

Equity interests of Raiffeisen Bausparkasse

Know-how provider in the CEE countries

In the countries of Central and Eastern Europe (CEE) the whole Bauspar idea has turned out to be a real export hit. For a very long time the Bausparkassen were the only banks that offered the people of Slovakia, Hungary, the Czech Republic, Croatia and Romania long-term and stable construction finance, thus stimulating new construction along with the renovation of existing buildings. The Bauspar systems in these countries and the way public support is organized are based on the Austrian Bauspar model.

Ever since its first commitment in the early nineties, Raiffeisen Bausparkasse has been continually strengthening its position in the CEE countries. The takeover of Hypo stavební spořitelna, a.s. (Hypo Bausparkasse, Prague) last year was a further step on the road to the top in the highly competitive Czech building society market. Bausparen is growing more and more popular in the other Central and Eastern European countries, too. With 363,000 contracts, i.e. a plus of almost 15 % compared with 2006, the subsidiaries' new contracts even outperformed the Austrian parent company's record figures. The entire contract volume in CEE totaling about two million Bauspar contracts shows that the population is more than happy to take advantage of the benefits of Bausparen to accumulate capital and finance housing.



Successful acquisition of Hypo stavební spořitelna, Prague. Johann Ertl and Christian Martell (middle), Raiffeisen Bausparkasse, with representatives of the former owners.

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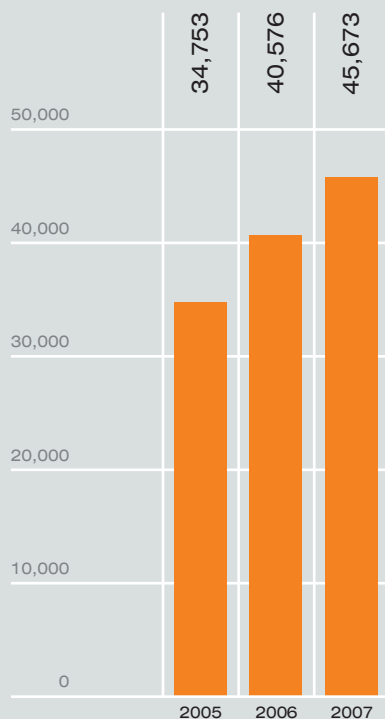
Slovakia

When, in the early nineties, initial thought was given to taking the Bauspar idea into the countries of Central and Eastern Europe, Raiffeisen Bausparkasse chose Slovakia as its pioneer country. Meanwhile, Slovakia has become a forerunner in Bauspar matters. Of all the investments so far made in residential housing by the three Slovak Bausparkassen, the mortgage banks and the state-owned Slovak residential housing fund, the Bausparkassen provided 56 % of residential housing funds.

Absolute market leadership of PSS

In the year 2007, Prvá stavebná sporiteľňa a.s. (PSS) once again successfully defended its absolute leading position in the market. With close to 170,000 new contracts it was able to exceed last year's results by 9 %. Deposits rose by 8 % to SKK 44.1 billion (€ 1.3 billion) while loans rose by 12.6 % to SKK 45.7 billion (€ 1.4 billion). Due to the fact that there continues to be a high demand for low-interest Bauspar and interim loans among PSS's customers, the company issued its first housing bond in 2007. So alongside Bauspar deposits, a further refinancing source was provided for.

Loans
In SKK m



Ever since Slovakia's accession to the European Union in 2004, PSS's ongoing projects have all centered on Europe. The preparations for the introduction of the Euro in the beginning of 2009 are in full swing. In September 2007, PSS was the first bank in Slovakia to have submitted a monthly report according to the standard rules of Basle II. Preparations were also underway to enter the SWIFT system.

As part of their corporate social responsibility, PSS purchased a plot of land in 2007 upon which 60 to 80 employee flats are to be built.

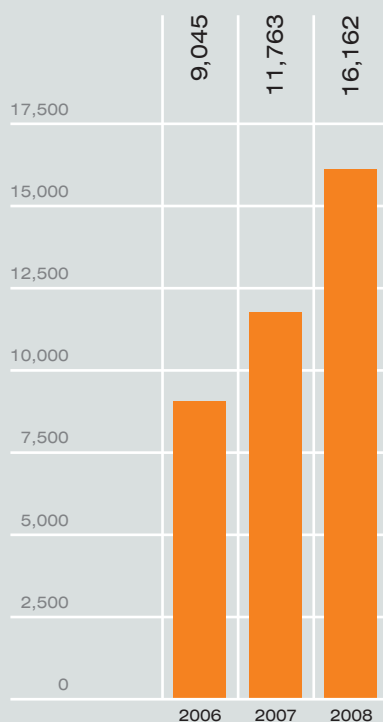
Czech Republic

Even if the Czech Republic was not the very first country in Central and Eastern Europe to bear the fruit of the Bauspar idea, it can still be regarded as one of the “Bauspar winners” among the CEE countries. Of the 10.3 million Czechs as many as 55 % have a Bauspar contract, which makes it the country with the highest Bauspar density to be found throughout CEE. Bausparen is thus one of the vital pillars of the state’s residential housing policy and represents the perfect financing instruments for the continuing construction boom in the Czech Republic.

In 2007 RSTS set the course for the future

To Raiffeisen stavební spořitelna, a.s. (RSTS) 2007 was a year of change. In sales the managing board set a strong example. Compared with 2006, new business was increased by 38.3 % and 109,000 new contracts were signed. In 2007 the market share of RSTS climbed from 10 % to 13 % – a positive signal for the changes in sales. Bauspar deposits picked up by 8.2 % amounting to CZK 42.9 billion (€ 1.6 billion) while there was also a powerful 37.4 % rise in loans amounting to CZK 16.2 billion (€ 607 million).

Loans
In CZK m



For Raiffeisen Bausparkasse, the actual highlight of the year 2007 was the acquisition of one of the competitors in the Bauspar market, Hypo stavební spořitelna a.s. The acquisition and the planned merger of the two companies will set the course for the future. After the merger, the market share of the two Bausparkassen will be at 20 %, and their common customer base will have extended to 1 million, which will take Raiffeisen in the Czech Republic from fourth to third place in the Bauspar ranking.

Croatia

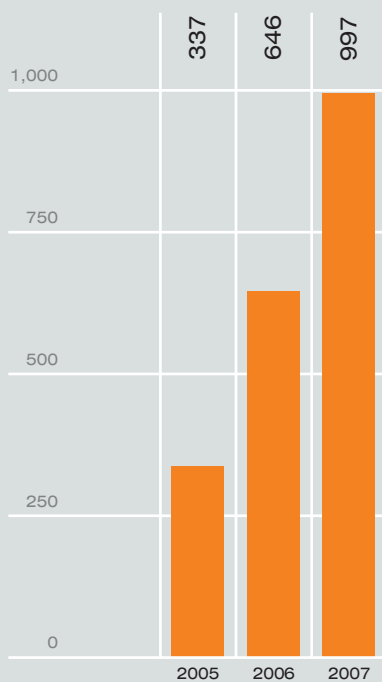
In the southern Bauspar country of Croatia the Bauspar system established itself towards the end of the nineties. In the year 2007, the population's strong consumption orientation and the, until then, easy access to loans caused the Croatian national bank to take measures to control the indebtedness of its population. This will noticeably reduce credit growth (including that of the Bausparkassen) in 2008.

Loans up 54.4 % –
despite difficult conditions

Given these conditions, it is all the more pleasing to see that Raiffeisen stambena štedionica d.d. (RSS) was able to increase its new business by more than 45,000 contracts, which is the equivalent of 5 % compared with 2006. Existing contracts thus increased by 3.6 % to 200,000. Loans rose too, despite the tightened National Bank regulations, from HRK 646 million (€ 88 million) in the year 2006 to HRK 997 million (€ 136 million), i.e. plus 54.4 % in the year 2007.

The savings business in the year 2007 centered on the keyword "Bubaspara", a made-up Croatian word that refers to RSS's successful savings scheme for children. The advertising campaign featuring a bee that remotely resembles well-known "Sumsi" of the Raiffeisen Bank Group produced a brand image that was received very positively by parents and children alike and was also a huge success with RSS's sales partners.

Loans
In HRK m



Romania

In the year 2007, Raiffeisen Bausparkasse's youngest Bau-spar country experienced its first year as a member of the EU. Known to be extremely consumption-oriented before entering the EU, the rising incomes that resulted from the high foreign investments in the course of the accession led to even higher spending. Given the fact that most Romanians are not yet ready to tie up their savings for more than one year, the achieved figures might be below plan, yet they are definitely satisfactory.

Loans broke the 34-million-RON (9.4-million-EUR) ceiling

In 2006, Raiffeisen Banca pentru Locuințe (RBL) generated new business totaling almost 39,000 savings contracts, causing the existing overall volume to exceed 108,000 contracts (+ 7 %). So thanks to a product based on continuity and a long-term perspective, RBL was able to achieve remarkable results in its third full fiscal year. Following the year 2006 which saw loans at RON 5.0 million (€ 1 million) at the end of the year, RBL exceeded the RON-34-million mark (EUR 9.4 million) in fiscal 2007.

Loans
In RON m

