o.)	16 December 2008	Current Account maintenance / payment of contractual fees

Hotel Maria Prag Besitz s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on Maintenance of a Current Account	Hotel Maria Prag Besitz s.r.o.	19 October 2006	Current Account maintenance / payment of contractual fees

Raiffeisen Bank Zrt.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open a Nostro Account	Raiffeisen Bank Zrt.	2 August 2001	Maintenance of a nostro account / payment of contractual fees
Agreement to Open and Maintain a Securities Account	Raiffeisen Bank Zrt.	11 July 2005	Definition of conditions of maintenance of RBCZ's securities account in Hungary / payment of contractual fees
ISDA Master Agreement	Raiffeisen Bank Zrt.	29 April 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Amendment - Schedule to the ISDA Master Agreement	Raiffeisen Bank Zrt.	29 April 2011	Definition of detailed terms and conditions of money market trading
Approval of a new Money Market limit	Raiffeisen Bank Zrt.	22 March 2016	

Raiffeisen banka a.d.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Loan Contract	Raiffeisen banka a.d.	21 December 2004	Provision of credit a loan facility / payment of contractual interest
Amendment no. 1 to the Loan Contract from 21 December 2004	Raiffeisen banka a.d.	30 March 2005	Change of contractual relationships until 30 April 2005
Loan Contract	Raiffeisen banka a.d.	14 June 2005	Provision of credit a loan facility / payment of contractual interest

Raiffeisenbank Austria d.d.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open a Nostro Account	Raiffeisenbank Austria d.d.	21 May 2001	Maintenance of a nostro account / payment of contractual fees
ISDA Master Agreement	Raiffeisenbank Austria d.d.	8 June 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Amendment - Schedule to the ISDA Master Agreement"	Raiffeisenbank Austria d.d.	8 June 2011	Definition of detailed terms and conditions of money market trading
Agreement to open a correspondent account	Raiffeisenbank Austria d.d.	18 May 2011	Maintenance of a correspondent account / payment of contractual fees
Overdraft nostro limit increase	Raiffeisenbank Austria d.d.	30 September 2015	Overdraft nostro limit increase / payment of contractual fees

Tatra Banka, a.s.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Risk Participation Agreement	Tatra Banka, a.s.	18 May 2005	Credit risk participation / payment of contractual fees
Risk Participation Agreement	Tatra Banka, a.s.	18 August 2005	Credit risk participation / payment of contractual fees
Risk Participation Agreement	Tatra Banka, a.s.	16 November 2005	Credit risk participation / payment of contractual fees
Contract for Pledge on Government Bonds	Tatra Banka, a.s.	19 May 2005	Establishment of pledge on bonds
Amendment No. 1 to the Contract for Pledge on Bonds of 19 May 2005	Tatra Banka, a.s.	16 November 2005	Adjustment of rights and obligations
Syndicated Investment Facility Agreement	Tatra Banka, a.s.	12 December 2005	Provision of credit a loan facility / payment of contractual interest
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	7 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	18 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	21 December 2006	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	30 October 2007	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	22 November 2007	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	27 February 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	8 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	19 December 2008	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 August 2008	Credit risk participation / payment of contractual fees
Amendment No. 5 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	8 June 2009	Prolongation of the agreement

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Amendment No. 6 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	16 December 2009	Agreement on joint order
Confidentiality Agreement	Tatra Banka, a.s.	4 May 2010	Agreement on confidentiality as part of potential mutual cooperation
Cooperation Agreement	Tatra Banka, a.s.	1 August 2010	Agreement on conditions for transfer of information and access to premises
JIRA Application Communication Agreement	Tatra Banka, a.s.	6 October 2010	Agreement to allow for mutual communication through a shared application.
ISDA Master Agreement	Tatra Banka, a.s.	5 October 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Amendment - Schedule to the ISDA Master Agreement	Tatra Banka, a.s.	5 October 2011	Definition of detailed terms and conditions of money market trading
Risk Participation Confirmation	Tatra Banka, a.s.	5 February 2013	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	Tatra Banka, a.s.	26 September 2013	Credit risk participation / payment of contractual fees
Amendment No.7 to the Agreement on Shared Use of Banker's Almanac On-line of 15 June 2004	Tatra Banka, a.s.	19 December 2013	Amendment No.7 to the Agreement on Shared Use of Banker's Almanac / payment of contractual remuneration
Risk Participation Confirmation	Tatra Banka, a.s.	20 December 2013	Credit risk participation / payment of contractual fees
Amendment No.8 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	29 April 2014	Amendment No.8 to the Agreement on Shared Use of Banker's Almanac On-line / payment of contractual remuneration
Amendment No.9 to the Agreement on Shared Use of Banker's Almanac On-line	Tatra Banka, a.s.	25 July 2014	Amendment No.8 to the Agreement on Shared Use of Banker's Almanac On-line /
Agreement to Provide Information Technology Services	Tatra Banka, a.s.	1 May 2015	Provision of IT Services / payment of contractual remuneration
Agreement to Provide Confidential Information	Tatra Banka, a.s.	21 May 2015	Provision of confidential information
Agreement on Communication through the Citrix Application	Tatra Banka, a.s.	3 June 2015	Communication agreement
Agreement on Communication through the Sharepoint Application	Tatra Banka, a.s.	3 June 2015	Communication agreement
Sublicensing Agreement on the Use of Finance Planning for Premium Banking Programs	Tatra Banka, a.s.	30 September 2015	Use of premium banking programs / Payment of contractual remuneration
Limit increase - funded participation	Tatra Banka, a.s.	19 October 2015	Limit increase - funded participation / payment of contractual fees
Limit increase - non-funded participation	Tatra Banka, a.s.	9 December 2015	Limit increase - non-funded participation / payment of contractual fees
Framework agreement (employee rotation between RBCZ and TBSK)	Tatra Banka, a.s.	20 July 2016	Conditions of the so called Rotation Programme between RBCZ and TBSK

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
IT Service Agreement between Raiffeisenbank a.s. and Tatra banka, a.s.	Tatra Banka, a.s	31 October 2016	Provision of services of a SOC supervision centre
Participation Certificate (Penta - VLM)	Tatra Banka, a.	13 January 2016	Risk participation

Tatra Asset Management, správ. spol., a.s.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on Communication via Sharepoint Portal	Tatra Asset Management, správ. spol., a.s.	15 July 2012	Agreement on enabling mutual communication via a shared application

Regional Card Processing Centre, s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Framework Agreement on Payment Card Processing	Regional Card Processing Centre, s.r.o.	1 January 2011	Provision of payment card processing / payment of contractual fee
Amendment No. 1 to Framework Agreement on Payment Card Processing of 2011	Regional Card Processing Centre, s.r.o.	9 June 2014	Amendment to the Agreement, modification of the data processing and storing method
Statement of Work	Regional Card Processing Centre, s.r.o.	12 November 2015	Contract defining the extent of work, schedule, price and acceptance criteria of RPC deliveries for a project
Agreement on Communication via the JIRA Application	Regional Card Processing Centre, s.r.o.	9 May 2016	JIRA contract on application access
Statement of Work	Regional Card Processing Centre, s.r.o.	30 November 2016	New interface between Wincor Nixdorf and RPC for the authorisation of ONUS transactions

Raiffeisen Bank Polska S.A.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Contract for the Establishment of Pledge on Receivables from Deposits	Raiffeisen Bank Polska S.A./ OFO Polska Sp. Z o.o.	25 August 2005	Establishment of pledge on receivables from deposits
Risk Participation Confirmation	Raiffeisen Bank Polska S.A.	22 December 2006	Credit risk participation / payment of contractual fees
ISDA Master Agreement	Raiffeisen Bank Polska S.A.	27 May 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Amendment - Schedule to the ISDA Master Agreement	Raiffeisen Bank Polska S.A.	27 May 2011	Definition of detailed terms and conditions of money market trading
Mutual Confidentiality Agreement - EVO	Raiffeisen Bank Polska S.A.	2 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Evo Payments International for a project
Mutual Confidentiality Agreement - Equens SE	Raiffeisen Bank Polska S.A.	2 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Equens SE for a project
Mutual Confidentiality Agreement - ATOS Worldline	Raiffeisen Bank Polska S.A.	26 June 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and ATOS Worldline for a project
Mutual Confidentiality Agreement - Six Payment Services	Raiffeisen Bank Polska S.A.	3 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Six Payment Services for a project
Mutual Confidentiality Agreement - Elavon Financial Service	Raiffeisen Bank Polska S.A.	3 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Elavon Financial Service for a project
Mutual Confidentiality Agreement - First Data	Raiffeisen Bank Polska S.A.	15 July 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and First Data for a project
Mutual Confidentiality Agreement - Global Payments Inc	Raiffeisen Bank Polska S.A.	1 October 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Global Payments Inc. for
Mutual Confidentiality Agreement - Provus	Raiffeisen Bank Polska S.A.	1 October 2014	Confidentiality agreement between Raiffeisenbank a.s., Raiffeisen Bank Polska, and Provus for a project
Limit approval - bank guarantee maturity extension	Raiffeisen Bank Polska S.A.	16 September 2015	Limit approval - bank guarantee maturity extension
Limit approval - bank guarantee	Raiffeisen Bank Polska S.A.	9 December 2015	Limit prolongation / payment of contractual fees
Limit approval	Raiffeisen Bank Polska S.A.	10 May 2016	Bank guarantees, maturity extensions

Raiffeisen Bank S.A.

Legal Act	Counterparty	Date concluded	Counter-Performance
Agreement to Open a Nostro Account	Raiffeisen Bank S.A.	19 August 2005	Maintenance of a nostro account / payment of contractual fees

Raiffeisen Centrobank AG

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement to Open and Maintain a Current / Correspondent Account	Raiffeisen Centrobank AG	23 October 2007	Opening and maintenance of a current/correspondent account / payment of contractual fees
Distribution Agreement	Raiffeisen Centrobank AG	27 June 2012	Agreement on joint distribution of structured products / payment of contractual commission
Amendment No. 1 to the Distribution Agreement of 27 June 2012	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Amendment No. 1 to the Distribution Agreement	Raiffeisen Centrobank AG	9 October 2012	Change of contractual terms
Cost Sharing Agreement	Raiffeisen Centrobank AG	9 October 2012	Agreement on sharing costs of joint distribution
ISDA 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	ISDA Master Agreement (International Swaps and Derivatives Association)
ISDA Schedule to the 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	ISDA Master Agreement plan
ISDA Credit Support Annex to the Schedule to the 2002 Master Agreement	Raiffeisen Centrobank AG	23 April 2014	Amendment to the ISDA Master Agreement
New limit approval	Raiffeisen Centrobank AG	29 March 2016	Money Market limit for treasury operations

Raiffeisen Banka d.d. (former Raiffeisen Krekova Banka d.d.)

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Loan Contract	Raiffeisen Krekova Banka d.d.	3 June 2005	Provision of credit a loan facility / payment of contractual interest
Additional contractual arrangement to the Loan Contract of 3 June 2005	Raiffeisen Krekova Banka d.d.	3 June 2005	Determination of the loan amount
Amendment No. 1 to the Loan Contract of 3 June 2005	Raiffeisen Krekova Banka d.d.	26 August 2005	Adjustment of the method of payment of interest
Loan Contract	Raiffeisen Krekova Banka d.d.	14 September 2005	Provision of credit a loan facility / payment of contractual interest
Additional contractual arrangement to the Loan Contract of 14 September 2005	Raiffeisen Krekova Banka d.d.	6 September 2005	Determination of the volume of drawn funds
Amendment No. 1 to the Loan Contract of 14 September 2005	Raiffeisen Krekova Banka d.d.	1 December 2005	Prolongation of the loan drawdown term

Raiffeisen – Leasing International GmbH

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Creditor Agreement	Raiffeisen – Leasing International GmbH	10 March 2005	Agreement on joint steps towards debtors
Syndicate Agreement	Raiffeisen – Leasing International GmbH	3 May 2004	Agreement on cooperation in corporate governance
Amendment to the Creditor Agreement of 10 March 2005	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	24 June 2005	Amendment to the contractual relationships
Agreement on Joint Refinancing	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	21 October 2005	Agreement on participation in loan refinancing
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	24 October 2005	Opening of an account with specific conditions of disposal of funds
Creditor Agreement	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property, s.r.o.	29 December 2004	Agreement on joint future steps
Escrow Account Agreement	Raiffeisen-Leasing International GmbH/ RLRE Kappa Property, s.r.o./ RLRE Lambda Property s.r.o.	29 December 2004	Opening of an account with specific conditions of disposal of funds

Raiffeisen – Leasing Bank AG

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Contract for the Establishment of Pledge on Receivables from Deposits	Raiffeisen-Leasing Bank AG	27 January 2005	Establishment of pledge on receivables from deposits

Centralised Raiffeisen International Services and Payments S.R.L.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 June 2007	SWIFT access settings / payment of contractual fees
Agreement on Data Processing and Protection	Centralised Raiffeisen International Services and Payments S.R.L.	18 June 2007	Agreement on the handling and protection of data
Annex No. 3 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 February 2008	Cooperation in the FiSa group programme determining fees for scanning of transactions to sanctioned parties
Annex No. 4a to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	12 August 2009	Specification of services for the use of a common platform for international payments
Confidentiality Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	20 January 2010	Agreement on confidentiality as part of potential mutual cooperation
Annex No. 5 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	27 August 2010	Specification of services for the use of a common platform for international payments
Annex No. 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	12 November 2010	Specification of services for the use of a common platform for international payments
Annex No. 1 to Amendment No. 4 to Cooperation Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	6 December 2012	Specification of services for the use of a common platform for international payments
Amendment No. 2 to Annex No. 4 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime
Amendment No. 2 to Annex No. 2 to Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	18 August 2014	Amendment to the Framework Agreement, stipulating times guaranteed by CRISP for cases of SWIFT service downtime
Appendix no. 6 to the Cooperation Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 January 2015	iReg hosting and support - Fatca Reporting Support Services
Section11 Appendix no. 6 to the Cooperation Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	8 January 2015	iReg hosting and support - Fatca Reporting Support Services
Appendix no. 7 to the Framework Agreement	Centralised Raiffeisen International Services and Payments S.R.L.	2 December 2016	Provision of services in the field of MAD II/MAR

RZB Finance LLC

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Master Risk Participation Agreement	RZB Finance LLC	12 September 2007	Agreement on participation in credit risk, based on which the below risk participation confirmations were issued / payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	12 September 2007	Credit risk participation / payment of contractual fees
Risk Participation Confirmation	RZB Finance LLC	6 December 2007	Credit risk participation / payment of contractual fees

ZUNO BANK AG (former Raiffeisen International Direct Bank AG)

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on the Sublease of Non-Residential Premises	ZUNO BANK AG	2 September 2013	Agreement on the Sublease of Non-Residential Premises / payment of rent
Amendment no. 1 and 2 to the Contract on the Sublease of Non-Residential Premises of 2 September 2013	ZUNO BANK AG	31 December 2013	Change of contractual terms
Digital Space Competence Centre Service Agreement	ZUNO BANK AG	1 April 2014	Provision of services for the Digital Space Competence Centre / payment of fees
Provision of Services for Digital Space Competence Centre	ZUNO BANK AG	1 April 2014	Provision of services for the Digital Space Competence Centre / payment of fees
Amendment no. 3 to the Contract on the Sublease of Non-Residential Premises	ZUNO BANK AG	12 May 2014	Amendment no. 3 to the Contract on the Sublease of Non-Residential Premises // payment of rent
Amendment no. 4 to the Contract on the Sublease of Non-Residential Premises	ZUNO BANK AG	7 August 2014	Amendment no. 4 to the Contract on the Sublease of Non-Residential Premises // payment of rent
Agreement on the Key Terms of Re-Contracting	ZUNO BANK AG	25 November 2016	Specification of rights and obligations regarding migration
Confidentiality Agreement	ZUNO BANK AG	22 September 2016	Confidentiality Agreement

ZUNO BANK AG, organizační složka

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on Maintenance of a Current/Correspondent Account	ZUNO BANK AG, organizační složka	22 September 2010	Maintenance of a current/ correspondent account / payment of contractual fees
Cooperation Agreement	ZUNO BANK AG, organizační složka	31 October 2012	Agreement on mutual cooperation in ATM use

AO Raiffeisenbank (former ZAO Raiffeisenbank)

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Correspondent Account Agreement	AO Raiffeisenbank	3 September 2008	Maintenance of a correspondent account / payment of contractual fees
ISDA Master Agreement	AO Raiffeisenbank	8 September 2011	Master Agreement stipulating mutual terms and conditions of money market trading
Amendment - Schedule to the ISDA Master Agreement	AO Raiffeisenbank	8 September 2011	Definition of detailed terms and conditions of money market trading

Raiffeisen Informatik Consulting GmbH

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Purchase Agreement for Oracle Cap-Limit Licence and Maintenance Services	Raiffeisen Informatik Consulting GmbH	8 September 2010	Provision of licenses / payment of contractual fees
Amendment No. 1 to the Purchase Agreement for Oracle Cap-Limit Licence and Maintenance Services	Raiffeisen Informatik Consulting GmbH	1 June 2011	Change of contractual obligations
Agreement on the Implementation, Operation and Support of ITSM Box	Raiffeisen Informatik Consulting GmbH	10 April 2015	Agreement on the Implementation, Operation and Support of ITSM Box / payment of contractual fees
Offer ITSM changes pricing	Raiffeisen Informatik Consulting GmbH	10 October 2016	change requirements for the ITSM box application

RB International Finance LLC

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Risk Participation Confirmation	RB International Finance LLC	26 February 2013	Credit risk participation / payment of contractual fees
Limit approval - maturity extension	RB International Finance LLC	30 September 2015	Limit approval - maturity extension / payment of contractual fees

Raiffeisen Kapitalanlage-Gesellschaft m.b.H (Raiffeisen Kag)

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	20 April 2011	Changes in Appendix 3
Management Agreement (Raiffeisen Czech Click Fund II)	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	24 November 2011	Agreement to appoint an investment manager and to stipulate rights and obligations in management of the fund in question
Memorandum of Understanding	Raiffeisen Kapitalanlage-Gesellschaft m.b.H / Raiffeisen investiční společnost a.s.	6 January 2013	Memorandum of understanding in transferring fund management to Raiffeisen investiční společnost a.s.
Termination Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	30 June 2013	Agreement to terminate the investment management agreements for the individual CZK funds above
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	1 July 2013	Changes to Appendix 3
Amendment to the Distribution Agreement	Raiffeisen Kapitalanlage-Gesellschaft m.b.H	1 January 2016	Transfer of non-registered funds to a separate category

Maharal Hotels, s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Bank Guarantee no.150276 from 23 February 2015	Maharal Hotels, s.r.o.	23 February 2015	Bank guarantee / payment of contractual fees
Agreement to Issue a Bank Guarantee, reg. no. 099005/2015/01	Maharal Hotels, s.r.o.	18 February 2015	Agreement to Issue a Bank Guarantee / payment of contractual commission

Ukrainian Processing Center

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Master Agreement - 3D Secure Payment Cards	Ukrainian Processing Center	26 March 2014	Master agreement - 3D Secure payment cards / payment of contractual fees
Price sheet	Ukrainian Processing Center	29 April 2014	Price sheet to the Master Agreement / payment of contractual fees
Appendix 5 to Master Agreement	Ukrainian Processing Center	7 May 2014	Appendix 5 to the Master agreement, definition of contractual terms
Amendment to Appendix 5 to Master Agreement	Ukrainian Processing Center	13 May 2014	Amendment to Appendix 5 to the Master Agreement, definition of contractual terms

Raiffeisen Leasing Polska S.A.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Non-Disclosure Agreement	Raiffeisen-Leasing Polska S.A.	27 August 2015	Non-Disclosure Agreement
Mutual Cooperation Agreement	Raiffeisen-Leasing Polska S.A.	21 August 2015	Mutual Cooperation Agreement

Raiffeisenbank Sh. A

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Limit Approval	Raiffeisenbank Sh. A	9 December 2015	Limit approval / payment of contractual interest

STRABAG SE

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Agreement on the Arrangement for Services Related to Keeping Records on Investment Instruments no. HS/0001/01/FN88983h	STRABAG SE	7 September 2016	CDCP services mediation/ remuneration according to the pricelist in Appendix no. 4 to this Agreement

In addition to contracts concluded in 2016 referred to above, the Bank and other related parties entered into other transactions in the reporting period, particularly loans and borrowings in the money market and fixed-term transactions, under which the Bank received or paid interest and fees.

5. LIST OF OTHER LEGAL ACTS

5.1. List of Other Legal Acts with Controlling Entities

Raiffeisen CEE Region Holding GmbH

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Resolution of Regular General Meeting of Raiffeisenbank a.s. - Payment of Dividends for 2015	Raiffeisen CEE Region Holding GmbH	28 April 2016	Payment of dividends based on a resolution of the regular General Meeting

5.2. List of Other Legal Acts with Other Related Parties

Raiffeisen stavební spořitelna a.s.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Resolution of Regular General Meeting of Raiffeisen stavební spořitelna a.s. - Payment of Dividends for 2015	Raiffeisenbank a.s.	27 April 2016	Acceptance of dividends based on a resolution of the General Meeting

Raiffeisen - Leasing, s.r.o.

Legal Act	Counterparty	Date concluded	Performance/ Counter-Performance
Resolution of General Meeting of Raiffeisen-Leasing, s.r.o. – Payment of a Share in the Company's Profits	Raiffeisenbank a.s.	27 June 2016	Acceptance of a share in profits based on a resolution of the General Meeting

5.3. Overview of actions made at the initiative or in the interest of the controlling party or entities controlled by it, if such actions applied to assets exceeding 10% of the controlled entity's equity.

None.

6. LIST OF OTHER FACTUAL MEASURES

6.1. List of Measures Adopted at the Initiative of Controlling Parties

None.

General Limits

The Bank has approved general limits for transactions with related parties that apply to current and term deposits, loans, repurchase transactions, treasury shares, letters of credit, provided and received guarantees at request or to the benefit of the controlling party or other parties controlled by the same controlling entity.

6.2. List of Measures Adopted in the Interest of Other Related Parties

None.

7. CLOSING STATEMENT OF THE BOARD OF DIRECTORS OF RAIFFEISENBANK A.S.

We hereby represent that to our best knowledge, the Report on Related Parties of Raiffeisenbank a.s. prepared in accordance with Section 82 of the Companies Act for the reporting period from 1 January 2016 to 31 December 2016 includes all of the below, concluded or effected in the reporting period and known to us as at the date of signing of this report:

- Contracts between related parties;
- Performance and counter-performance provided to related parties;
- Other legal acts made in the interest of these parties; and
- All other factual measures adopted or made in the interest or at the initiative of these parties.

In identifying other related parties, the Board of Directors of Raiffeisenbank a.s. used information provided by Raiffeisen Zentralbank Österreich AG, Raiffeisen Bank International AG and other controlling parties.

Furthermore, we represent that we are not aware of any detriment to assets caused as a result of contracts, other legal acts and other factual measures concluded, made or adopted by the Bank in the reporting period from 1 January 2016 to 31 December 2016.

The Board of Directors of Raiffeisenbank a.s. represents that as part of evaluation of the benefits and detriments, the Board is not aware of any material detriments arising out of the relations among the related parties, and in the Board's opinion, benefits arising out of these relations prevail, in particular benefits arising out of common synergies within the group. Furthermore, the Board of Directors of Raiffeisenbank a.s. represents that it is not aware of any material risks ensuing for Raiffeisenbank a.s. as the controlled entity.

In Prague on 31 March 2017



Igor Vida
Chairman of the Board of Directors



Jan Pudil
Member of the Board of Directors

General Information about the Issuer

Company name:

Raiffeisenbank a.s.

Registered office:

Hvězdova 1716/2b, 140 78 Prague 4

Company registration number: 49240901

Date of Incorporation:

25 June 1993

Court of registration and number under which the issuer is registered at this court:

Commercial Register at the Municipal Court in Prague, Section B, Insert 2051

The issuer was established in accordance with the laws of the Czech Republic, pursuant to Act no 513/1991 Coll. , the Commercial Code (or Act no. 90/2012 Coll., the Companies Act), and Act no. 21/1992 Coll., the Act on Banks. The issuer is a joint-stock company.

The issuer's scope of business under Article 2 of the issuer's Articles of Association is banking and financial transactions and other operations listed in the banking licence, granted in accordance with Act no. 21/1992 Coll. The issuer is also entitled to set up branch offices or other company units in the Czech Republic and abroad, and to establish subsidiaries and hold capital interests provided that generally binding legal regulations are respected.

As of 31 December 2016, Raiffeisenbank a.s. owns the following real estate:

In the real estate registration area of Hradec Králové, parcel number: construction parcel no. 103, additional land area no. 76, title deed no. 20767, identification code: 646873, address: V Kopečku 75, 500 02 Hradec Králové.

Raiffeisenbank a.s. (the issuer) is not party to any court, administrative, or arbitration proceedings instituted during the past two accounting periods which had or could have a significant effect on the issuer's financial position.

The issuer does not depend on patents or licences, industrial, commercial, or financial agreements, or new production processes which could be of fundamental significance for the issuer's business activities or profitability.

Information in accordance with Section 118(4) of Act no. 256/2004 Coll., the Capital Market Act

Section 118(4) letter a in connection with point 6.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

In accordance with the bank's Articles of Association, no shareholders have the possibility to influence the activities of Raiffeisenbank a.s. other than by their votes. None of the members of their bodies had an ownership interest in Raiffeisenbank a.s. as at the date stated above.

Section 118(4) letter a in connection with point 9.2 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

The bank declares that it is not aware of any conflict of interest between the obligations of the members of the steering and supervisory bodies to the bank and their personal interests or other obligations.

Section 118(4) letter a in connection with point 10.1 of Annex XI to Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses, and dissemination of advertisements

Raiffeisen CEE Region Holding GmbH is the owner of 75% of the shares of the bank. Raiffeisen CEE Region Holding GmbH is a subsidiary of Raiffeisen Bank International AG (indirectly). Raiffeisen Bank International AG is a subsidiary of Raiffeisen Zentralbank Österreich AG. The representatives of the majority shareholder are in the bank's supervisory board, in the Executive Board, and in the Audit Committee. A representative of the second shareholder is also in the supervisory board, i.e. RB Prag Beteiligungs GmbH, which is the owner of 25% of the shares of the bank and a representative of the employees (note: membership of the representatives of the employees in the supervisory board terminated on 12 May 2016). RB Prag Beteiligungs GmbH is the indirect 100% subsidiary of Raiffeisenlandesbank Oberösterreich AG.

Section 118(4) letter b):

Internal control is defined as a process carried out/influenced by the bank's Board of Directors, the executive body, and other employees, devised in such a way as to provide adequate assurance in reaching objectives in three areas:

- Effectiveness, efficiency, and economy
- Reliability of internal management and controls, including the protection of assets
- Harmonisation with the rules and regulations

Key concepts of internal control:

- Internal control is a process (a means of reaching objectives, not an objective in and of itself),
- Internal control is carried out by people (it does not involve only forms and manuals, but people at each level of organisation),
- Internal control can only achieve a proportional level of certainty (not absolute certainty, with respect to the management of the organisation).

Control activities are an integral part of the everyday activities of the bank. The objective is to ensure that the risk undertaken was kept within the tolerance level set out by the management risk process.

Control activities include, in particular:

- Inspecting the management structure,
- Adequate control of mechanisms for the individual processes at the bank,
- Physical control.

The control system consists of, in particular:

- Control implemented by each employee when carrying out their work activities,
- Control implemented by the head employee when carrying out management activities,
- Compliance activities,
- Internal audit activities,
- Management of operational and other risks,
- Management of the continuity of the bank's activities.

The procedures for control activities are contained in the internal regulations of the bank and consist of approval procedures, authorisation, verification, approval, reconciliation, control of performance, securing assets, separation of obligations, or establishing rights and obligations. Compliance with the established procedures and their adequacy is regularly verified.

As a part of internal control, the bank has introduced and maintained internal mechanisms for preventative and subsequent evaluation of the functioning and effectiveness of the steering and control system as a whole and its integral parts.

Section 118(4) letter c):

The executive body of the bank is the Board of Directors. The bank's Board of Directors has seven members. The members of the Board of Directors are elected and recalled by the

Supervisory Board. One of the members of the Board of Directors is elected as the chairman of the Board of Directors and one as the vice-chairman. The first term of office is three years, and if re-elected, the term of office is five years. Each member of the Board of Directors is also the executive director for a certain area of management. The Board of Directors constitutes a quorum if at least more than half of its members are present at a meeting. The Board of Directors makes decisions through voting, and the votes of a majority of all board members are required to adopt a resolution. In the event of a tied vote, the vote of the chairman of the Board is decisive. In addition to meetings, the Board of Directors may also make decisions through *per-rollam* voting.

The Supervisory Board is the supervisory body of the company. The Supervisory Board has seven members (note: up to 12 May 2016, the board had nine members), which are elected and recalled by the General Meeting of the company. The term of two members of the Supervisory Board elected in accordance with the former legislation as employees of the company ended on 12 May 2016. Members serve a term of five years. One of the members of the Supervisory Board is also elected chairman of the Supervisory Board. The Supervisory Board constitutes a quorum if the majority of its members are present. A simple majority of votes of all Supervisory Board members is required to adopt resolutions. In addition to meetings, the Supervisory Board may also make decisions through *per-rollam* voting.

Additional executive and supervisory bodies of the issuer include the Executive Committee and the Audit Committee.

The Executive Committee has four members, who are elected and recalled by the General Meeting of the company. Members of the Executive Committee may also be members of the Supervisory Board. The term of office for members of the Executive Committee is four years. One of the members of the Executive Committee is also elected chairman of the Executive Committee. The Executive Committee constitutes a quorum if all of its members are present at a meeting. The agreement of all members of the Executive Committee is necessary to adopt resolutions. In addition to meetings, the Executive Committee may also make decisions through *per-rollam* voting. Members of the Executive Committee at 31 December 2016 were Johann Strobl, Peter Bazil, Reinhard Schwendtbauer.

The Audit Committee has three members who are appointed or recalled by the General Meeting of the company. They are appointed from members of the Supervisory Board or third parties. The term of office for members of the Audit Committee is five years. One of the members of the Audit Committee is elected chairman of the Audit Committee. The Audit Committee constitutes a quorum if at least two of its members are present at a meeting. Agreement by a majority of all members of the Audit Committee is required to adopt resolutions. In addition to meetings, the Audit Committee may also make decisions through *per-rollam* voting. Members of the Audit Committee at 31 December 2016 were Pavel Závitkovský (Chairman), Stanislav Staněk, Andrea Vlasek.

Raiffeisenbank has 13 committees established by the Board of Directors.

Assets and Liabilities Committee

Quorum	Decision-making	
More than 50% of members present	Approval of all present members	
JELÍNEK TOMÁŠ	Executive Director for Finance	Chairman
VIDA IGOR	Chief Executive Officer	Member
PUDIL JAN	Member of the Board for Markets & Investment Banking	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Vice-Chairman
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
FISCHER MILAN	Head of Trading	Member
HANUŠ MARTIN	Head of Risk Controlling	Member
HOUFEK JAN	Head of Market Risk	Member
MELOUN VÁCLAV	Head of Asset & Liability Management	Member

Credit Committee

Quorum	Decision-making	
At least three members of the committee and at least one must be from credit risk	Approval of all present members	
JEŽEK FRANTIŠEK	Member of the Board for Risk	Chairman
RABIŇÁK RUDOLF	Member of the Board for Corporate	Vice-Chairman
VIDA IGOR	Chief Executive Officer	Member
PŘÍHODA HYNEK	Head of Corporate and SE Risk	Member
HAVRÁNEK JIŘÍ	Head of Industry Risk	Member
GÜRTLER TOMÁŠ	Executive Director for Real Estate and Structured Finance	Member
TUTASS BARBARA	Head of Large Corporates	Member
ŠTĚTINA VÁCLAV	Head of Corporate Sales	Member
RÝDL JAN	Head of Real estate and Project Finance	Member

Problem Loan Committee

Quorum	Decision-making	
At least three members of the committee and at least one must be from Workout	Not specified	
JEŽEK FRANTIŠEK	Member of the Board for Risk	Chairman
KLUMPAR JIŘÍ	Head of Workout	Vice-Chairman
VIDA IGOR	Chief Executive Officer	Member
PŘÍHODA HYNEK	Head of Corporate & SE Risk	Member
HORA MATĚJ	Head of Industry Risk II	Member
JAROSLAV POŘÍZ	Head of Special Assets	Member
NOVOTNÝ MAREK	Senior Lawyer	Member

Pricing and Interest Committee

Quorum	Decision-making	
More than 50% of members present	Consent of all present members needed for adopting a specific proposal	
KREIDL VLADIMÍR	Member of the Board for Retail	Chairman
JELÍNEK TOMÁŠ	Executive Director for Finance	Vice-Chairman
LANGMAYER JOSEF	Head of Controlling	Member
KOVÁŘOVÁ HANA	Head of Brand Strategy & Communication	Member
ŠTĚTKA PETR	Head of PI Segment & Product Management	Member
VIKTÓRIA KAPUŠANSKÁ	Head of Corporate Development	Member
DŽAVAN MATÚŠ	Head of Retail Risk & Collection	Member
HANUŠ MARTIN	Head of Risk Controlling	Member

Investment Committee for Asset Management

Quorum	Decision-making	
If at least four members of the committee are present at the meeting, and at least one must be the chairman or vice-chairman	Consent of all present members needed for adopting a specific proposal	
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Chairman
ONDRUŠKA MICHAL	Head of Asset Management	Vice-Chairman
HORSKÁ HELENA	Head of Economic Research	Member
REMR JAN	Head of Private Banking	Member
HOUFEK JAN	Head of Market Risk	Member
ZEZULA MARTIN	Portfolio Manager	Member

Retail Risk Management Committee

Quorum	Decision-making	
More than 50% of members present and at least one from Risk	Consent of all present members needed for adopting a specific proposal	
JEŽEK FRANTIŠEK	Member of the Board for Risk	Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Vice-Chairman
DŽAVAN MATÚŠ	Head of Retail Risk & Collections	Member
SMRČEK MARTIN	Head of Retail Underwriting	Member
ŠTĚTKA PETR	Head of Product Management	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member

Operational Risk Management Committee

Quorum	Decision-making	
More than 50% of members present and at least one represents Risk	Consent of more than 50% of all members needed to adopt a specific proposal	
JEŽEK FRANTIŠEK	Member of the Board for Risk	Chairman
HANUŠ MARTIN	Head of Risk Controlling	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member
PUDIL JAN	Member of the Board for Markets & Investment Banking	Member
ŠILHÁNOVÁ MARKÉTA	Head of Operational Risk	Member
ONDRŮŠEK ČESTMÍR	Head of Compliance & Security	Member
MATULA MILOŠ	Member of the Board for Operations	Member
JABŮREK TOMÁŠ	Head of IT Operations	Member
LÁTAL MAREK	Head of Management Support	Member
ONDROUŠKOVÁ TEREZA	Head of Accounting & Taxes	Member

Projects Committee

Quorum	Decision-making	
More than 50% of members present	Consent of a two-thirds majority of present members is needed to adopt a proposal	
VIDA IGOR	Chief Executive Officer	Chairman
MATULA MILOŠ	Member of the Board for Operations	Vice-Chairman
HAIN MILAN	Member of the Board for IT	Member
KREIDL VLADIMÍR	Member of the Board for Retail	Member
PUDIL JAN	Member of the Board for Markets & Investment Banking	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member

Real Estate Investment Committee

Quorum	Decision-making	
More than a 50% majority and a representative of Risk Management must always be present	Consent of all present members needed for adopting a specific proposal	
GÜRTLER TOMÁŠ	Executive Director Real Estate and Structured Finance	Chairman
ALOIS LANNENGER	Executive Director/Manager of RLCZ	Vice-Chairman
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Vice-Chairman
PŘÍHODA HYNEK	Head of Corporate and SE Risk	Member
ONDROUŠKOVÁ TEREZA	Head of Accounting & Taxes	Member

IT Change Control Committee

Quorum	Decision-making	
More than 50% of members present	Consent of a two-thirds majority of all present members of the committee is needed to adopt a proposal	
HAIN MILAN	Member of the Board for IT	Chairman
JELÍNEK TOMÁŠ	Executive Director for Finance	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
RABIŇÁK RUDOLF	Member of the Board for Corporate	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
MATULA MILOŠ	Member of the Board for Operations	Member
PUDIL JAN	Member of the Board for Markets & Investment Banking	Member
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Member

Investment Products Committee

Quorum	Decision-making	
More than 50% of members present	Consent of a majority of all members of the committee is needed to adopt a proposal	
SLADKOVSKÝ JAROMÍR	Head of Investment Management	Chairman
JELÍNEK TOMÁŠ	Executive Director for Finance	Vice-Chairman
KREIDL VLADIMÍR	Member of the Board for Retail	Member
PUDIL JAN	Member of the Board for Markets & Investment Banking	Member
JEŽEK FRANTIŠEK	Member of the Board for Risk	Member
REMR JAN	Head of Private Banking	Member
VIKTÓRIA KAPUŠANSKÁ	Head of Corporate Development	Member

Corporate Products Committee

Quorum	Decision-making	
If at least two members of the committee are present at the meeting	Consent of at least two members of the committee	
RABIŇÁK RUDOLF	Member of the Board for Corporate	Chairman
JEŽEK FRANTIŠEK	Member of the Board for Risk	Vice-Chairman
MATULA MILOŠ	Member of the Board for Operations	Member

Marketing Committee

Quorum	Decision-making	
More than 50% of members present	Consent of all present members needed for adopting a specific proposal	
KREIDL VLADIMÍŘ	Member of the Board for Retail	Chairman
ŠTĚTKA PETR	Head of PI Segment & Product Management	Member
KOVÁŘOVÁ HANA	Head of Brand Strategy & Communication	Member
MALÍŘ JOSEF	Head of Distribution Network	Member
RICHTER MAREK	Head of Strategic Sales & Mortgage Business	Member

Each member of the Board of Directors is entitled to attend any meeting of any committee. Each member of the Board of Directors has veto power over any decision made by any committee. In such case, the specific matter is to be discussed at the following meeting of the Board of Directors.

Valid as at 31 December 2016

Section 118(4) letter d):

The registered capital of the issuer is allocated to the relevant number of common bearer shares with a nominal value of CZK 10,000 each. The company's shares are dematerialised and are not quoted. The same rights and obligations are associated with all the company's shares. These rights and obligations are set out in the relevant provisions of the company's Articles of Association and the Companies Act. The rights associated with the company's shares include the right to participate in the company's general meeting and to vote on matters within the competency of the general meeting, and the right to a share in the profit - dividends. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). None of the shares of the company have restrictions on voting rights. Each shareholder has the same rights to a share in the profit of the company - dividends - in the scope approved by the general meeting on the basis of the financial results of the company in a ratio equivalent to its share in the registered capital. Each shareholder has the same rights to participate in increasing the company's registered capital in proportion to its share in the registered capital and voting rights and also the obligation to pay up the subscribed shares by the deadline during an increase in the registered capital. There are no special rights or obligations associated with the company's shares, with the exception of those set out in the Articles of Association of the company and in the Companies Act.

Section 118(4) letter e):

The competence of the General Meeting of companies is defined in the Companies Act and the Articles of Association of the companies.

The General Meeting constitutes a quorum if shareholders are present who have stock with a nominal value of more than half of the registered capital. Voting rights belonging to stock are based on the nominal value, with a single vote given for each CZK 10,000 (per share). The company has two shareholders whose shares in the registered capital and voting rights are 75 % and 25 %. Decisions of the General Meeting require a two-thirds majority of the duly submitted votes of present

shareholders, unless specified otherwise by law or these Articles of Association. Voting at the General Meeting is performed by a show of hands (acclamation). Voting at the General Meeting or decision-making outside the General Meeting (per rollam) may be carried out by technical means relating to all matters in the competence of the General Meeting.

The following fall under the competence of the General Meeting:

- Decisions about a change in the Articles of Association, unless this is a change resulting from an increase in the registered capital or a change which occurred based on other legal circumstances,
- Decisions to increase or reduce the registered capital or to authorise the Board of Directors to increase the registered capital,
- Decisions to issue bonds in accordance with Section 286 of the Companies Act,
- Election and recall of members of the Supervisory Board and other bodies specified in the Articles of Association,
- Approval of regular or exceptional accounting statements and consolidated financial statements, including, in legally mandated cases, interim financial statements, decisions on the distribution of profit, covering losses, and determining bonuses,
- Decisions on registration of the company's participating securities in accordance with special legal regulations, and for cancelling their registration,
- Decisions on liquidating the company,
- Decisions on mergers, transfer of equity to a single shareholder, or demergers, or change of legal form,
- Decisions on the conclusion of contracts for transfer of the enterprise or its significant portion and/or its lease holding, or decisions on the conclusion of such contracts by controlled entities,
- Approval of controlling contracts, contracts for transfer of profit, and contracts for silent partnerships and their modification,
- Approval of the conclusion of contracts, based upon which the company is to acquire or appropriate assets, if the value of the assets acquired or appropriated during a single accounting period exceeds one third of the equity capital based upon the most recent duly compiled accounting

Section 118(4) letter f):

Monetary and natural income received by top management from the issuer and from entities controlled by the issuer during the accounting period:

CZK thousand			Monetary income		Natura income
Board of Directors	Total	Remuneration - board member	71,044	88 %	
		Other	9,580	12 %	
			80,624		820
	From entities controlled by the issuer	-			
Supervisory Board	Total	Remuneration - sup. board member	4,743	100 %	
		Other	0	0 %	
			4,743		36
	From entities controlled by the issuer	-			
Other management	Total	Wages via employment	0	0 %	
		Other	0	0 %	
			0		0
	From entities controlled by the issuer	-			

statements of the company or the consolidated financial statements,

- l) Decisions on other matters which the law or the Articles of Association place under the competence of the General Meeting.

Section 118(4) letter g):

The top managers of the issuer or closely related individuals do not own stock or similar securities representing a share in the issuer, do not hold any options or similar investment instruments related to the stock or similar security representing a share in the issuer, and are not the contracting parties of such contracts or have such contracts concluded in their favour.

Section 118(4) letter h):

Principles of remuneration for the top managers of the issuer.

Remuneration for the members of the Board of Directors

The members of the Board of Directors perform their offices under a mandate agreement, and in accordance with Act no. 90/2012 Coll., the Companies Act, hold no executive positions. The former agreements for the position of executive directors were terminated as at 30 June 2014. The principles contained in the agreement on performance of the office of board member are:

- Fixed wage for performance as a board member (paid by the issuer and approved by the majority shareholder) - monetary remuneration,

- Flexible wage for performance as a board member upon fulfilment of the financial and non-financial criteria (paid by the issuer, approved by the Supervisory Board),
- Financial criteria: reaching the set amount of profit after tax, the ratio of costs to operating revenue, return on risk-weighted capital, complying with the operating costs and meeting the limit for weighted assets, and
- Non-financial criteria: meeting the goals relating to the strategic projects of the issuer, attaining quality with respect to providing products and services and relating to the activities of units under the direct management of the board member.

Payment of the flexible component of salaries is duly regulated by the provisions of Annex 1 to Decree no. 163/2014 Coll., on performance of the undertakings of banks, savings banks, and credit institutions and securities traders, as amended, the application of which is contained in the Basic Regulations for Remuneration approved by the Supervisory Board. The flexible component of the salaries for performance of the office of member of the Board of Directors is 50 % paid in the form of a monetary instrument and 50 % in the form of a non-monetary instrument - a phantom stock plan, i.e. RBCZ virtual equity plan which is based on RBCZ's indicator Adjusted Book Value. The basis for calculating the Adjusted Book value is the net book value of the registered capital of RBCZ reduced by the values held by the minority shareholders (if they exist) as at the date of declaring the bonus. This value is then used to determine the value of one virtual share by dividing the value of the capital with the number of shares without the shares of the minority owners. For revising the value of the virtual shares in the following period, the accounting value of the capital must be adjusted for all movements of capital that are not a result of a management decision. The inventory of capital movements must be precisely

analysed and must not contain movements caused by a change in regulations and capital requirements. After closing the business year for which the variable remuneration is acknowledged, the Adjusted Book value is calculated based on the financial results approved by RBCZ's Supervisory Board and General Meeting. A substantial part of the remuneration, 40 %, is distributed over a period of three years. The flexible component of the monetary form of remuneration is acknowledged in the following scheme: 60 % non-deferred part, 1/3 40 % first year deferment, 1/3 40 % second year deferment, and 1/3 40 % third year deferment. The flexible component of the non-monetary form of remuneration is acknowledged in the following scheme: 60 % deferred part by 18 months from the end of the business year for which the bonus is acknowledged, 1/3 40 % first year deferment, 1/3 40 % second year deferment, and 1/3 40 % third year deferment.

The majority shareholder monitors and assesses fulfilment of the financial and non-financial criteria for the flexible wage and also proposes the amount of the flexible wage and submits a proposal for payment to the Supervisory Board.

The board members have company cars at their disposal for a total purchase price of CZK 6,652,960.

The above principles of remuneration for the members of the Board of Directors who are also in top management positions are valid as at June 2014.

Remuneration of the supervisory board members

– The supervisory board members are elected by the General Meeting of the issuer.

Note: The term of two members of the Supervisory Board elected in accordance with the former legislation as employees of the company ended on 12 May 2016.

Under the agreement on the performance of the office, all members of the Supervisory Board (appointed by the General Meeting and elected from among the employees) are paid monetary remuneration. This remuneration is fixed in nature and is not dependent on the company's results. Shares in the profit or any other variable remuneration are not paid to members of the Supervisory Board. The supervisory board members had company cars at their disposal for a total purchase price of CZK 721,549.

The principles of remuneration for members of the Supervisory Board are contained in the Basic Principles of Remuneration approved by the Supervisory Board of the issuer on 2 December 2015. The natural income section contains an amount equal to 1 % of the purchase prices of company cars used for private purposes times the number of months used.

Identification of top managers of the issuer, their job positions, and executive authority:

Board of Directors:

Igor Vida, Chairman of the Board of Directors, responsible for Compliance and Security, Brand Strategy & Communication, Finance, Human Resources, Management Support, Investment Management, Internal Audit

Rudolf Rabiňák, Vice-Chairman of the Board of Directors, responsible for Corporate Banking

František Ježek, Member of the Board of Directors, responsible for Risk Management

Miloš Matula, Member of the Board of Directors, responsible for Operations

Vladimír Kreidl, Member of the Board of Directors, responsible for Retail Banking

Jan Pudil, Member of the Board of Directors, responsible for Markets & Investment Banking

Milan Hain, Member of the Board of Directors, responsible for IT

The Board of Directors is the executive body that manages the company's activities, that acts on behalf of the company, and that decides in all matters of the company that do not fall within the competence of the General Meeting or the Supervisory Board.

The Board of Directors secures the business management of the company, including the proper keeping of the company's accounts. In particular, the Board of Directors is responsible for the following:

- a) Handling the company's business management and securing the company's operations;
- b) Setting, approving, and assessing the bank's strategy;
- c) Exercising the employer's rights, setting and approving the concept of employment policies and the collective interests of employees;
- d) Convening the General Meeting;
- e) Arranging for and submitting to the General Meeting:
 - i) A proposal for amending the articles of association,
 - ii) A proposal for increasing or reducing the registered capital,
 - iii) Approval for the ordinary, extraordinary, consolidated, or interim financial statements and a proposal for the distribution of profit, including setting the amount and manner of paying out dividends and bonuses,
 - iv) A report on the business activities of the company and on the state of its assets within six months of the end of the calendar year,
 - v) A proposal for the manner of covering the company's losses incurred during the business year as well as a proposal for additional approval of the use of a reserve fund,
 - vi) A proposal for establishing and terminating other bodies not set out in the articles of association as well as for defining their function and powers;
- f) Performing the resolutions of the General Meeting;
- g) Deciding when to use resources from the reserve fund;
- h) Keeping a list of shareholders;
- i) Ensuring the proper management of mandatory records, accounting, business ledgers, and other company documents;
- j) Electing and recalling head employees appointed to their positions under law, establishing their wages and remuneration;
- k) Granting and recalling powers of attorney, after prior consultation with the Supervisory Board;
- l) Determining the methods and means for the development and profitability of company operations and measures for using instruments of economic management, in particular relating to financing, the creation of prices, wages, salaries, and funds, and assessing the economic results;

- m) Approving the internal regulations of the company and ensuring compliance with the internal regulations and the generally binding legal regulations by the Company's employees and the rules establishing the ethical principles of conduct of the company's employees;
- n) Creating, maintaining, and assessing the effective steering and control system of the company and ensuring that all of the Company's employees have understood their role in the internal control system and are actively engaged in this system;
- o) Approving and assessing the functional organisational structure of the company;
- p) Negotiating with the top management (see article 11) on matters that relate to the effectiveness of the steering and control system and assessing the reports that are submitted to the Board of Directors and adopting adequate measures;
- q) All other matters that are entrusted to the powers of the Board of Directors based on the valid generally binding legal regulations. Further modification of the position of the Board of Directors, its scope of application and the rules of negotiations is contained in the Rules of Procedure of the Board of Directors.

Supervisory Board

Karl Sevelda, Chairman of the Supervisory Board

Peter Lennkh, Vice-Chairman of the Supervisory Board

Reinhard Schwendtbauer, Member of the Supervisory Board

Michal Prádka, Member of the Supervisory Board (up to 12 May 2016)

Petr Rögner, Member of the Supervisory Board (up to 12 May 2016)

Klemens Breuer, Member of the Supervisory Board

Johann Strobl, Member of the Supervisory Board

Martin Grüll, Member of the Supervisory Board

Andreas Gschwenter, Member of the Supervisory Board

The Supervisory Board oversees performance of the powers of the Board of Directors and carrying out the business activities of the Company. The Supervisory Board reviews the ordinary, extraordinary, and consolidated or interim financial statements and the proposal for distribution of profit or covering losses and submits its statement to the General Meeting. Other matters that require the prior consent of the Supervisory Board are stipulated in the Rules of Procedure of the Supervisory Board. Consent of the Supervisory Board as well as the General Meeting is required for entering into an agreement based on which the company should acquire or divest assets, provided that the value of the acquired or divested assets during one accounting period exceeds one third of the equity capital recorded in the last ordinary financial statements or the consolidated financial statements. For the purpose of performing their positions, the members of the Supervisory Board are entitled to request the assistance of experts for the specific area under the management of the Supervisory Board, as set out above. The Supervisory Board reviews the effectiveness of the steering and control system of the company as a whole, and assesses it at least once a year. The Supervisory Board participates in the direction, planning, and assessment of the activities of internal audit and compliance. The Supervisory Board establishes principles and decides on the remuneration of members of the Board of Directors, internal audit and Compliance, including the Chief officer. Further modification of the position of the Board of Directors, its scope of application and the rules of negotiations is contained in the Rules of Procedure of the Board of Directors.

Section 118(4) letter j):

The bank was one of the first to fully comply with the Code of Conduct of the Czech Banking Association - Standard no. 19/2005, which institutes uniform guidelines governing the conduct of banks towards their clients, especially with regard to the clients' right to access information.

The bank must also comply with the RZB Code of Conduct - an ethics code valid for all employees belonging to the Raiffeisen Group. The RZB Code of Conduct sets out the basic values of the bank and presents the framework for the firm's culture, which is in accordance with law and focuses on ethical principles. The Code of Conduct is available in Czech at www.rb.cz/Obance.

As a full member of the Czech Capital Market Association (AKAT), the bank is bound by the Code of Ethics of the Capital Market Association. The AKAT Code of Ethics is a collection of rules, principles, guidelines and standards governing the provision of investment and related services in the field of investment management by AKAT members. The Code is based on the business activities of AKAT and creates rules formulating and developing the ethical behaviour and commercial culture on the market, while also attempting to ensure equal conditions for individual market players within the scope of competition. The Code in its entirety is available at www.akatcr.cz/dokumenty.

The bank is a member of the Coalition for Transparent Business, which is an association geared to cultivating the business environment in the Czech Republic and which brings together Czech and international companies operating in the Czech Republic across all branches of business.

Section 118(4) letter k):

Information on remuneration charged by the auditors during the accounting period, shown by individual type of service and separately for the issuer and the consolidated whole:

	2016
Consolidated	CZK thousand
Audit	8 064
Tax consulting	1 134
Other consulting	136
Individually for RB	CZK thousand
Audit	6 725
Tax consulting	823
Other consulting	136

Section 129 Information on the Guarantee Fund contribution

As a securities trader, Raiffeisenbank contributes to the Guarantee Fund which safeguards the guarantee system from which compensation is paid to clients of securities traders unable to meet their client obligations. The calculation base for Raiffeisenbank was CZK 241,371 thousand and the contribution itself was CZK 4,827 thousand in 2016. The base for 2015 contribution was CZK 168,971 and the contribution itself amounted to CZK 3,379 thousand.

Information about Securities

Raiffeisenbank a.s. bond programme

Maximum volume of unpaid bonds:

CZK 20,000,000,000

Duration of programme: 15 years

The bond programme for Raiffeisenbank a.s. with a maximum unpaid bond volume of CZK 20,000,000,000 and a programme duration of 15 years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Czech National Bank dated 7 September 2006, no. 45/N/108/2006/3 2006/7164/540, coming into legal force on 8 September 2006.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity:

Raiffeisenbank a.s. mortgage bond 5.10/17

ISIN:	CZ0002001670
Issue date:	12 December 2007
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 5,500,000,000
Par value per security:	CZK 10,000
Quantity:	550,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.10% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centralni depozitař cennych papirů, a.s. in accordance with the valid regulations of Centralni depozitař cennych papirů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2017

Raiffeisenbank a.s. mortgage bond 5.50/17

ISIN:	CZ0002001928
Issue date:	20 December 2007
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 2,000,000,000
Par value per security:	CZK 10,000
Quantity:	200,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 5.50% p.a., payable once a year retrospectively to 20 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centralni depozitař cennych papirů, a.s. in accordance with the valid regulations of Centralni depozitař cennych papirů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 20 December 2017.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

Raiffeisenbank a.s. bond programme

Maximum volume of unpaid bonds: CZK 50,000,000,000
Duration of the programme: 15 years

The bond programme for Raiffeisenbank a.s. with a maximum unpaid bond volume of CZK 50,000,000,000 and a programme duration of 15 years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Czech National Bank dated 20 November 2008, no. 2008/13442/570 under file no. Sp/2008/330/572, coming into legal force on 20 November 2008.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

Raiffeisenbank a.s. subordinated bond VAR/18

ISIN: CZ0003702961
 Issue date: 21 September 2011
 Class: subordinated bond;
 Form: bearer;
 Type: dematerialised;
 Total issue volume: CZK 125,000,000
 Par value per security: CZK 10,000
 Quantity: 12,500

Interest on bonds and maturity dates for interest or other yield: interest is paid biannually, always on 21 September and 21 March. The interest rate for the first yield period, i.e. from 21 September to 21 March 2012, is 4% p.a. For the remainder of the yield periods, the interest rate is calculated based on the 6M PRIBOR plus 2.5% p.a.

Method of transferring the bonds: transferability is not restricted; the subordinated bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading: the subordinated bonds are not tradable on the regulated market or in the multilateral trading system;

Bond currency: CZK

Maturity of bonds: the subordinated bonds are payable in their par value on 21 September 2018.

GARANTINVEST XX mortgage bond 2.70/17

ISIN: CZ0002002439
 Issue date: 11 January 2012
 Class: mortgage bond
 Form: bearer
 Type: certificated (collective bond)
 Total issue volume: CZK 285,000,000
 Par value per security: CZK 10,000
 Quantity: 28,500;

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 2.70% p.a., payable once a year retrospectively to 11 January

Method of transferring the bonds: The bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated market or in the multilateral trading system.

Bond currency: CZK

Maturity of the bonds: the mortgage bonds will be payable in their par value on 11 January 2017.

RBCZ bond – FWR VAR/17

ISIN:	CZ0003703175;
Issue date:	8 February 2012
Class:	bond
Form:	bearer
Type:	certificated (collective bond)
Total issue volume:	CZK 250,000,000
Par value per security:	CZK 1
Quantity:	250,000,000

Interest on bonds and maturity dates for interest or other yield: flexible 12M PRIBID interest rate plus 1% p.a., payable once a year retrospectively to 8 February

Method of transferring the bonds: the bonds are freely transferable only to the Issuer with no restrictions. The transferability of the Bonds by a bond holder who is not the Issuer to an entity other than the Issuer is not permitted. After ownership rights to any Bond are transferred to the Issuer, it is authorised to transfer such Bond back to any third party at any time.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Hvězdova 1716/2b, 140 78 Prague 4

Names of the public markets on which the securities are accepted for trading: the bonds are not tradable on the regulated market or in the multilateral trading system.

Bond currency: CZK

Maturity of the bonds: the bonds will be payable in their par value on 8 February 2017.

Raiffeisenbank a.s. bond programme

Maximum volume of unpaid mortgage bonds:

CZK 3,000,000,000

Duration of the programme: 5 years

A bond programme with a maximum unpaid volume of mortgage bonds of CZK 3,000,000,000 with a programme duration of five years and with a maximum maturity for any bonds issued in the programme of seven years. The prospectus for the bond programme containing the general issue terms was approved by a decision of the Securities Commission, no. 45/N/47/2005/1, dated 10 May 2005, coming into legal force on 13 May 2005.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

eBanka, a. s. mortgage bond 6.00/17

ISIN:	CZ0002001696
Issue date:	12 December 2007
Class:	mortgage bond
Form:	bearer
Type:	dematerialised
Total issue volume:	CZK 500,000,000
Par value per security:	CZK 10,000
Quantity:	50,000

Interest on bonds and maturity dates for interest or other yield: fixed interest rate of 6.00% p.a., payable once a year retrospectively to 12 December

Method of transferring the bonds: transferability is not restricted; bonds are transferred on registration of the transfers at Centrální depozitář cenných papírů, a.s. in accordance with the valid regulations of Centrální depozitář cenných papírů, a.s.

Issue administrator: Raiffeisenbank a.s.

Designated premises of the administrator: Raiffeisenbank a.s., Olbrachtova 2006/9, 140 21 Prague 4

Names of the public markets on which the securities are accepted for trading: Prague Stock Exchange

Bond currency: CZK

Maturity of bonds: the mortgage bonds are payable in their par value on 12 December 2017.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of the Czech Republic. These rights and obligations are stipulated in the conditions for each issue.

International bond programme for Raiffeisenbank mortgage bonds

Maximum volume of unpaid bonds: EUR 5,000,000,000

The bond programme consists of a maximum unpaid bond volume of EUR 5,000,000,000. The prospectus for the bond programme containing the general issue terms was approved by the Commission de Surveillance du Secteur Financier in Luxembourg and was announced to the Czech National Bank.

The following is a list of bonds issued as a part of the programme that have not yet reached maturity.

RBCZ VAR 5/12/2017

ISIN: XS0861195369;
 Issue date: 5 December 2012;
 Class: mortgage bond
 Form: bearer
 Type: dematerialised
 Total issue volume: EUR 700,000,000
 Par value per security: EUR 1,000
 Quantity: 700,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is composed of the flexible 6M EURIBOR interest rate and the supplementary yield in the amount of 1.15% p.a., paid biannually always by 5 December and 5 June retrospectively each year.

Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the public markets on which the securities are accepted for trading: Luxembourg Stock Exchange;

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 5 December 2017.

RBCZ 0,75% 5/11/2019

ISIN: XS1132335248;
 Issue date: 5 November 2014;
 Class: mortgage bond
 Form: bearer
 Type: dematerialised
 Total issue volume: EUR 500,000,000
 Par value per security: EUR 100,000
 Quantity: 5,000

Interest on bonds and maturity dates for interest or other yield: the yield on the Bonds is fixed interest rate 0.75 % p.a., paid annually always by 5 November retrospectively each year. Method of transferring the securities: transferability is not restricted; mortgage bonds are transferred on registration of the transfers at Clearstream Banking société anonyme Luxembourg and/or Euroclear Bank SA/NV in accordance with the valid regulations.

Issue administrator: Citibank N.A.

Designated premises of the administrator: Citibank N.A., Citi Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom

Names of the public markets on which the securities are accepted for trading: Luxembourg Stock Exchange;

Bond currency: EUR

Maturity of bonds: the mortgage bonds are payable in their par value on 5 November 2019.

Rights associated with the bonds:

All rights and obligations associated with the Bonds are governed by and construed in accordance with the laws of Great Britain. The rights and obligations of the block of mortgage bonds is governed by the laws of the Czech Republic.

Persons Responsible for the Annual Report

We hereby declare that, to the best of our knowledge, the annual report and the consolidated annual report provides a true and accurate picture of the financial situation, business activities, and financial results of the issuer and its consolidated whole for the previous accounting period and of the outlook for the future development of the financial position, business activities and financial results.

Prague, on 25 April 2017



Igor Vida
Chairman of the Board of Directors and CEO
Raiffeisenbank a.s.



Tomáš Jelínek
Executive Director and Head
of the Finance Division Raiffeisenbank a.s..

Raiffeisen Bank International at a Glance

Raiffeisen Bank International AG regards Central and Eastern Europe (including Austria) as its home market. For over 30 years, RBI has been operating in CEE, where today it maintains a closely-knit network of subsidiary banks, leasing companies and numerous specialized financial service providers. As a universal bank, RBI ranks among the top five banks in several countries. This role is supported by the Raiffeisen brand, which is one of the most widely recognized brands in the region. RBI has positioned itself in CEE as a fully integrated corporate and retail banking group with a comprehensive product offering. In CEE, at the end of 2016, around 46,000 RBI employees served some 14.1 million customers in around 2,500 business outlets. In Austria, RBI is one of the top corporate and investment banks. It primarily serves Austrian customers, but also international customers and large multinational corporate customers operating in CEE. All in all, RBI employs about 49,000 people and has total assets of approximately € 112 billion.

Raiffeisen Zentralbank Österreich (RZB AG) was established in 1927 as "Girozentrale der österreichischen Genossenschaften" and at that time served as the liquidity balancing center for Austria's agricultural cooperatives, as envisioned by social reformer Friedrich Wilhelm Raiffeisen.

RZB AG had one of the largest banking networks in CEE through its subsidiary, Raiffeisen Bank International (RBI AG), which has been listed on the stock exchange since 2005. At the end of 2016, RZB AG held approximately 60.7 per cent of RBI's stock, with the remaining shares in free float. RZB AG was primarily owned by the eight Raiffeisen regional banks and served as their central institution pursuant to the Austrian Banking Act (BWG). Following the merger between RZB AG and RBI AG, effective retroactively as of 30 June 2016, RBI AG will assume the role of RBC's central institution by way of universal succession.

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Banking network

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RZB Austria Representative Office New York

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Raiffeisen Zentralbank Österreich AG

Austria

Am Stadipark 9
1030 Vienna
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Raiffeisen Financial Group in the Czech Republic

Raiffeisen INVESTIČNÍ SPOLEČNOST

Raiffeisen investiční společnost (RIS) commenced its operations in mid-2013 upon listing its first two funds on the capital market. During 2016, RIS issued mutual funds for more than CZK 7.65 billion, and by 31 December 2016, it had 12 Czech crown denominated funds in its management for a total value of CZK 17.4 billion.

RIS funds now offer a full scale of investment opportunities for all types of investors depending on their risk profile. The most popular fund of 2016 was the new mixed fund for conservative investors – Raiffeisen flexible growth fund, into which unit holders invested during nine months almost CZK 2 billion.

Raiffeisen investiční společnost a.s.
Hvězdova 1716/2b, 140 78 Prague 4
Phone: +420 844 100 900
E-mail: info@rb.cz
www.rfis.cz

Raiffeisen STAVEBNÍ SPOŘITELNA

Raiffeisen stavební spořitelna (RSTS) was founded in 1993 as the first building society in the Czech Republic. For more than 20 years, it has arranged for clients favourable building savings, housing loans, and comprehensive financial advice. In 1998, the company became a part of the strong Raiffeisen financial group, which operates in 37 countries around the world. A milestone in the history of the company occurred in 2008 when it merged with HYPO stavební spořitelna. During the same year, the ownership structure of RSTS was changed for both shareholders, and currently, Raiffeisen Bausparkassen Holding GmbH owns a 90% share, and Raiffeisenbank a.s. holds the remaining 10%. Raiffeisen stavební spořitelna is a traditional but modern bank with branches throughout the Czech Republic. In more than 200 consultancy locations and also through the branches of its business partners, RSTS offers its clients comprehensive solutions for quality housing, as well as securing families, assets, and retirement.

Raiffeisen stavební spořitelna a.s.
Koněvova 2747/99
130 45 Prague 3
Phone: +420 271 031 111
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E-mail: rsts@rsts.cz
www.rsts.cz
Toll-free info line: +420 800 11 22 11

An important event of 2016 was the launch of a new fund, two business events prepared in cooperation with Raiffeisenbank – the summer “Fees are on holiday”, and the winter “Come get your Christmas present”, and the November merger of the Raiffeisen protected American prosperity fund with the Raiffeisen protected economic cycles fund.

The company has registered capital of CZK 40 million, which is divided into 40 book-entry registered shares with a nominal value of CZK 1,000,000 each. RIS's 100% shareholder is Raiffeisenbank a.s.

In 2016, RSTS achieved success and received a number of prestigious awards. In the autumn, the company placed second in the Fincentrum Bank of the Year Awards for 2016 in the category of building society of the year. RSTS once again succeeded in the WebTop100 awards, where the best digital marketing projects in the Czech Republic are assessed every year. For the fourth time in a row, RSTS won first place for the best banking web pages and also received first place in the category of Mobile Solutions. The internal employee magazine Speciál was also successful, placing among the top rated in the Zlatý středník awards for the category of best company magazine. The company placed sixth in the CzechTop100 in the same category.

Thanks to investments in new technology, RSTS has become the first completely paperless building society. Clients may now arrange building savings and loans with a biometric signature. An important success for the entire Czech building society sector was the election of Jan Jeníček, Chairman of the Board of Directors of RSTS, as President of the European Federation of Building Societies.



UNIQA pojišťovna, a.s. commenced its operations on the Czech insurance market in 1993, originally under the name Česko-rakouská pojišťovna. The company changed its name to UNIQA pojišťovna in 2001 as a part of the international strategy of the parent concern to integrate the company's identity under the UNIQA brand name. The international concern UNIQA Insurance Group has its headquarters in Vienna and is an important Austrian insurance company with more than one fifth of the market. With its more than 40 subsidiary companies, UNIQA operates in 19 countries throughout Europe and serves more than 11 million clients.

The sole shareholder of the Czech UNIQA pojišťovna is UNIQA International Versicherungs-Holding AG. The insurance company's registered capital is CZK 500 million.

UNIQA pojišťovna holds a universal insurance licence allowing the company to carry out business in the area of both life and non-life insurance. Currently, UNIQA offers all types of insurance products covering the insurance needs of all private and corporate clients.

During the eighteen years of its existence, UNIQA has always been one of the ten largest insurance companies on the Czech market. Currently, it provides its services at about 150 business locations throughout the Czech Republic. Its portfolio includes more than 790,000 insurance policies. Annual premiums written in 2016 were close to CZK 6.2 billion.

UNIQA pojišťovna has closely cooperated with the Raiffeisen group for many years. This cooperation has also successfully expanded in other European countries where both brands are active on the financial market. Insurance is an integral part of financial services, and hence UNIQA pojišťovna has prepared optimal products for this purpose, such as leasing, credit, and mortgage transactions.

UNIQA pojišťovna, a.s.
Evropská 136, 160 12 Prague 6
Phone: +420 225 393 111
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Customer support: +420 488 125 125

Last year, UNIQA continued the successful sale of life insurance at the Raiffeisenbank branch offices under the brand Raiffeisen life insurance DIVIDENDA. In 2016, bankers concluded 2,720 life insurance policies with its clients, and total annual premiums reached close to CZK 29 million. At the end of 2016, the Raiffeisen branch network began to offer the innovative life insurance product DOMINO, and by New Year's Eve, the first ten new contracts were signed. The growth trend in the number of property insurance policies continued, especially in connection with the mortgage segment. In 2016, a new record was reached, and more than 8,300 new insurance policies were opened. Thus, premiums written relating to property insurance for households and buildings amounted to approximately CZK 78 million. Of course, UNIQA profited here from the unique mortgage boom, which in all probability will not be repeated.

Another important product relating to bank insurance is casualty insurance offered with the eKonto bank account, which is an interesting product for sufficient risk coverage thanks to a simplified process and a favourable price. 96,000 Raiffeisenbank clients have already arranged casualty insurance as a supplementary product for their bank accounts. Very solid results were also achieved in the sale of insurance with payment cards issued by Raiffeisenbank. Clients may select with their payment cards travel insurance, purchasing insurance, or insurance for financial damage incurred by the misuse of payment cards. These products as a whole in 2016 generated premiums written of around CZK 76 million.

Two new insurance products were introduced to Raiffeisenbank's range of products during 2015: mortgage payment insurance and a comprehensive insurance package for small and medium-size entrepreneurs with the eKonto bank account. In 2016, the total premiums written for these products exceeded CZK 6.8 million.

Total premiums written for the sale of insurance products at Raiffeisenbank in 2016 amounted to CZK 338.4 million.



Since 1994, Raiffeisen-Leasing, s.r.o. has offered companies and individuals comprehensive services for financing their investment needs relating to movables as well as commercial real estate and development projects. Raiffeisen-Leasing's parent institutions are Raiffeisenbank a. s. and Raiffeisen-Leasing International GmbH Wien. The company is a member of the Czech Leasing and Financial Association and the Czech-German Chamber of Industry and Commerce.

Raiffeisen-Leasing, s.r.o. offers on the Czech market a unique spectrum of financing for fixed assets, such as real estate and developer financing, financing of machinery, equipment, freight vehicles and tractors, locomotives, boats and aircraft, as well as the financing and fleet management of private and commercial vehicles.

In 2016, Raiffeisen-Leasing, s.r.o. financed commodities and real estate in new commercial transactions for a total purchase-price volume of CZK 11.140 billion, which is a 98% year-on-year increase. Profit after taxes according to the IFRS increased to CZK 352 million, which is a rise of 40 % over 2015. With these results, Raiffeisen-Leasing, s.r.o. significantly improved its position on the Czech leasing market. According to the ratings of the Czech Leasing and Financial Association, Raiffeisen-Leasing, s.r.o. is among the TOP 5 leasing companies with respect to the volume of new leasing transactions and also one of the TOP 5 leasing companies in the financing of transport technology, machinery, and equipment. The company has maintained its first place over the long term for the non-bank financing of real estate.

Raiffeisen-Leasing, s.r.o.
 Hvězdova 1716/2b
 140 78 Prague 4
 Phone: +420 221 511 611
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 E-mail: rl@rl.cz
 www.rl.cz

At the beginning of 2016, Raiffeisen-Leasing, s.r.o. began to closely cooperating with FinCaptive s.r.o., which has a strong and professional team of brokers with years of experience on the leasing market. Thanks to this cooperation, Raiffeisen-Leasing, s.r.o. has significantly increased the volume of new transactions in transport, agriculture, and healthcare technology. The company has especially strengthened this cooperation related to transactions with financed values up to CZK 3 million granted to companies primarily belonging to the segment of small and medium-size enterprises.

In 2016, Raiffeisen-Leasing, s.r.o. continued to successfully cooperate with Raiffeisenbank's branch network. Since 2015, the company has offered the financing of vehicles for entrepreneurs and small businesses from the Micro sector. Raiffeisen-Leasing has significantly prospered in the financing of real estate. Among other things, it has contributed to the construction of residential projects in Prague and Plzen. In 2016, the company sold the shopping centre Bondy in Mladá Boleslav, implementing thus far its most successful sale of a real estate project.

In 2017, Raiffeisen-Leasing, s.r.o. plans to strengthen further its market position in the financing of transport, agriculture, and healthcare technology in cooperation with FinCaptive. Through its own business network, it will continue to reinforce its long-term strong position in the financing of machinery and equipment and real estate. Great emphasis will be placed on increasing its involvement in financed items. In addition, it will support its acquisition programme and will continue to improve its close cooperation with Raiffeisenbank a.s.

Raiffeisenbank's branches

Branch Office	Address	Phone
Beroun	Husovo náměstí 45, 266 01, Beroun	+420 311 600 027
Brandýs nad Labem, Masarykovo nám.	Masarykovo nám. čp. 22/13 , 250 01, Brandýs nad Labem	+420 311 699 199
Brno – Campus Netroufalky	Netroufalky 770, 625 00, Brno	+420 518 700 711
Brno – Česká	Česká 12, 602 00, Brno	+420 517 545 001
Brno – Lidická	Lidická 26, 602 00, Brno	+420 532 195 610
Brno – Masarykova	Masarykova 30, 602 00, Brno	+420 532 196 811
Brno – Vídeňská 281/77	Vídeňská 281/77, Brno-Štýřice, 639 00, Brno	+420 542 424 811
Brno Hradecká Globus	Hradecká 408/40, 621 00, Brno – Ivanovice	+420 549 122 411
Brno Jánská	Jánská 1/3, 602 00, Brno	+420 542 221 370
Brno Královo Pole	Palackého třída 76, 612 00, Brno	+420 581 853 475
Brno Olympia	Olympia U Dálnice 777, 664 42, Brno	+420 547 243 868
Brno, Galerie Vaňkovka	Ve Vaňkovce 1, 602 00, Brno	+420 542 120 096
Brno, Londýnské nám.	Londýnské nám. 881/6, 639 00 Brno – Štýřice	+420 233 062 434
Česká Lípa	Náměstí T.G.M 193, 470 01, Česká Lípa	+420 487 881 811
České Budějovice – Hroznová	Hroznová 7/62, 370 01, České Budějovice	+420 386 357 815
České Budějovice – Lannova třída	Lannova třída 51/23, 370 01, České Budějovice	+420 383 709 011
České Budějovice – Milady Horákové	M.Horákové 1498, 370 05, České Budějovice	+420 385 790 111
České Budějovice – Nám. P. Otakara	Náměstí Přemysla Otakara II. 13, 370 63, České Budějovice	+420 386 707 411
Český Krumlov	Náměstí Svornosti 15, 381 01, Český Krumlov	+420 380 712 705
Děčín	Myslbekova 80/3, 405 01, Děčín	+420 412 432 085
Domažlice	Msgre.B.Staška 68, 344 01, Domažlice	+420 379 775 917
Frydek – Místek – J.V.Sládka	J.V.Sládka 84, 738 01, Frydek – Místek	+420 558 440 910
Havířov	Hlavní třída 438/73, 736 01, Havířov – Město	+420 596 808 311
Hodonín	Národní třída 18a, 695 01, Hodonín	+420 518 399 811
Hradec Králové – Rašínova, Tesco	Rašínova třída 1669, 500 02, Hradec Králové	+420 498 511 011
Hradec Králové – S.K.Neumanna	S.K.Neumanna 487, 500 02, Hradec Králové	+420 493 334 111
Hradec Králové – V Kopečku	V Kopečku 75, 500 03, Hradec Králové	+420 495 069 666
Cheb	Májová 16, 350 02, Cheb	+420 354 433 629
Chomutov	Žižkovo nám. 120, 430 01, Chomutov	+420 474 930 900
Jablonec nad Nisou	Komenského 8, 466 01, Jablonec nad Nisou	+420 483 737 141
Jihlava – Masarykovo náměstí	Masarykovo náměstí 35, 586 01, Jihlava	+420 567 578 911
Karlovy Vary – Krále Jiřího	Krále Jiřího 39, 360 01, Karlovy Vary	+420 353 167 770
Karviná – Masarykovo nám.	Masarykovo nám. 28/15, 733 01, Karviná	+420 597 497 711
Kladno	Osvobozených politických vězňů 656, , 272 01, Kladno	+420 312 709 413
Klatovy, Náměstí Míru	Náměstí Míru 168/1, 339 01, Klatovy	+420 376 541 811
Kolín	Kutnohorská 43, 280 02, Kolín	+420 321 338 982
Krnov, Hlavní náměstí	Hlavní náměstí 97/36, 794 01, Krnov	+420 554 601 111
Kroměříž, Vodní	Vodní 59, 767 01, Kroměříž	+420 573 301 811
Liberec – Jánská	Jánská 863/9, 460 01, Liberec	+420 482711730
Liberec – Na Rybníčku	Na Rybníčku 1, 460 01, Liberec 3	+420 488 100 011
Liberec – Pražská	Pražská 6/133, 460 01, Liberec 2	+420 483 519 080
Liberec, Moskevská	Moskevská 658/41, 460 02 Liberec 4	+420 607228177
Mělník, náměstí Karla IV.	náměstí Karla IV. 183/17, 27601, Mělník	+420 315 650 139

Branch Office	Address	Phone
Mladá Boleslav - Bondy centrum	ř. Václava Klementa č.p. 1459, 293 01 Mladá Boleslav	+420 326 509 611
Mladá Boleslav - TGM	T.G.Masaryka 1009, 293 01, Mladá Boleslav	+420 326 700 981
Most	Budovatelů 1996/4, 434 01, Most	+420 476 140 216
Náchod, Karlovo náměstí	Karlovo náměstí 84, 547 01, Náchod	+420 491 405 757
Olomouc - Horní lán	Horní lán 1328/6, 779 00, Olomouc	+420 582 800 901
Olomouc - Nám. Národních Hrdinů	nám. Národních hrdinů 1, 779 00, Olomouc	+420 585 206 911
Olomouc - Národní dům	8. května 464/21, 779 00, Olomouc	+420 582 800 400
Opava - Horní náměstí	Horní náměstí 32, 746 01, Opava	+420 553 759 311
Ostrava - Nová Karolina	Jantarová 3344/4, Forum Nová Karolina, 702 00, Ostrava	+420 596 664 171
Ostrava - Poruba	Opavská 6230/29a, 708 00, Ostrava - Poruba	+420 596 945 126
Ostrava - Výškovická	Výškovická 2637/114, 700 30, Ostrava - Zábřeh	+420 596 797 011
Ostrava 28.října, Nová Karolina PARK	28.října 3348/65, 702 00, Ostrava	+420 597 011 541
Ostrava Dlouhá	Dlouhá 3, 702 00, Ostrava	+420 596 111 863
Ostrava Tesco	TESCO, Sijzdná 5554, 722 00, Ostrava	+420 596 966 432
Ostrava, Nádražní	Nádražní 11, Ostrava, 700 39	+420 595 130 401
Ostrava, Rudná, Avion Shopping Park	Rudná 114/3114 - Avion Shopping Park, 700 30, Ostrava	+420 558 944 011
Pardubice - 17. listopadu	17. listopadu 238, 530 02, Pardubice	+420 466 610 016
Pardubice - K Polabinám	K Polabinám 1893-4, 530 02, Pardubice	+420 466 512 197
Pardubice, K Vinici	K Vinici 1256, 530 02 Pardubice	+420 233 063 490
Písek	Velké náměstí 116, 397 01, Písek	+420 382 759 111
Plzeň - Americká 1	Americká 1, 301 00, Plzeň	+420 377 236 582
Plzeň - Americká 66	Americká 66, 306 29, Plzeň	+420 377 279 411-18
Plzeň - Bedřicha Smetany	Bedřicha Smetany 11, 301 00, Plzeň	+420 374 334 800
Plzeň - Olympia	Olympia, Písecká 972/1, 326 00, Plzeň Černice	+420 377 222 156
Plzeň, Poděbradova	Poděbradova 2842/1, 301 17 Plzeň - Jižní Předměstí	+420 233 063 445
Prague - Anděl	Zlatý Anděl, Nádražní 23, 150 00, Prague 5	+420 251 510 444
Prague - Barrandov	Tilleho nám. 792/2, 152 00, Prague 5 - Hlubočepy	+420 234 724 111
Prague - Bělehradská	Bělehradská 100/18, 120 00, Prague 2	+420 221 511 281
Prague - Bělohorská	Bělohorská 71, 169 00, Prague 6	+420 233 356 840
Prague - Budějovická	Olbrachtova 2006/9, 140 21, Prague 4	+420 234 401 026
Prague - City Tower (Hvězdova)	Hvězdova 1716/2B, 140 78, Prague 4	+420 234 405 130
Prague - Dejvická 11	Dejvická 11, 160 00, Prague 6	+420 233 089 711
Prague - Eden Vršovická	OC Eden, Vršovická 1527/68b, 100 00, Prague 10	+420 225 282 911
Prague - Evropská	Evropská 136, 136 00, Prague 6	+420 234 715 115
Prague - Flora	Chrudimská 7, 130 00, Prague 3	+420 225 376 611
Prague - Háje	Arkalycká 877, 149 00, Prague 4	+420 272 653 815
Prague - Chlumecká	Chlumecká 765/6, 198 00, Prague 9	+420 281 008 111
Prague - Jalta	Václavské náměstí 43, 110 00, Prague 1	+420 222 115 590
Prague - Jandova (OSN)	Jandova 135/2, 190 00, Prague 9	+420 225 545 511
Prague - Jugoslávská	Jugoslávská 320/21, 120 00, Prague 2	+420 222 517 800
Prague - Karlovo náměstí	Karlovo náměstí 10, 120 00, Prague 2	+420 224 900 711
Prague - Komunardů	Komunardů 21/1045, 170 00, Prague 7	+420 225 020 380
Prague - Ládví	Kyselova 1658, 182 00, Prague 8 - Ládví	+420 283 880 342
Prague - Lidická	Lidická 42, 150 00, Prague 5 - Smíchov	+420 251 010 811
Prague - Milady Horákové 10	Milady Horákové 10, 170 00, Prague 7	+420 233 028 022
Prague - Moskevská	Moskevská 43, 101 00, Prague 10	+420 271 078 815
Prague - Na Pankráci Gemini	Na Pankráci 1724, 140 78, Prague 4	+420 234 261 211

Branch Office	Address	Phone
Prague - Na Příkopě	Na Příkopě 860/24, 110 00, Prague 1	+420 225 374 011
Prague - Nákupní - Europark	Nákupní 389/3, 102 00, Prague 10	+420 234 093 011
Prague - náměstí bří Synků	Braťří Synků 300/15, 140 00, Prague 4	+420 234 700 911
Prague - Národní 9	Národní 9/1010, 110 00, Prague 1	+420 221 411 922
Prague - Nitranská	Nitranská 988/19, vstup z ulice Vinohradská, 130 00, Prague 3	+420 296 338 011
Prague - Novodvorská	Novoplaza Novodvorská 1800/136, 142 00, Prague 4	+420 241 406 914
Prague - Olbrachtova DBK	Olbrachtova DBK 1946/64, 140 00, Prague 4	+420 234 709 911
Prague - Palladium	náměstí Republiky 1, 110 00, Prague 1	+420 225 376 503
Prague - Park Hostivař	Interspar Švehlova 32/1392, 102 00, Prague 10	+420 272 656 215
Prague - Petřilkova	Petržilkova 2706/30, 158 00, Prague 5	+420 296 334 011
Prague - Prosecká	Prosecká 851/64, ProsekPoint, 190 00, Prague 9	+420 225 983 600
Prague - Seifertova	Seifertova 995/29, 130 00, Prague 3	+420 225 282 611
Prague - Spálená	Spálená 16, 110 00, Prague 1	+420 224 948 883
Prague - Thámová	Thámová 118/17, 186 00, Prague 8	+420 234 720 911
Prague - Václavské náměstí, Astra	Václavské náměstí 773/4, 110 00, Prague 1	+420 234 093 311
Prague - Valentinská	Valentinská 9/57, 110 00, Prague 1	+420 234 702 206
Prague - Veselská Letňany	OC Letňany, Veselská 663, 199 00, Prague 9 - Letňany	+420 234 261 047
Prague - Vinohradská	Vinohradská 230, 100 00, Prague 10	+420 274 001 778
Prague - Vodičkova	Vodičkova 38, 110 00, Prague 1	+420 221 141 261
Prague - Zenklova	Zenklova 22/340, 180 00, Prague 8	+420 225 983 511
Prague - Zličín	Řevnická 1/121, 150 00, Prague 5	+420 234 720 101
Prague - Želivského	Želivského 1738/16, 130 00, Prague 3	+420 225 374 600
Prague 1, Na Příkopě 17	Na Příkopě 1047/17, 110 00 Prague 1	+420 233 063 280
Prague 1, Revoluční 6	Revoluční 6, Prague 1, 110 00	+420 233 063 291
Prague 2, Vinohradská 32	Vinohradská 1215/32, Prague 2, 120 00	+420 233 063 206
Prague 5, Bucharova	Bucharova 2641/14, Prague 5, 158 02	+420 233 062 211
Prostějov	Hlaváčkovo nám.3, 796 01, Prostějov	+420 582 400 800
Přerov	Komenského 758/11, 750 02, Přerov	+420 587 800 911
Příbram, Zahradnická	Zahradnická 70, 26101, Příbram 3	+420 318 646 194
Říčany - Masarykovo náměstí	Masarykovo náměstí 155, 251 01, Říčany	+420 323 209 011
Strakonice, Velké náměstí	Velké náměstí 141, 386 01, Strakonice	+420 380 777 265
Šumperk	17. listopadu 9, 787 01, Šumperk	+420 583 219 734
Tábor - Bílkova	Bílkova 960, 390 02, Tábor	+420 381 201 611
Teplice - 28. října	28.října 7/963, 415 01, Teplice	+420 417 816 074
Teplice, nám. Svobody, GALERIE	Nám. Svobody 3316, 415 01, Teplice	+420 417 534 703
Trutnov - Horská	Horská 97, Trutnov, 541 01, Trutnov	+420 498 501 801
Třebíč, Jejkovská brána	Jejkovská brána 36/1, 674 01, Třebíč	+420 568 891 236
Třinec	Náměstí Svobody 528, 739 61, Třinec	+420 558 944 911
Uherské Hradiště, Obchodní	Obchodní ul. 1508, 686 01, Uherské hradiště	+420 576 000 401
Ústí nad Labem - Forum, Bílinská	Bílinská 3490/6, 400 01, Ústí n. L.	+420 478 050 111
Ústí nad Labem - Pařížská	Pařížská 20, 400 01, Ústí nad Labem	+420 477 101 701
Zlín - Kvítková	Kvítková 552, 760 01, Zlín	+420 577 008 016
Zlín - Nám. Míru	nám. Míru 9, 760 01, Zlín	+420 577 011 124
Znojmo	Masarykovo náměstí 325/3, 669 02, Znojmo	+420 515 209 711
Žďár nad Sázavou	Nám. Republiky 42, 591 01, Žďár nad Sázavou	+420 566 652 715

Mortgage Centres

Location	Location	Telephone
Brno	Česká 12, 602 00 Brno	517 545 333
Brno/Hodonín	Národní třída 18A, 695 01 Hodonín	518 399 819
Brno/Znojmo	Masarykovo nám. 325/3, 662 02 Znojmo	515 209 724
České Budějovice	Náměstí Přemysla Otakara II. 13, 370 63 České Budějovice	386 707 413
České Budějovice/Tábor	Bílková 960, 390 02 Tábor	381 201 614
Hradec Králové	V Kopečku 75, 500 02 Hradec Králové	495 069 677
Jihlava	Masarykovo náměstí 35, 586 01 Jihlava	567 578 918
Karlovy Vary	Krále Jiřího 39, 360 01 Karlovy Vary	353 167 719
Liberec	Na Rybníčku 874/1, 460 01 Liberec	488 100 020
Olomouc	Národní dům, 8.května 464/21, 779 00 Olomouc	582 800 446
Ostrava	Dlouhá 3, 702 00 Ostrava 1	581 853 732
Ostrava/Opava	Horní nám. 32, 746 01 Opava	553 759 334
Ostrava/Frýdek Místek	J. V. Sládka 84, 73802 Frýdek-Místek	581 853 702
Pardubice	K Polabinám 1893-4, 530 02 Pardubice	467 002 510
Plzeň	Americká 1, 306 29 Plzeň	379 305 545
Prague - Budějovická	Olbrachtova 9, 140 21 Prague 4	582 800 415
Prague - Karlovo nám.	Karlovo náměstí 2097/10, 120 00 Prague 2	224 900722
Prague - Jandova	Jandova 135/2, 190 00 Prague 9	222 925 839
Prague - ASTRA	Václavské náměstí 773/4, 110 00 Prague 1	225 374 059
Ústí nad Labem	Pařížská 227/20, 400 01 Ústí nad Labem	475 237 486
Most	Budovatelů 1996/4, 434 01 Most	476 140 223
Zlín	Kvítková 552, 760 01 Zlín	577 008 042

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