

# Annual Report 2008



**Raiffeisen**  
**LEASING**  
Serbia

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# Introductory Address by the Management



Dear Clients and Partners of Raiffeisen Leasing d.o.o,

On behalf of the Management of Raiffeisen Leasing d.o.o, it is our pleasure to state that 2008 was another successful business year for our company.

This was yet another year full of challenges and tougher competition. We put all our efforts to meet most appropriately our clients' needs by highly professional services as well as to be widely recognized as a reliable partner.

Raiffeisen Leasing d.o.o. maintained its position as one of the leading leasing companies with a network in 7 towns in the country, besides the Head Office in Belgrade.

Our new business reached the amount of 58.74 million euros.

We managed to achieve a Net profit after tax of 624 thousand euros, according to IFRS standards. The company's Return on Equity (ROE) for 2008 reached 7%.

Raiffeisen Leasing d.o.o. team managed to create an active and professional company that has proved to be fully capable to meet any type of competitive challenges even in changing business environment. Various actions were undertaken in order to further improve service quality including the introduction of new tools and improving the existing processes.

Raiffeisen Leasing d.o.o. has faced the global financial crisis well prepared. Despite difficult business circumstances in the market, our results achieved in 2008, as well as our experience, strong capital base and quality portfolio represent guarantee that we will remain a secure and reliable partner to our clients and dealers in the forthcoming period.

One of our main goals will also be remaining one of the leaders in the local market in financing of vehicles, equipment and machinery.

We would like to use this opportunity to thank our customers and business partners for the excellent cooperation in 2008 and for their confidence in us. We are also especially grateful to our employees, whose commitment, professionalism and efforts made this another year successful, expressing our deep conviction that Raiffeisen Leasing d.o.o. team will keep its strong position in the market in 2009 as well.

A handwritten signature in black ink, appearing to read 'Ralph Zeitberger'.

Ralph Zeitberger  
Managing Director

A handwritten signature in black ink, appearing to read 'Ana Ružić'.

Ana Ružić  
Executive Director

# Raiffeisen - Leasing International GmbH

Leasing is generally considered to be the most favourable alternative for financing investments in Central and Eastern Europe, primarily due to better collateralization and therefore longer tenors. Advantages in tax and accounting add to this business segment's attractiveness.

Raiffeisen International's leasing units in Central and Eastern Europe are steered by the sub - group's holding company Raiffeisen - Leasing International GmbH (RLI), located in Vienna, which is 75% owned by Raiffeisen International Bank Holding AG and 25% by Raiffeisen - Leasing GmbH, Vienna.

The Raiffeisen - Leasing International network covers 17 countries in Central and Eastern Europe.

Nearly 1700 people have been working for the Raiffeisen - Leasing International Group at year - end 2008. New business was almost at the same level compared to the previous year with 2.663 million euros.

Raiffeisen - Leasing International's balance sheet total grew by 23% to 5.688 million euros during 2008.



# Business Profile

Raiffeisen Leasing d.o.o. has been established for the purpose of enhancing and promoting leasing activities in Serbia, and at the same time extending the range of services of Raiffeisen Banking Group in this market.

Raiffeisen Leasing d.o.o. was founded on February 10, 2003 with its headquarters in Belgrade, whereby the scope of services offered by Raiffeisen Group in the Serbian market has been expanded, both for legal entities and for private individuals. It started operating in April of the same year.

The shareholders of Raiffeisen Leasing d.o.o. are:

- Raiffeisen - Leasing International GmbH, the leading leasing group in Central and Eastern Europe with 50%
- Raiffeisen banka a.d, the leading foreign - owned bank operating in Serbia, with 50%

The shareholders of Raiffeisen - Leasing International GmbH are Raiffeisen Leasing Austria with 25% and Raiffeisen International with 75%.

Raiffeisen Leasing d.o.o. is governed by the General Assembly on behalf of its shareholders. The General Assembly meets at least three times a year, deciding on strategic issues and directing the business activities of the Company.

By fostering the high professional standards set by its founders, Raiffeisen Leasing d.o.o. provides its clients with superior quality products and services, as well as complete information regarding the structure and simplicity of all transactions involved.

The basic products of Raiffeisen Leasing d.o.o. are vehicle leasing and equipment leasing.

Raiffeisen Leasing d.o.o. is located in Belgrade, operating via seven other branches, which are situated in Subotica, Novi Sad, Šabac, Kragujevac, Čačak, Niš and Kruševac.

At the end of 2008, Raiffeisen Leasing d.o.o. had 84 employees, providing their clients with prompt and highly competent services.



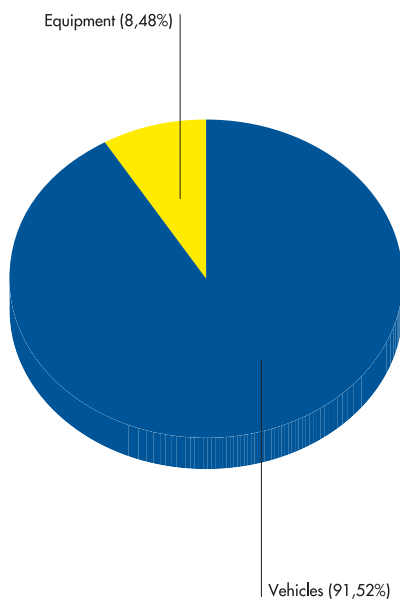
# Management Report

The company Raiffeisen Leasing d.o.o. successfully finished the year 2008 maintaining its top ranking in the market despite the effects of the global financial crisis. The high and stable market share of 17.88% is a result of constant innovations in products and services in order to meet clients' needs. Raiffeisen Leasing d.o.o. contributed with its business activities to the widening of the service range offered by Raiffeisen Banking Group in this market.

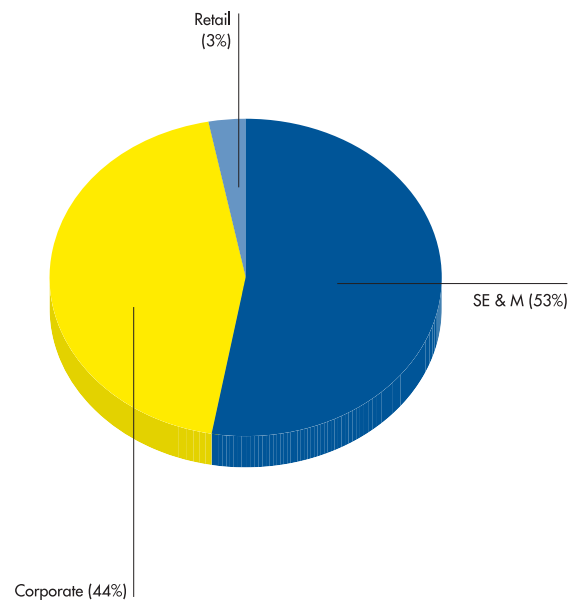
Thanks to its extensive dealer network, Raiffeisen Leasing d.o.o. financed the purchase of passenger vehicles, various commercial vehicles, construction and printing equipment, filling and packaging machinery, agricultural and medical equipment.

Raiffeisen Leasing d.o.o. realized contracts in the amount of 58.743 million euros through the financing of equipment and vehicles. In the course of 2008, a total of 1,056 vehicle leasing contracts were concluded, in the total amount of 52.864 million euros, as well as 91 equipment leasing contracts, in the total amount of 5.879 million euros. The total net amount of the portfolio was 157.63 million euros at the end of the year.

*Leasing Portfolio Structure by Type*



*Client Segmentation*



Strongly believing in good prospects for Serbia and its economic development, Raiffeisen Leasing d.o.o. has been especially focused on financing of SE&M sector. In order to promote and encourage the development of this sector, Raiffeisen Leasing d.o.o. signed in 2008 a loan agreement worth 10 million euros with the EBRD (European Bank for Reconstruction and Development).

Raiffeisen Leasing d.o.o. merged in 2008 Multinational Corporate Companies Unit and Large Corporate Companies Unit into one in order to support corporate clients with the best leasing services.

The cross - selling with Raiffeisen banka a.d. has also been successfully continued during 2008.

In 2008 Raiffeisen Leasing d.o.o. has been constantly working on improvement of business procedures in order to simplify as much as possible its processes with a strong focus on efficiency and availability.

The priorities for the year 2009 will include maintaining and developing long - term cooperation with clients and network of dealers by top - quality professional services and the constant innovation of products offered. One of the main goals will also be maintaining and keeping the company's position in the Serbian market.

# General Assembly

The General Assembly currently consists of three members:

Mr. Oliver Roegl, Chairman of the Managing Board of Raiffeisen banka a.d.

Mr. Dieter Scheidl, Managing Director of Raiffeisen - Leasing International GmbH

Mr. Goran Kesić, Member of the Managing Board of Raiffeisen banka a.d.

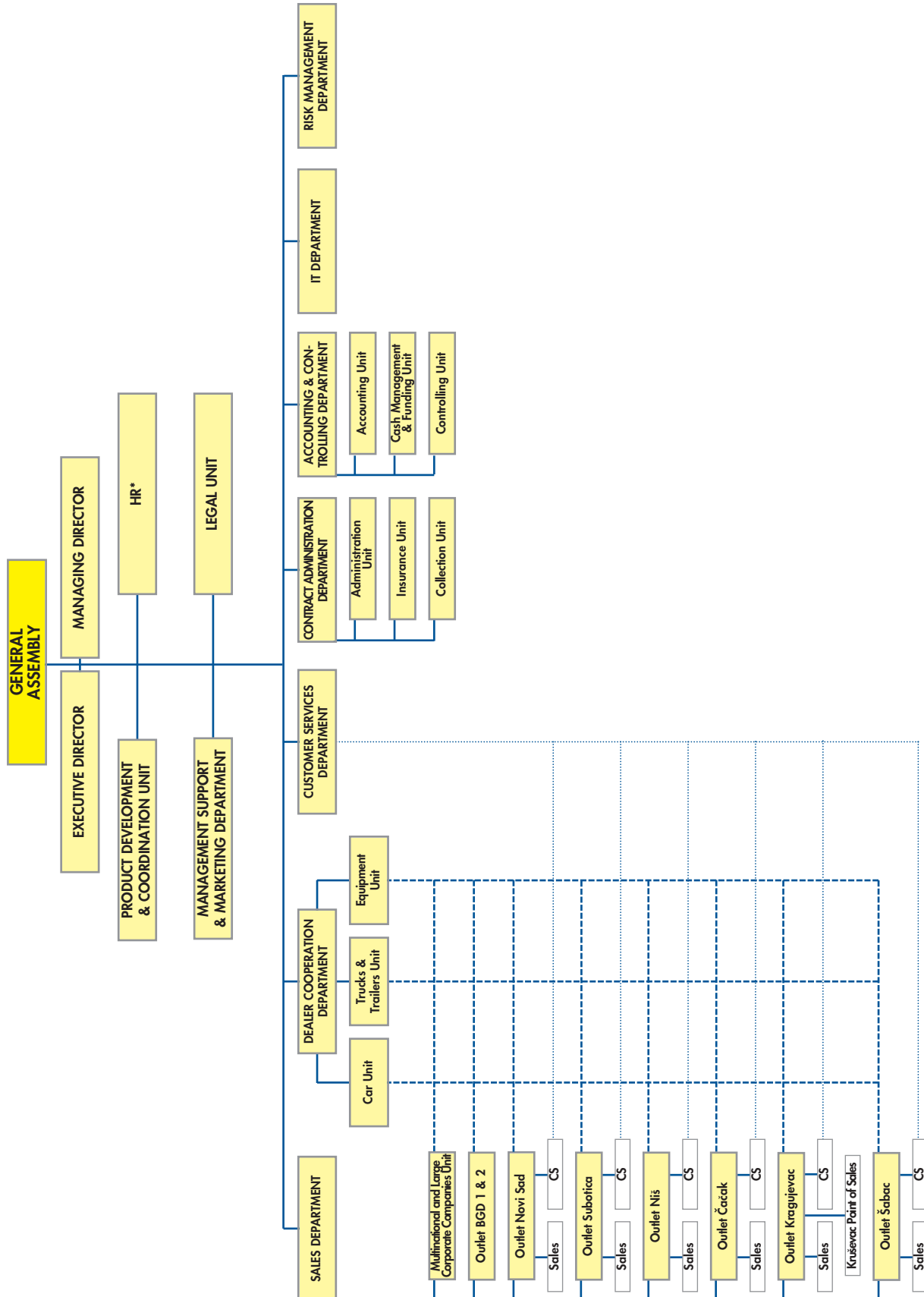
Powers and duties of the General Assembly are determined in the Company Law of the Republic of Serbia and the Articles of Association of Raiffeisen Leasing d.o.o.

According to the Articles of Association and to the Company Law of the Republic of Serbia, the General Assembly is the highest body of the company, which consists of the shareholders, or the persons appointed by the shareholders to represent their interests.

According to the internal rules of the Raiffeisen Leasing d.o.o, the General Assembly holds its regular meetings minimum three times a year and extraordinary meetings that can be held as many times as necessary.

Well - structured composition of the General Assembly guarantees support of both RLI and local bank and knowledge sharing within the Group.

# Organizational Chart



Star means outsourced to Raiffeisen banka a.d.

## Income Statement for the Year Ended 31 December 2008 prepared in accordance with IFRS

<i>In thousands of RSD</i>	<b>2008</b>	<b>2007</b>
<i>Interest and similar income</i>	1,609,697	1,546,460
<i>Interest and similar expenses</i>	(1,077,943)	(845,666)
<b>Net interest income</b>	<b>531,754</b>	<b>700,794</b>
<i>Fee and commission expenses</i>	(43,007)	(36,592)
<b>Net fee and commission expenses</b>	<b>(43,007)</b>	<b>(36,592)</b>
<i>Net trading income/expense</i>	54,940	(27,415)
<i>Other operating income</i>	64,938	38,598
<b>Total</b>	<b>119,878</b>	<b>11,183</b>
<b>Operating income</b>	<b>608,625</b>	<b>675,385</b>
<i>Impairment, net</i>	(78,717)	(24,559)
<i>Staff expenses</i>	(132,095)	(106,717)
<i>Depreciation</i>	(10,691)	(9,255)
<i>Other administrative expenses</i>	(320,930)	(307,561)
<b>Profit for the year before tax</b>	<b>66,192</b>	<b>227,293</b>
<i>Income tax</i>	(10,851)	(411)
<b>Profit for the year</b>	<b>55,341</b>	<b>226,882</b>

## Balance Sheet as at 31 December 2008 prepared in accordance with IFRS

In thousands of RSD	2008	2007
<b>Assets</b>		
Cash and cash equivalents	2,611,128	2,442,246
Loans and advances to banks	5,129	-
Net investment in finance leases	14,141,368	13,493,098
Equity investments	107	107
Property and equipment	21,895	28,502
Intangible assets	11,293	12,583
Deferred tax assets	43,946	41,956
Other assets	567,323	494,977
<b>Total assets</b>	<b>17,402,189</b>	<b>16,513,469</b>
<b>Liabilities</b>		
Deposits from banks	10,094,409	15,596,808
Deposits from customers	6,389,251	38,348
Provisions for liabilities and charges	23,191	6,540
Other liabilities	19,946	51,722
<b>Total liabilities</b>	<b>16,526,797</b>	<b>15,693,418</b>
<b>Equity</b>		
Share quotas	226,544	226,544
Retained earnings	593,507	366,625
Net profit for the year	55,341	226,882
<b>Total equity</b>	<b>875,392</b>	<b>820,051</b>
<b>Total liabilities and equity</b>	<b>17,402,189</b>	<b>16,513,469</b>

Belgrade, 27 February 2009

For and on behalf of the Management  
RAIFFEISEN LEASING D.O.O. BEOGRAD



Ralph Zeitlberger  
Managing Director

*Ralph Zeitlberger*  
*Ana Ružić*



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RAIFFEISEN LEASING D.O.O. BEOGRAD

**Independent Auditor's Report**

We have audited the accompanying financial statements of Raiffeisen Leasing d.o.o., Beograd ("the Company"), which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

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

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Belgrade, 27 February 2009



KPMG d.o.o., Beograd

*KPMG d.o.o. Beograd*

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