Third Quarter Report 2010

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of key data

Raiffeisen International Group Monetary values in € million	2010	Change	2009
Income statement	**1/1-30/9**		**1/1-30/9**
Net interest income	2,161	(2.8)%	2,224
Provisioning for impairment losses	(837)	(38.7)%	(1,365)
Net fee and commission income	921	1.6%	906
Net trading income	133	(9.5)%	147
General administrative expenses	(1,822)	8.6%	(1,678)
Profit before tax	524	82.6%	287
Profit after tax	385	78.5%	216
Consolidated profit (after minorities)	318	104.5%	156
Statement of financial position	**30/9**		**31/12**
Loans and advances to banks	7,537	(26.9)%	10,310
Loans and advances to customers	51,837	2.6%	50,515
Deposits from banks	17,991	(10.5)%	20,110
Deposits from customers	43,291	1.7%	42,578
Equity (including minorities and profit)	7,353	5.0%	7,000
Total assets	75,759	(0.7)%	76,275
Key ratios	**1/1-30/9**		**1/1-30/9**
Return on equity before tax	9.8%	3.7 PP	6.1%
Return on equity after tax	7.2%	2.6 PP	4.6%
Consolidated return on equity (after minorities)	6.9%	3.1 PP	3.8%
Cost/income ratio	57.4%	6.3 PP	51.1%
Return on assets before tax	0.91%	0.43 PP	0.48%
Net provisioning ratio (average risk-weighted assets, credit risk)	2.15%	(1.10) PP	3.25%
Bank-specific information[1]	**30/9**		**31/12**
Risk-weighted assets (credit risk)	51,475	2.8%	50,090
Total own funds	8,394	0.8%	8,328
Total own funds requirement	5,232	2.3%	5,117
Excess cover ratio	60.4%	(2.4) PP	62.8%
Core tier 1 ratio (without hybrid capital), total	8.9%	(0.3) PP	9.2%
Core capital ratio (tier 1), credit risk	13.6%	(0.5) PP	14.1%
Core capital ratio (tier 1), total	10.7%	(0.3) PP	11.0%
Own funds ratio	12.8%	(0.2) PP	13.0%
Stock data	**30/9**		**30/9**
Earnings per share in € [2]	1.78	1.06 €	0.72
Price in €	34.20	(23.2)%	44.56
High (closing prices) in €	36.50	(18.1)%	44.56
Low (closing prices) in €	29.01	123.2%	13.00
Number of shares in million	154.67	–	154.67
Market capitalization in € million	5,290	(23.2)%	6,892
Resources	**30/9**		**31/12**
Number of employees as of reporting date	56,650	0.2%	56,530
Business outlets	2,952	(2.2)%	3,018

[1] Calculated according to the Austrian Banking Act (Bankwesengesetz, BWG). Raiffeisen International as part of the RZB-Group is not subject to the Austrian Banking Act.

[2] Adjusted for the computational compensation for participation rights, earnings per share would amount to € 2.07 (1 January - 30 September 2009: € 1.01).

Contents

In this interim report, RBI refers to the RBI Group, and RBI AG is used wherever statements refer solely to Raiffeisen Bank International AG. The same applies to Raiffeisen International and Raiffeisen International Bank-Holding AG. Unless stated differently, all data in this interim report refer to Raiffeisen International as the reporting period ranges from 1 January to 30 September 2010 and therefore before the date when the merger became effective (10 October 2010).

There may be rounding differences in the tables and charts.

Overview

At the end of the reporting period, Raiffeisen International's network comprised of 15 banks and numerous other financial service enterprises in 17 markets. In 5 of these, its banks ranked among the respective country's top three measured in terms of total assets. As of 30 September 2010, it had more than 14.7 million customers at almost 3,000 business outlets with about 56,000 employees.

Raiffeisen International's markets

Data as of 30 September 2010	Total assets in € million	Change[1]	Business outlets	Number of staff
Albania	1,988	7.9%	104	1,319
Belarus	1,327	8.4%	96	2,175
Bosnia and Herzegovina	2,083	(10.4)%	100	1,646
Bulgaria	3,717	(7.0)%	191	3,234
Croatia	5,881	(0.3)%	84	2,208
Czech Republic	7,988	3.2%	109	2,765
Hungary	8,623	(1.8)%	144	3,242
Kazakhstan	74	0.4%	1	11
Kosovo	638	(5.1)%	52	686
Poland	6,516	4.4%	123	3,074
Romania (incl. Moldova)	5,674	(8.0)%	542	6,096
Russia	12,012	2.8%	199	8,487
Serbia	2,470	(10.6)%	97	1,914
Slovakia	8,743	(6.2)%	157	3,695
Slovenia	1,615	2.0%	17	351
Ukraine	5,446	9.3%	934	15,363
Subtotal	**74,795**	**(0.7)%**	**2,950**	**56,266**
Other/consolidation	964	–	2	384
Total, Raiffeisen International	**75,759**	**(0.7)%**	**2,952**	**56,650**

[1] Change of total assets versus 31 December 2009. Changes in local currencies differ due to fluctuating euro exchange rates.

On 10 October 2010, Raiffeisen International merged with the principal business areas of Raiffeisen Zentralbank Österreich AG (RZB), including specifically the corporate customer business and related participations. It has been operating under the name Raiffeisen Bank International AG (RBI) since that date and considers Central and Eastern Europe (CEE) including Austria as its home market. With its subsidiary banks, leasing companies, and other financial service enterprises, it is one of the leading banking groups in the CEE region. It is one of the top corporate and investment banks in Austria.

RBI's stock has been listed on the Vienna Stock Exchange since 25 April 2005, trading under the name of Raiffeisen International up until 12 October 2010. It is included in some of the most important national and international indices, including the Austrian ATX and the DJ Euro Stoxx. RZB, which continues to function as the central institution of the Austrian Raiffeisen Banking Group (RBG), indirectly held approximately 72.8 per cent of Raiffeisen International shares up until the validity of the merger. It has received newly issued shares in return for the spun-off business areas merged with Raiffeisen International, so its indirect stake in the new bank has increased to approximately 78.5 per cent. The remaining approximately 21.5 per cent of RBI stock is in free float.

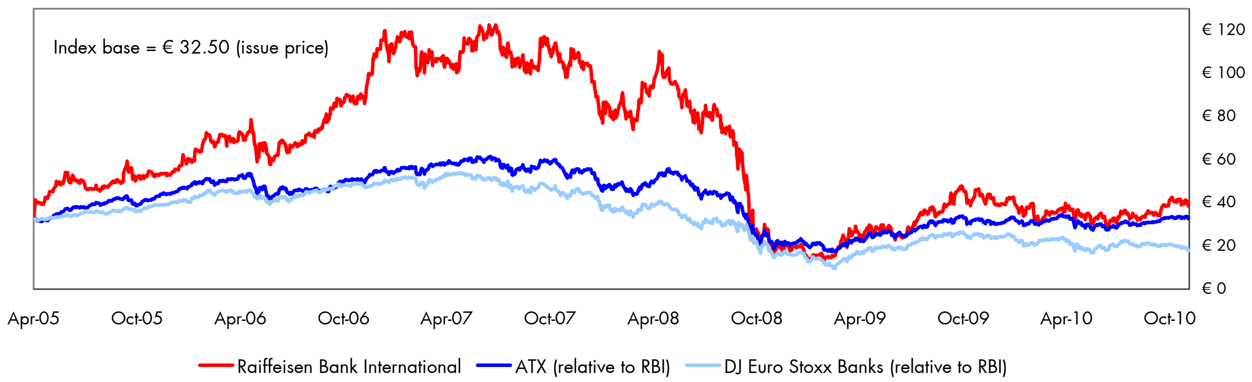
Stock

Mild recovery despite bank levy

After a weak start into the third quarter of 2010, global stock markets recovered to some extent by the end of September, but remained comparatively volatile. This easing of tension, especially in the case of bank stocks occurred partly because the proposals for regulating capital in the framework of Basel III published by the Basel Committee on Banking Supervision in the second half of the quarter turned out to be less strict and provided for longer transition phases than initially assumed. An additional positive sign from an Austrian perspective was the satisfactory performance of major domestic banks in stress tests conducted by the Committee of European Banking Supervisors.

On the other hand, there was a negative reaction to the Hungarian bank levy introduced at the end of July, especially from banks with ties to Central and Eastern Europe. The levy, which is calculated at 0.45 per cent of total assets, has been criticized by the IMF and ECB as inhibiting lending and hence economic development. Speculation about a possible bank levy in Austria dampened spirits further. Moreover, negative macroeconomic data from the United States and China weighed appreciably on the markets.

Price performance since 25 April 2005 compared with the ATX and DJ Euro Stoxx Banks

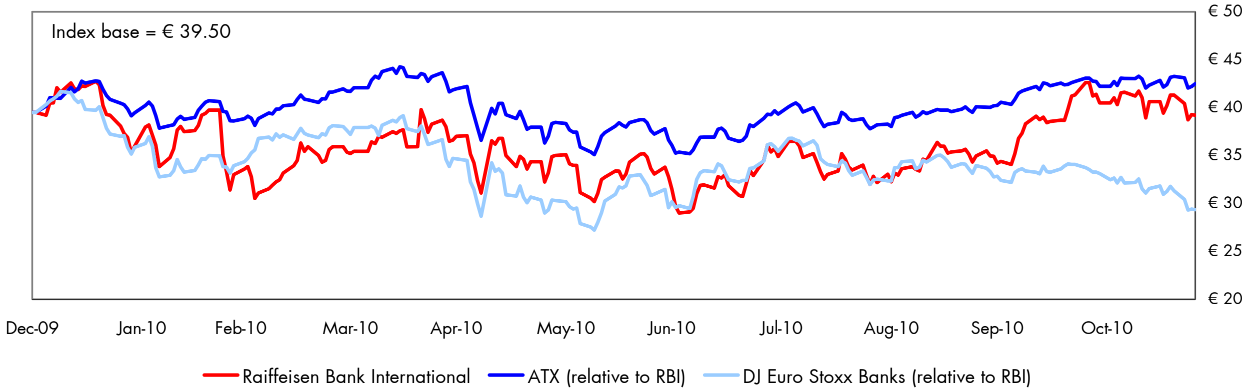


Positive influences on stock price predominate

Raiffeisen International stock started weakly into the third quarter of 2010, burdened by negative news from the US economy, among other things. It reached its lowest level in the third quarter on 2 July at € 29.01, not least against the background of the newly introduced Hungarian bank levy. Fears that Basel III might impose excessive capital requirements on banks additionally weighed on the price of Raiffeisen International stock, while the clear performance of majority shareholder RZB in July's stress tests caused a small price rally. The decisions made at the annual general meetings of RZB and Raiffeisen International on 7 and 8 July, respectively, supported the stock price as the majority vote in favor of the merger of Raiffeisen International with the principal business areas of RZB provided clarity with regards to the future corporate structure. Raiffeisen International stock peaked in the third quarter at € 36.50 on 3 August when it emerged that Basel III rules would be less severe than expected.

At closing prices of € 31.49 on 30 June and € 34.20 on 30 September, Raiffeisen International shares registered a gain of 9 per cent overall in the third quarter of 2010. The ATX and the Euro Stoxx Banks likewise performed positively in the same period with increases of 12 per cent and 9 per cent, respectively. Stock of Raiffeisen International, now RBI, has continued to advance since 30 September and was quoted at € 39.20 on 25 November, the editorial deadline for this report. It thus increased by a total of 24 per cent from the beginning of the quarter to the editorial deadline.

Price performance since 1 January 2010 compared with the ATX and DJ Euro Stoxx Banks

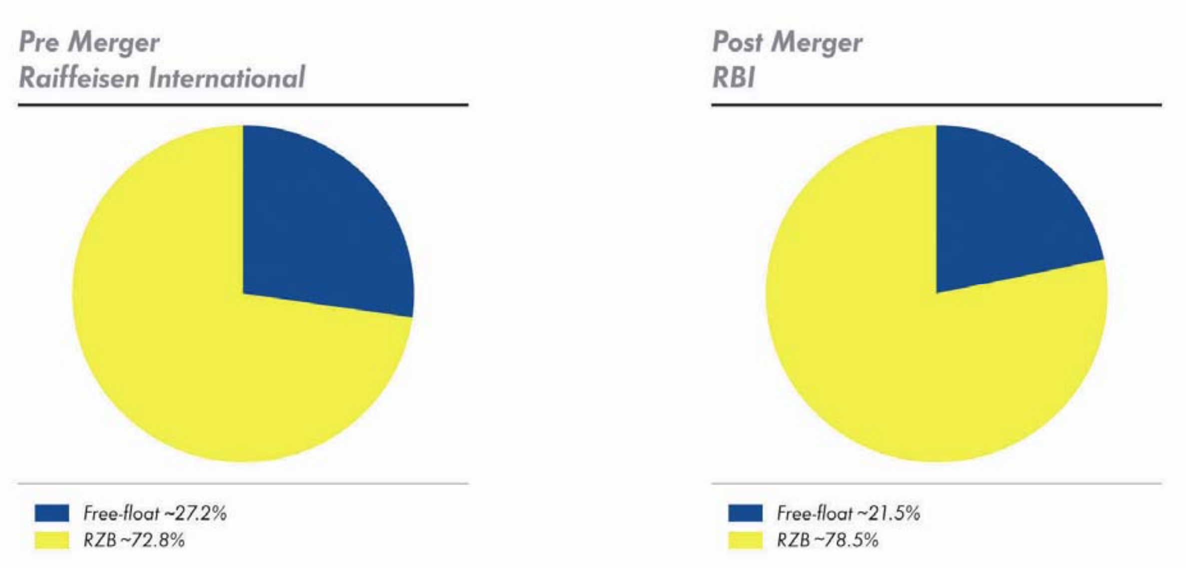


Merger of Raiffeisen International with principal business areas of RZB

The merger of Raiffeisen International with the corporate customer business of RZB was recorded in the Commercial Register on 10 October 2010. RZB received new shares in return for contributing its corporate customer business, in addition to the Raiffeisen International shares held by RZB sub-holding Cembra until now. In return, Raiffeisen International's capital was increased by € 124.6 million from € 471.7 million to € 596.3 million through the issuance of 40,837,624 new common shares.

With the validity of the Commercial Register merger entry, Raiffeisen International Bank-Holding AG was renamed Raiffeisen Bank International AG (RBI) and received a banking license. RBI continues to be listed on the Vienna Stock Exchange. While RZB's indirect stake in Raiffeisen International has increased in the process of the merger by granting the new shares from approximately 72.8 per cent to approximately 78.5 per cent, the free-float decreased accordingly from approximately 27.2 per cent to approximately 21.5 per cent.

Shareholder structure before and after merger



Since the merger, RBI has been rated by Moody's Investors Service, Standard & Poor's, and Fitch Ratings. Their ratings of RZB have been taken over by RBI with one gratifying exception, as Moody's Investors Service improved the outlook for the bank financial strength rating from negative to positive. The reason for this was due to RBI's good performance despite the global crisis. Moreover, Moody's Investors Service assumes that RBI could cope with possible loan write-offs without difficulty.

The improved outlook for RBI's bank financial strength rating also brought about an upgrade of the long-term deposit ratings of some subsidiary banks. The outlook of Romanian Raiffeisen Bank S.A. improved from stable to positive, that of Raiffeisenbank (Bulgaria) EAD from negative to stable, and that of Russian ZAO Raiffeisenbank from negative to positive. There was no room for upgrading the outlooks of Raiffeisen Bank Aval JSC in Ukraine and Tatra banka, a.s. in Slovakia, as they had already achieved the maximum level in their rating environment.

Active capital market communication

The merger of Raiffeisen International with parts of RZB was again a dominant topic in the bank's communication with the capital market in the third quarter of 2010 and in the period up to the editorial deadline for this report. To be able to optimally meet the information needs not only of stock market but also of bond market participants in the future, the Group Investor Relations department took on the function of servicing bondholders and interested bond investors in addition to shareholders in the framework of the merger. Furthermore, supplying information to the rating agencies has also been integrated into Group Investor Relations. With the merger, the department has furthermore become the information distribution office responsible for all capital market communication.

The first relatively large event in the third quarter was a conference call held on 31 August with about 110 participants regarding the publication of the semi-annual report. This event was in addition to numerous talks with analysts and investors and now also with rating agencies due to the new merger-driven focus on the credit markets. Members of the Managing Board and the Investor Relations team likewise took part in bank conferences in Great Britain, Italy, and Austria with a view to explaining the merger in detail.

RBI strives to keep market participants well-informed. In the process of constantly upgrading its offering of information, it has also made presentations in the framework of conference calls available online as webcasts since the beginning of 2010. They can be called up at any time at www.rbinternational.com → Investor Relations → Financial Reports & Presentations → Presentations.

Stock data

Price on 30 September 2010	€ 34.20
High/low (closing prices) in Q3 2010	€ 36.50 / € 29.01
Earnings per share from 1 January to 30 September 2010	€ 1.78
Adjusted for computational compensation for participation rights capital	€ 2.07
Market capitalization as of 30 September 2010	€ 5.290 billion
Avg. daily trading volume (single counting) in Q3 2010	244,108 shares
Stock exchange turnover (single counting) in Q3 2010	€ 536 million
Free float as of 30 September 2010	27.2 %

Stock details

ISIN		AT0000606306
Ticker symbols	until/from 12 October 2010	RIBH/RBI (Vienna Stock Exchange)
	until/from 12 October 2010	RIBH AV/RBI AV (Bloomberg)
	until/from 12 October 2010	RIBH.VI/ RBIV.VI (Reuters)
Market segment		Prime Market
Issue price per share as of IPO (25 April 2005)		€ 32.50
Issue price per share as of capital increase (5 October 2007)		€ 104.00
Number of shares issued as of 30 September 2010		154,667,500
Number of shares issued as of 10 October 2010		195,505,124

Rating details

Rating agency	Long-term rating	Short-term rating	Outlook	Individual rating
Moody's Investors Service	A1	P-1	stable	D+
Standard & Poor's	A	A-1	negative	n/a
Fitch Ratings	A	F1	stable	C/D

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Business development

General economic environment

Economic recovery continues

A strong recovery of the European economy began in the second half of 2009. In the second quarter of 2010 alone, euro area countries managed to show GDP growth of about 1.0 per cent compared with the preceding quarter, after having suffered a real GDP decline of 4.0 per cent for 2009.

The euro area's economic recovery has also benefited the CEE countries. Particularly exports have brought an end to the recession in this area and have recently provided a return to robust growth. In addition to exports, there are also first signs of improving domestic demand in some countries of Central Europe (CE), which should support growth additionally in the future. Poland and Slovakia should show the strongest growth in the CE region in 2010, Hungary especially but also Slovenia are likely to lag somewhat behind. Overall, year-on-year GDP growth of 2.5 per cent is expected for the CE countries in 2010.

The Commonwealth of Independent States (CIS), including Belarus, Russia, and Ukraine, shows a significantly positive economic development. In addition to a strong base effect following the severe economic slump in 2009, the stabilization of raw material prices has made for stronger economic growth. Accordingly, year-on-year growth of 4 per cent is expected for Russia in 2010, and 5 per cent for Ukraine, after the region showed a GDP decline of 8.2 per cent in 2009.

The region of Southeastern Europe (SEE) has not been able to put the recession behind it yet, so a year-on-year GDP decline of 1.5 per cent is also expected there for 2010. Romania and Croatia, the largest economies in this area, are primarily responsible for that. Budget consolidation measures, tax increases, wage cuts, and economic links with Southeastern European countries like Greece continue to negatively impact growth. Nevertheless, a clear slowing of GDP contraction was also observable in the SEE region compared with the crisis year 2009. However, positive economic growth is not forecast for the region until 2011.

A slowing of growth is expected in the euro area for the fourth quarter of 2010, as a result of which growth rates in the CEE region are also likely to weaken slightly. This interlude should be brief, however, and the second half of 2011 will most likely show rising growth rates again. The current almost exclusively export-driven growth is also likely to be supported in the coming year by increasing domestic demand and higher capital spending. They should complement the export side as the main driver of growth.

Effects on the financial sector

The ongoing strained economic situation continues to find expression in heightened loan default rates. However, the visible recovery of the economy suggests that default rates will decline in the foreseeable future. The crisis of confidence in regard to the CEE region has continued to ease significantly, even though events surrounding Greece show how fragile the overall situation remains for the time being. Overall, investor interest in the CEE region is rising remarkably again. In the management's opinion the region's recovery process will keep intact.

Performance and financials

Raiffeisen International continued its positive trend in the past quarter before the merger closed and achieved consolidated profit after tax and minorities of € 318 million up until the end of September 2010. With a 105 per cent increase, this was more than twice as much as in the comparable period of 2009 and was supported by a quarterly profit of € 148 million, the highest since the outbreak of the financial and economic crisis. The significant improvement of consolidated profit year-on-year resulted from 39 per cent lower net allocations to provisioning for impairment losses. On the other hand, operating result fell by 16 per cent owing to measures taken in the economic crisis.

Because of the difficult economic environment and the negative development of currency exchange rates, the credit standing of borrowers worsened, which forced the Group to form significantly higher provisions for impairment losses in 2009. That resulted in selective lending, which caused business volume to decline. A mild recovery has been observed in 2010, and most Group units have already increased lending volume again. In the third quarter, US dollar-oriented CEE currencies underwent sharp devaluations against the euro, which largely offset their appreciation in the first half of the year.

Operating result up slightly in the third quarter

Until the end of September, the operating result fell by 16 per cent, or € 249 million, to € 1,354 million on the comparable period last year. The main reasons were lower net interest income, increased general administrative expense, and negative other net operating income. Compared with the preceding quarter of this year, operating result was up slightly in the third quarter, by 1 per cent to € 465 million.

Net interest income declined overall by 3 per cent or € 63 million, to € 2,161 million. The main influences were refinancing costs and lending volume, which developed very differently in the various countries. The net interest margin at the Group level improved by 3 basis points on the third quarter of 2009 and has remained at nearly the same level for eight quarters. An increase of 2 per cent was registered in net fee and commission income. Payment transfer business saw a significant increase of € 27 million, mainly due to higher transaction volumes. A mild recovery emerged in securities business, accounting for a rise in income by € 6 million. Income from agency services for own and third-party products increased by € 7 million thanks to heightened marketing activities. On the other hand, net income from foreign currency, notes and coins, and precious metal business decreased by € 27 million due to low customer demand for foreign exchange transactions. Net trading income reached € 133 million and was 10 per cent below the value of the comparable period last year, with income dropping from both interest-related and currency-related business. Other net operating income turned from a profit of € 3 million to a loss of € 39 million primarily due to a new special levy on banks introduced in Hungary.

General administrative expenses rose on the comparable period last year by 9 per cent to € 1,822 million. A significant part of the increase resulted from the revaluation of some CEE currencies, particularly in Russia, Poland, and the Czech Republic. Despite a reduction of the average number of employees by 8 per cent to 56,362, staff expenses went up (plus € 75 million), partly because of market-induced changes of salary structures (Hungary, Ukraine, and Belarus) and partly because of provisions for bonuses (Poland and Czech Republic), which were suspended last year due to the result. The rise of other administrative expenses (plus € 44 million) was determined largely by system modernization measures and slightly higher expenses for deposit insurance, but in some countries also by inflation adjustments. At Group headquarters, increases arose due to provisions for bonuses, merger-related legal and consulting expenses, and IT expenses for centralized projects (e.g. monitoring systems and direct banking).

The decline of operating income by 3 per cent and rise of general administrative expense by 9 per cent caused the cost/income ratio to worsen by 6.3 percentage points above the comparable period last year to 57.4 per cent.

The number of employees (expressed in full-time equivalents) was mostly unchanged from last year when personnel were cut significantly in reaction to the economic crisis. It increased only slightly by 120 employees compared with the end of last year to 56,650 as of 30 September 2010. While there were still reductions in Southeastern Europe (minus 270) and Russia (minus 121), the other segments were already hiring again, including particularly Central Europe (plus 332).

Provisioning for impairment losses significantly below last year's levels

Net allocations to provisioning for impairment losses were reduced significantly in the first nine months of 2010 thanks to improved economic conditions and actively managed measures to stabilize the loan portfolio. At € 837 million, they were 39 per cent, or € 528 million, below the comparable period last year (€ 1,365 million). The greatest absolute decline was recorded in Russia (minus € 205 million) due to improved credit standing of some borrowers and restructuring measures. Net allocations to provisioning for impairment losses also shrank significantly in the CIS Other segment (minus € 169 million) owing to restructuring measures taken during the economic crisis. The decline was the smallest in Central Europe (minus € 40 million), where provisioning for impairment losses in the retail portfolio rose in the Czech Republic.

Non-performing loans rose by € 1,194 million compared with the end of 2009 to € 5,636 million. Part of the increase (€ 102 million) was currency-related. The remaining € 1,092 million came largely from Central Europe (€ 494 million) and the CIS Other segment (€ 338 million). The non-performing loan ratio (non-performing loans to loans to customers) rose by 2.1 percentage points from the end of 2009 to 10.9 per cent. The coverage ratio (loan loss provisions to non-performing loans) fell by 3.5 percentage points to 65.8 per cent.

Return on equity before tax improved to 10 per cent

Operating business declined in the reporting period, but the sharp reduction of net allocations to provisioning for impairment losses led to a significant recovery of earnings and hence to improved rates of return. The average underlying equity increased by 11 per cent on the comparable period of last year to € 7.1 billion due to participation rights capital and positive currency effects.

At 83 per cent , the rise of earnings before tax was far above that of average equity. Return on equity increased by 3.7 percentage points on the comparable period last year to 9.8 per cent. The consolidated return on equity (after tax and minorities) improved by only 3.1 percentage points to 6.9 per cent owing to a somewhat higher tax rate. Earnings per share rose to € 1.78, representing an increase of € 1.06.

Total assets hardly changed

Raiffeisen International's total assets fell by less than 1 per cent, or € 0.5 billion, compared with the end of last year to € 75.8 billion. Currency effects led to a rise of total assets by almost 2 per cent, or € 1.3 billion. Viewed organically, however, they declined by more than 2 per cent.

On the asset side, loans and advances to customers rose by 3 per cent, or € 1.3 billion, while loans and advances to banks fell significantly by 27 per cent, or € 2.8 billion. Excess liquidity went predominantly into securities and financial investments, resulting in an increase of € 2.2 billion.

On the liability side, there were only marginal changes. The largest increase was registered in deposits from customers (plus 2 per cent, or € 0.7 billion). The loan/deposit ratio rose by 1 percentage point versus the end of 2009 to 120 per cent.

Equity up by 5 per cent

Raiffeisen International's equity on the statement of financial position (including consolidated profit and minority interests) rose by 5 per cent, or € 353 million, from the beginning of the year to € 7,353 million. This increase resulted from the profit of € 385 million achieved in the reporting period and other comprehensive income of € 91 million, which was largely determined by currency differences (including the capital hedge) amounting to € 110 million. Set against this was a decrease of € 140 million due to dividend payments, including the dividend of € 0.20 per share approved at the Annual General Meeting on 8 July 2010, which represents a payout of € 31 million.

Detailed review of income statement items

In the reporting period, 40 subsidiaries were deconsolidated because of new materiality limits; one subsidiary left the scope of consolidation due to closure. Year-on-year comparison is nevertheless assured because the changes had no material influence on the individual items of the income statement. However, currency fluctuations in the CEE countries significantly influenced income statement items. In respect to the average exchange rates on which the income statement is based, the following CEE currencies significantly increased: The Russian rouble appreciated by 9 per cent, the Polish zloty by 8 per cent, the Czech koruna by 4 per cent, and the Hungarian forint by 3 per cent. In contrast, the Serbian dinar lost 9 per cent in value, the Albanian lek 6 per cent, and the Belarusian rouble 4 per cent.

Operating result in year-on-year comparison

in € million	1/1-30/9/2010	Change	1/1-30/9/2009	1/1-30/9/2008
Net interest income	2,161	(2.8)%	2,224	2,342
Net fee and commission income	921	1.6%	906	1,098
Net trading income	133	(9.5)%	147	127
Other net operating income	(39)	–	3	(18)
Operating income	**3,176**	**(3.2)%**	**3,281**	**3,549**
Staff expenses	(855)	9.5%	(780)	(947)
Other administrative expenses	(759)	6.1%	(716)	(811)
Depreciation	(208)	14.2%	(182)	(181)
General administrative expenses	**(1,822)**	**8.6%**	**(1,678)**	**(1,940)**
Operating result	**1,354**	**(15.5)%**	**1,603**	**1,610**

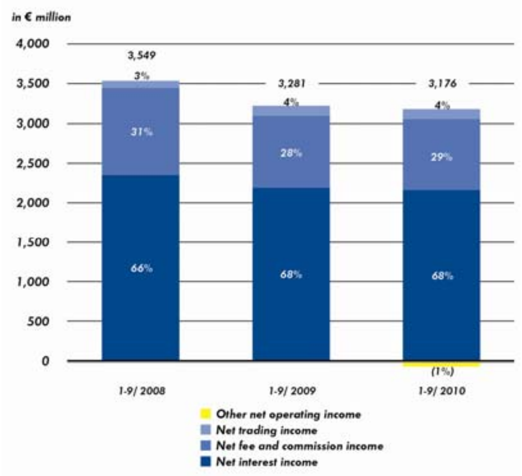
Operating income

Operating income in the first nine months of 2010 amounted to € 3,176 million. Versus the comparable period last year, that represents a decline by 3 per cent, or € 105 million, which was mainly due to a drop in net interest income by 3 per cent, or € 63 million, and in other net operating income by € 43 million.

Central Europe was the only segment to report growth in the region, expanding by 3 per cent, or € 33 million, to € 1,130 million, and contributed the most to operating income. Net interest income there registered the largest increase at 13 per cent, or € 95 million, while net trading income developed in the opposite direction with a decline of 78 per cent, or € 53 million.

Compared with the same period of last year operating income in the Southeastern Europe segment fell by 2 per cent, or € 25 million, to € 1,036 million. While net interest income rose by 2 per cent, or € 14 million, net fee and commission income declined by 7 per cent, or € 20 million, and net trading income by 39 per cent or € 28 million.

Structure of operating income



In the Russia segment, operating income fell by 11 per cent or € 68 million to € 581 million. The main reason for this drop was a decline of net interest income by 27 per cent, or € 142 million, which was partly offset by good net trading income. At € 516 million, the CIS Other segment remained at nearly the same as in the comparable period.

Net interest income

Compared with last year's period net interest income fell by 3 per cent, or € 63 million, to € 2,161 million. The decline was thus below that of average total assets, which came to 4 per cent.

Interest income shrank overall by 17 per cent, or € 725 million, to € 3,590 million. Interest income from loans and advances to customers declined by 16 per cent, or € 552 million. The main reasons were lower market interest rates, slower acquisition of new business, and smaller volumes. Interest income from derivative financial instruments was down by 57 per cent, or € 79 million, also because of lower margins and volumes. Interest expense declined by 32 per cent, or € 663 million, to € 1,428 million. Mainly responsible for that were interest expenses for deposits from customers (minus 32 per cent, or € 406 million) and for deposits from banks (minus 41 per cent, or € 276 million) due to lower interest rate levels.

In Central Europe, net interest income came to € 814 million in the first nine months and was thus 13 per cent or € 95 million above the level of the comparable period. It grew most strongly in Poland by 50 per cent or € 43 million, due to higher customer margins and reduced refinancing costs. In the Czech Republic, it improved by 17 per cent or € 30 million. Lower refinancing costs, increased lending volume in the private customer and mortgage loan areas, and higher interest income from securities held to maturity were mainly responsible for the improvement. In Slovakia, net interest income grew by 12 per cent, or € 22 million, because of an improved margin situation on the asset side.

In Southeastern Europe, net interest income improved by 2 per cent, or € 14 million, on the comparable period of last year to € 673 million. In Croatia and Romania, it rose primarily because of decreased costs for deposits from customers and banks. Serbia, the only country to register a decline saw net interest income fall by 19 per cent or € 18 million to € 76 million, due to weak new business, lower margins for customers with good credit standing, reduced income from deposits at central banks, and sharp currency devaluation.

Net interest income in the Russia segment was down by 27 per cent, or € 142 million, to € 381 million. Interest income from loans and advances to customers registered the sharpest decline. Last year relatively large volumes were repaid in retail and corporate customer business, and new business that has started in the meantime has been conducted at lower market interest rates due to stiff competition.

In the CIS Other segment, net interest income decreased in the first nine months of 2010 by 1 per cent, or € 3 million, to € 370 million. While it improved in Belarus by 14 per cent or € 7 million, due to lower interest expenses for deposits from banks, it declined in Ukraine by 4 per cent or € 11 million, as a result of reduced loan portfolios, weaker new business, and restructured loans.

The net interest margin (ratio of net interest income to average total assets) remained at nearly the same level as in the last few quarters, but rose year-on-year by 3 basis points to 3.75 per cent.

Net fee and commission income

Net fee and commission income improved by 2 per cent, or € 15 million, on the comparable period of last year to € 921 million. Net income from payment transfer business rose by 7 per cent, or € 27 million, to € 424 million and thus contributed substantially to net fee and commission income. Owing to higher transaction volumes, the result from payment transfers increased the most in Central Europe und Russia, namely by € 11 million and € 10 million, respectively. At € 150 million, net income from loan administration and guarantee business was nearly unchanged on the comparable period of last year. Net income from securities business advanced by 21 per cent, or € 6 million, primarily because of higher income from issuing business in Croatia. Net income from agency services for own and third-party products rose by 30 per cent, or € 7 million, mainly due to increased insurance activities in Southeastern Europe.

Net income from foreign currency, notes and coins, and precious metal business registered a decline of 11 per cent, or € 27 million, as a result of lower demand for foreign exchange transactions, especially in Russia, Ukraine, Hungary, and Croatia.

Net trading income

Net trading income declined by 10 per cent, or € 14 million, to € 133 million. The largest contributions came from interest-related business at € 75 million and from currency-related business at € 54 million.

Net income from interest-related business fell by 14 per cent, or € 12 million. From a segment viewpoint the result declined the most in Central Europe by € 41 million. Valuation losses from interest rate swaps in Slovakia were primarily responsible for that.

In contrast, net trading income rose in Russia by 55 per cent, or € 21 million, thanks to higher interest income from fixed-income securities. In Ukraine, a valuation gain due to a better country rating for Ukrainian government bonds was responsible for an increase of € 4 million. Net income from interest-related business rose by € 4 million in Southeastern Europe owing to higher interest income from fixed-income securities after a rise of portfolio volume in Albania.

Net income from currency-related business declined by 11 per cent, or € 6 million, to € 54 million. In Russia, it rose by € 53 million thanks to valuation gains from foreign exchange transactions for hedging measures. Net income from currency-related business fell in Southeastern Europe by € 32 million and in Central Europe by € 17 million. Romania with minus € 23 million, Croatia minus € 6 million, and Hungary with € 12 million were mainly responsible for this decline, which resulted from valuation losses on currency futures. In Austria (represented in the column labeled “reconciliation” of segment reporting), net income fell by € 10 million compared with last year’s period owing to a valuation loss on a foreign currency position. In the CIS Other segment, net income from currency-related business amounted to € 12 million and was thus nearly at the level of the previous year’s period.

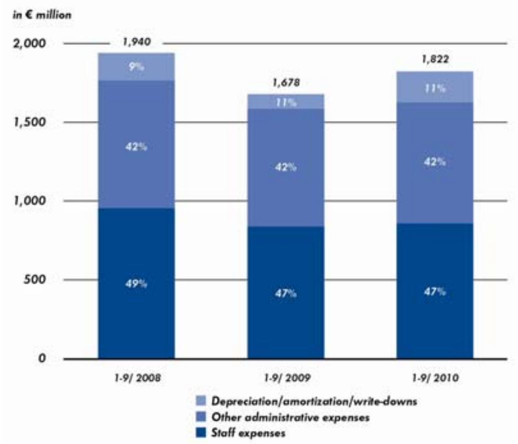
Other net operating income

Other net operating income recorded a loss of € 39 million in the first nine months of 2010, after a profit of € 3 million in the first three quarters of 2009. The largest divergence arose in the item of other taxes. Because of the Hungarian parliament’s decision to impose a special levy on banks and financial service providers, a provision in the accrued amount of € 31 million was built for the reporting period.

An expense of € 7 million resulted from allocations to the item other provisions, caused primarily by the formation of provisions for ongoing litigation in Russia, Slovakia, Hungary, and Ukraine.

General administrative expenses

Structure of general administrative expenses



General administrative expenses rose by 9 per cent, or € 144 million, year-on-year to € 1,822 million. That was partly because of currency revaluations in the CEE countries, which particularly concerned the Russian rouble, Polish zloty, Czech koruna, and Hungarian forint. Due to the decline of operating income by 3 per cent and the increase of general administrative expenses by 9 per cent, the cost/income ratio rose by 6.3 percentage points on the comparable period of last year to 57.4 per cent.

Staff expenses increased by 10 per cent, or € 75 million, on the comparable period last year to € 855 million. With a share of 47 per cent, they were the largest component of general administrative expenses. Despite declining numbers of employees in some cases, staff expenses rose due to the revaluation of some CEE currencies and the resumption of bonus payments and market-related pay raises.

The average number of employees in the reporting period amounted to 56,362 and was thus 4,564 below the figure of the comparable period of last year. Employee numbers fell in Russia by 12 per cent, or 1,125 employees, in the CIS Other segment by 8 per cent, or 1,475 employees, in Southeastern Europe by 7 per cent, or 1,302 employees, and in Central Europe by 5 per cent, or 693 employees. In Austria, it increased by 9 per cent, or 31 employees.

The number of employees as of 30 September 2010 stood at 56,650, which represents a rise of 120 employees on the end of 2009. Viewed according to segments, the number declined in Russia by 1 per cent, or 121 employees, and in Southeastern Europe by 2 per cent, or 270 employees. The number of employees increased by 3 per cent, or 332, in Central Europe, and by 1 per cent, or 166, in the CIS Other segment. Austria registered an increase of 4 per cent, or 13 employees.

Other administrative expenses amounted to € 759 million as of 30 September 2010, which represents a rise of 6 per cent, or € 44 million. Office space expenses were by far the largest item at € 226 million, registering a slight decline by 1 per cent, or € 2 million, owing to lower rent expenses as a result of closing business outlets in Ukraine and Romania. Due to higher costs of servicing software systems (e.g., Basel II systems and Group Data Warehouse), information technology expenses rose by 23 per cent, or € 26 million. Higher expenses arose in the legal and consulting area (up by 13 per cent, or € 8 million) in connection with the merger.

The number of business outlets was reduced by 193 against the comparable point in time last year to 2,952. As a result of location optimization measures, it declined in the CIS Other segment by 104 business outlets (97 of which were in Ukraine), and in Russia by 25. The number of business outlets fell in Southeastern Europe by 33, and in Central Europe by 32.

Depreciation on tangible and intangible fixed assets rose by 14 per cent or € 26 million year-on-year to € 208 million. Tangible assets accounted for € 122 million of that, intangible assets for € 62 million, and leased assets for € 24 million. In the reporting period, investments were made Group-wide in the amount of € 300 million. Of that, 40 per cent (€ 121 million) went into own tangible assets. Investments in assets for the operating leasing business amounted to € 101 million. Investments in intangible assets accounted for 26 per cent (€ 78 million) and primarily concerned software systems.

Consolidated profit

Development of consolidated profit year-on-year

in € million	1/1-30/9/2010	Change	1/1-30/9/2009	1/1-30/9/2008
Operating result	**1,354**	**(15.5)%**	**1,603**	**1,610**
Provisioning for impairment losses	(837)	(38.7)%	(1,365)	(366)
Other results	7	(85.2)%	49	17
Profit before tax	**524**	**82.6%**	**287**	**1,261**
Income taxes	(138)	94.9%	(71)	(296)
Profit after tax	**385**	**78.5%**	**216**	**965**
Minority interests in profit	(67)	11.1%	(60)	(104)
Consolidated profit	**318**	**104.5%**	**156**	**861**

Sharp decline of net allocations to provisioning for impairment losses

Net allocations to provisioning for impairment losses (balance of allocations to and releases of loan loss provisions and direct write-downs, and income received on written-down claims) shrank significantly year-on-year thanks to loan portfolio stabilization measures introduced during the financial and economic crisis and now taking hold and thanks to the improved economic environment. A net € 837 million was allocated to provisioning for impairment losses in the reporting period, whereas the figure in the comparable period last year still stood at € 1,365 million. That represents a decline of 39 per cent, or € 528 million.

The Russia segment showed the largest decline in comparison with last year's period. Net allocations to provisioning for impairment losses fell by 71 per cent, or € 204 million, to € 83 million. In the reporting period, net individual provisioning was built in the amount of € 114 million, but portfolio-based provisioning was released in the amount of € 31 million. The reasons for the decline of net allocations and for the releases included improvement of borrowers' credit standing due to a more buoyant economic environment, restructuring measures, loan repayments, and a smaller increase of loans in arrears.

The CIS Other segment also registered a sharp decline of net allocations to provisioning for impairment losses, which were down by 43 per cent or € 169 million to € 223 million. Ukraine accounted for € 216 million of the net allocations. Restructuring measures and renegotiation of loan terms as well as an improved recovery rate had a positive impact in Ukraine.

The Southeastern Europe segment also registered a significant decline of net allocations to provisioning for impairment losses, by 34 per cent or € 114 million, compared with the same period last year to € 227 million. In Romania, appreciably less was allocated for loans to corporate and retail customers than in the comparable period of last year. Improved portfolio quality, restructuring measures, and sales of non-performing loans were the reasons for that decline. In Bulgaria, however, net allocations, which likewise concerned corporate and retail customers, rose slightly compared to the year before.

Net allocations to provisioning for impairment losses also fell in the Central Europe segment, but at € 305 million were the highest compared with the other segments. The decline amounted to 12 per cent, or € 40 million, versus the comparable period last year. In Hungary, net allocations to provisioning for impairment losses were made in the reporting period in the amount of € 127 million and were thus € 65 million below the comparable period's level owing to lower default rates and restructuring measures. In the Czech Republic, a net € 78 million was allocated to provisioning for impairment losses, which represents an increase of € 27 million on the comparable period last year. One of the main reasons was a rise of non-performing loans in business with private individuals, particularly mortgage loans. In Poland, net allocations to provisioning for impairment losses came to € 52 million and thus remained constant at the level of the previous year. In Slovakia, they declined slightly due to the more favorable economic environment and improved repayment performance in the retail segment.

Risk ratios show a significant improvement. The risk/earnings ratio declined from 61.4 per cent to 38.7 per cent. Likewise, the net provisioning ratio (provisioning for impairment losses in relation to average credit risk-weighted assets) declined by 1.10 percentage points on the comparable period last year to 2.15 per cent.

Other results decline

The item designated other results fell on the comparable period from € 49 million to € 7 million. Net income from derivatives was mainly responsible for that. Derivatives business, including primarily interest rate swaps, resulted in a valuation loss of € 37 million, after a plus of € 6 million in the comparable period last year. Net income from financial investments, which mainly consists of net valuation and net proceeds from sales of securities at fair value, rose by € 3 million to € 47 million on the comparable period. Their valuation resulted in a net plus of € 15 million, after € 41 million in the comparable period last year. That consisted, on the one hand, of securities depreciation in Hungary and Russia and, on the other hand, appreciation in Ukraine, Slovakia, and Czech Republic. Those were mostly fixed-income securities from the public sector. As a result of selling securities, positive results were realized in the amount of € 28 million, after € 4 million in the comparable period of last year, mainly at the network units in Romania, Russia, and Ukraine.

In the reporting period, 40 subsidiaries were deconsolidated because of new materiality limits, and one subsidiary because of closure. That resulted altogether in a negative result of € 3 million on the disposal of Group assets.

Tax rate at 26 per cent

Income taxes rose by 95 per cent, or € 67 million, to € 138 million. The tax rate came to 26.4 per cent, after 24.8 per cent in the comparable period last year.

Earnings per share at € 1.78

Profit after tax in the first nine months amounted to € 385 million, which represents an increase of 79 per cent, or € 169 million. Of that, € 67 million are allocable to minority interests.

Consolidated profit, which is profit allocable to shareholders of Raiffeisen International, increased to € 318 million and was thus more than double that of last year's comparable period. After deduction of a pro rata dividend for participation rights (€ 45 million), earnings per share came to € 1.78 (same period last year: € 0.72). Leaving that out of account, earnings per share would amount to € 2.07, after € 1.01 in the comparable period last year.

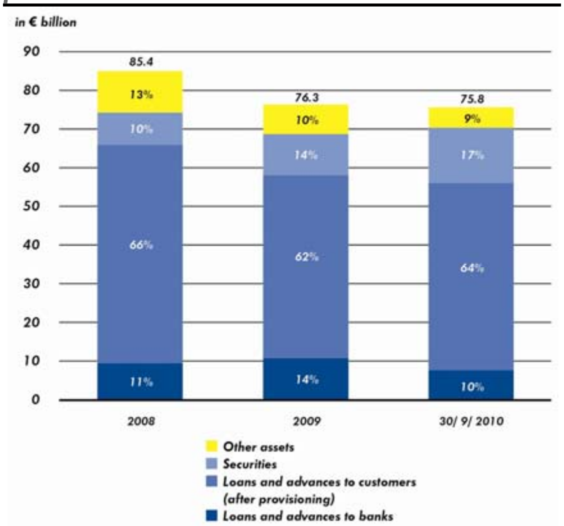
Statement of financial position

Raiffeisen International's total assets stood at € 75.8 billion as of 30 September 2010 and were thus only slightly less than 1 per cent, or € 0.5 billion, below the year-end level in 2009. The following changes occurred on the asset side in the reporting period: While loans and advances to customers after provisioning for impairment losses increased to a share of 64 per cent (plus 2 percentage points), loans and advances to banks decreased to a share of 10 per cent (minus 4 percentage points). The share of securities investments rose to 17 per cent (plus 3 percentage points). Other assets fell by 1 percentage point. As of 1 January 2010, 40 subsidiaries were deconsolidated due to new materiality limits, and one because of closure. The change had no significant effect on the development of total assets.

The majority of currencies in the CEE countries revalued in 2010, but some with diminishing momentum in the course of the year (at reporting date exchange rates), including the Czech koruna at plus 7 per cent, Ukrainian hryvnia at plus 6 per cent, and Russian rouble at plus 3 per cent. In contrast, the Serbian dinar fell by 11 per cent, and the Hungarian forint by 2 per cent. These currency effects led to a rise of total assets by almost 2 per cent, while total assets declined on an organic basis by more than 2 per cent.

Assets

Structure of assets on the statement of financial position



From the beginning of the year loans and advances to customers rose by 3 per cent, or € 1.3 billion, to € 51.8 billion. The increase was registered in lending to corporate and retail customers, with pluses of € 0.9 billion and € 0.5 billion, respectively. A slight decline resulted in lending to the public sector. Total provisions for impairment losses, which predominantly concerned loans to customers, increased by 20 per cent, or € 0.6 billion, to € 3.7 billion. The loan/deposit ratio amounted to 120 per cent (plus 1 percentage point against the end of last year).

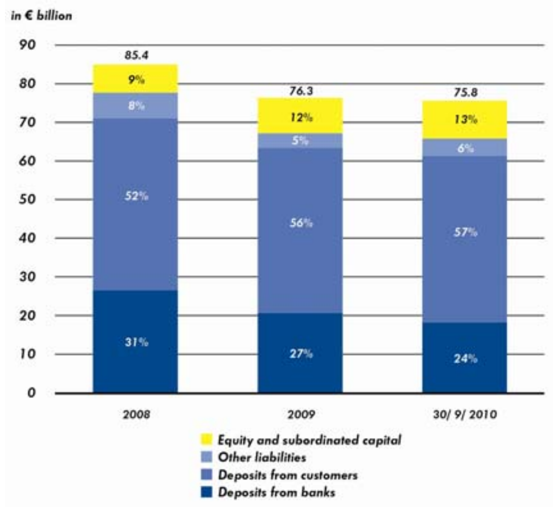
A significant decline of € 2.8 billion occurred in loans and advances to banks. Lending to commercial banks, in particular, was down by € 2.4 billion to € 6.0 billion. Altogether, loans and advances to banks came to € 7.5 billion.

As of 30 September 2010, total financial investments amounted to € 13.2 billion. That represents an increase of 20 per cent, or € 2.2 billion, since the beginning of the year. Excess liquidity was invested predominantly in fixed-income securities and particularly in debt instruments eligible for refinancing issued by public authorities.

Other assets declined by € 0.6 billion to € 6.9 billion, as a result of the item cash reserve. Excess liquidity deposited at central banks was successively reduced in 2009 with increasing stabilization of the credit market, and this trend continued in the reporting period. Intangible assets rose only slightly to € 1.0 billion. Goodwill included in that changed solely due to currency influences and amounted to € 604 million as of the reporting date (including € 258 million at the Group unit in Russia and € 217 million at the Group unit in Ukraine).

Liabilities

Structure of equity and liabilities on the statement of financial position



The structure of equity and liabilities as of 30 September was as follows: Deposits from customers predominated at 57 per cent (plus 1 percentage point). The share of deposits from banks decreased by 3 percentage points to 24 per cent, and other liabilities increased by 1 percentage point to 6 per cent. The share of equity and subordinated capital rose by 1 percentage point to 13 per cent.

Deposits from customers rose by 2 per cent, or € 0.7 billion, to € 43.3 billion. Deposits from corporate customers increased by € 0.5 billion, and those from retail customers by € 0.1 billion. While time deposits were down by 6 per cent, or € 1.5 billion, short-term deposits went up by 13 per cent or € 2.2 billion to € 19.3 billion, primarily in Russia and Ukraine.

Deposits from banks showed a decline of € 2.1 billion to € 18.0 billion, almost exclusively in long-term refinancing, primarily involveing commercial banks in all regions.

Other liabilities rose by € 0.5 billion to € 4.6 billion, which was mainly attributable to payment transfer accounts because of time lags.

Equity

Raiffeisen International's equity on the statement of financial position, which consists of consolidated equity, consolidated profit, and minority interests, amounted to € 7,353 million as of 30 September 2010. This represents an increase of 5 per cent, or € 353 million, on the end of last year.

Consolidated equity, which consists of subscribed capital, participation rights, capital reserves, and retained earnings, rose by € 213 million, to € 6,003 million. The increase occurred in retained earnings, which were mainly determined by the scope of retention and other comprehensive income. The largest component in other comprehensive income consisted of currency differences, which amounted to € 95 million, including related capital hedge measures (minus € 14 million). The dividend for participation rights reduced consolidated equity by € 60 million, and the dividend of € 0.20 per share on the capital stock approved at the Annual General Meeting in July reduced it by € 31 million. Consolidated profit for the first nine months of 2010 amounted to € 318 million.

Minority interests (minority share in capital) increased slightly to € 1,032 million. Profit allocable to minorities came to € 67 million, and currency effects to € 15 million. On the other hand, dividend payments for 2009 in the amount of € 49 million reduced minority interests.

Own funds according to the Austrian Banking Act

Raiffeisen International is not a separate banking group within the meaning of the Austrian Banking Act (BWG) and is therefore not itself, as a consolidated group, subject to its regulatory provisions for banks. Credit risk and market risk are generally calculated according to the standardized approach pursuant to Section 22 of the BWG, but credit risk for loans and advances to banks, corporates, and sovereigns is calculated according to the basic internal ratings-based approach (IRB) at the network banks in Croatia, Romania, Slovakia, the Czech Republic, and Hungary. From April 2010 onward, a large portion of loans and advances to private individuals in Slovakia has also been calculated according to this approach for the first time. Beginning in July 2010, the IRB approach has been used for loans and advances to private individuals in Hungary. The consolidated figures presented below have been calculated according to the provisions of the BWG and are accounted for within the scope of RZB-Kreditinstitutsgruppe.

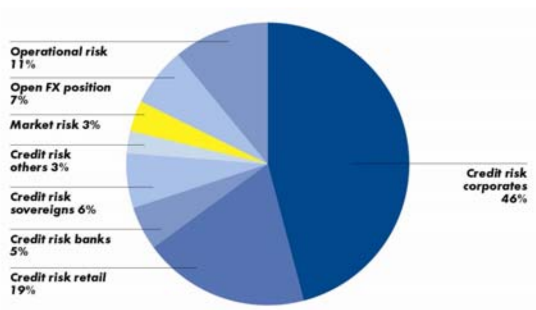
In the reporting period, consolidated own funds as defined by the BWG amounted to € 8,394 million, which represents an improvement of 1 per cent, or € 66 million. This does not include the reporting period's current profit, since Austrian law prohibits it from being taken into account yet.

Core capital (Tier 1) decreased by 1 per cent, or € 60 million, compared with the end of last year and amounted to € 7,012 million. Devaluation of the Serbian dinar by 11 per cent, the Hungarian forint by 2 per cent, and the Romanian leu by 1 per cent had negative effects, while Tier 1 capital was positively influenced by the appreciation of the Czech koruna by 7 per cent, the Ukrainian hryvnia by 6 per cent, and the Russian rouble and the Polish zloty by 3 per cent each. Furthermore, intangible assets, which were subtracted from core capital, increased by 8 per cent, or € 24 million. Dividend payments to outside shareholders further reduced core capital.

Additional own funds increased by 5 per cent or € 56 million to € 1,158 million, influenced by several factors. On the one hand, they improved by € 61 million as a result of the increased eligible excess provisioning for IRB positions, primarily due to higher provisions in Hungary. Long-term subordinated capital was positively influenced by Tier 2 issues floated in the amount of € 50 million, half in Romania and half in Poland. On the other hand, maturing Tier 2 issues reduced additional own funds, especially in Russia and Romania.

Eligible short-term subordinated capital (Tier 3) improved by 39 per cent or € 71 million to € 252 million. Short-term subordinated capital was influenced positively by maturing Tier 2 capital, and negatively by matured Tier 3 capital in Russia and Slovakia.

Composition of own funds requirement



The own funds requirement rose by 2 per cent, or € 115 million, to € 5,232 million. Credit risk based on the standardized approach fell by € 91 million, to € 2,771 million, with use of the IRB approach in Slovakia and Hungary leading to a reduction of € 58 million. Credit risk according to the IRB approach increased by € 201 million against the end of last year to € 1,347 million.

The requirement for market risk grew by € 37 million to € 173 million largely because of higher bond volumes in Russia. Operational risk increased by € 9 million, to € 583 million. The own funds requirement for open currency positions decreased by € 41 million to € 358 million due to a lower long position in the

Czech koruna.
Excess own funds amounted to € 3,162 million as of 30 September 2010. Compared with the end of 2009, that represents a decline of € 50 million. The excess cover ratio thus declined by 2.4 percentage points to 60.4 per cent. The core capital ratio based on credit risk declined by 0.5 percentage points to 13.6 per cent. The core capital ratio based on total risk came to 10.7 per cent, which represents a decline of 0.3 percentage points versus the end of last year. The own funds ratio fell by 0.2 percentage points to 12.8 per cent. The core Tier 1 ratio (core Tier 1 capital less hybrid capital based on total risk) amounted to 8.9 per cent.

Risk management

Active risk management was a core area of expertise for Raiffeisen International, and is also one of RBI. To identify, assess, and manage risks effectively, the Group has a comprehensive risk management system in place that has undergone constant improvement. The risk management system of Raiffeisen International as well as RBI was and is designed to ensure deliberate dealing with and professional management of credit and country risks, market and liquidity risks, and operational risks.

Latest risk management initiatives

In the period under review, preparations for consolidation of Raiffeisen International's risk management with RZB's were continued and largely completed in the process of the merger. This primarily involved combining the lending processes and filing the necessary applications and documents with the Austrian Financial Market Supervisory Authority for calculating the own funds requirement for credit risks according to the internal ratings-based approach (IRB).

The stress tests organized by the Committee of European Banking Supervisors (CEBS) for 91 European financial institutions, whose results were published at the end of July, brought great international media response. In the process, Raiffeisen International's portfolio was analyzed in detail as part of the RZB Group to assess the effects of various macroeconomic developments. In particular, the direct and indirect effects of specified crisis scenarios (e.g., GDP growth rates, foreign exchange rates, and credit spreads) were simulated to determine future capital requirements, necessary provisioning for impairment losses, and income and capital components.

The measures already implemented internally in 2008 and 2009 in reaction to the crisis – including in particular selectively reducing the portfolio, optimizing the composition of the loan portfolio, and improving the Group's credit processes – proved to be material for the loan portfolio's high stability even in stress scenarios. Risk management actively controls portfolio diversification, for example, by setting upper limits on total exposure in individual economic sectors or countries and by constantly adjusting the corresponding lending standards.

Like the partial economic recovery, the success of the measures taken is reflected in the current development of net provisioning for impairment losses. Nevertheless, the share of the loan portfolio attributable to non-performing loans continues to rise. The average length of the workout process (from the time of default or arrears to restoration of solvency or to writing off an account receivable), low credit growth, and default rates still above the long-term average are responsible for that. Accordingly, capacities have been further concentrated in this area, and stricter monitoring and reporting introduced.

Furthermore, the retail risk management implemented the restructuring concept for retail customers in other countries. This comprehensive concept was already introduced in 2009 and is being realized in the individual countries step by step. Agreements typically made with customers in cases of restructuring include lengthening of loan terms, provision of additional collateral, and temporary reduction of installments while maintaining the loan's net present value.

The workout process for corporate customers is based on a clear definition of the risk status of each customer by means of an early warning system. The assignment of a certain risk status derives from a partly automated, IT-supported cause-and-effect analysis. That makes it possible to support customers as early as possible and, if necessary, to take countermeasures. A corresponding independent unit responsible for the early warning system has been established as a Group-wide standard for the Financial institutions business segment as well.

In addition to these further developments in credit risk management, generating customer deposits continued to be a special focus. The measures associated with that are primarily aimed at reducing potential liquidity and transfer risks.

Capital adequacy (Basel II)

Much importance is assigned in the entire Group to the application and largely comprehensive implementation of advanced approaches to Basel II. Raiffeisen International Bank-Holding was not subject to these regulations itself, but their application is mandatory for several subsidiary banks and in the framework of the RZB-Kreditinstitutsgruppe. At Raiffeisen International, the results were used for internal control and management information purposes.

Capital requirements for credit risks pursuant to Basel II regulations are calculated primarily by means of the standardized approach. The network banks in Croatia, the Czech Republic, Hungary, Romania, and Slovakia already received permission in past years from the respective regulatory authorities to calculate the credit risk of corporate customers and financial institutions as well as that of public-sector borrowers using the internal ratings-based approach (IRB). In addition to Slovakia, this approach has been employed in Hungary since 1 July 2010 in the retail segment, consisting of private individuals as well as small and medium-sized businesses. The IRB approach is to be applied successively in other countries and for other asset classes. This has the advantage for RBI that credit portfolio risks can be quantified and managed more accurately.

The own funds requirement for market risk according to Basel II is calculated by means of the standardized approach. As a result of the merger, this requirement will be determined for RBI AG in future on the basis of an internal value-at-risk model. To measure and limit the risk of interest rate changes in the banking book, a simulation is performed for regulatory purposes that shows the change in net present value given a simultaneous increase of interest rates for all maturities and currencies. The key assumptions necessary for interest rate sensitivities are made in line with regulatory guidelines and on the basis of internal statistics and empirical data.

Raiffeisen International's liquidity position is subject to a regular monitoring process and is included in the weekly report for the RZB Group to the Austrian bank supervisory authority. This regulatory report shows the expected inflows and outflows of funds and the counterbalancing capacity in detail for different maturity bands and currencies.

The standardized approach is currently used to calculate own funds requirements for operational risk according to Basel II. After an implementation phase of several years, Raiffeisen Bank Aval in Ukraine began using this model on 1 January 2010, so now currently all material Group units are oriented to the standardized approach.

Outlook unchanged

We aim to selectively intensify lending business with corporate customers in 2010. Special attention will be given to business with customers in the mid-market segment and to selected industries. Moreover, fee and commission business will be strengthened further, for example, by means of targeted cross-selling.

In the retail customer division, we are striving for an increase in lending in 2010. The focus will initially be on cross-selling with selected loan offers such as consumer loans and credit cards. We also aim to increase customer deposits, for which we hope to gain positive impetus from the direct bank that is to begin operations in 2010. Another goal is to expand business with affluent private individuals, especially involving commission-related products.

Overall demand for credit will probably remain subdued in 2010, but from today's perspective, we expect a slight rise of lending to customers for Raiffeisen International in the course of the year.

The strict cost management introduced in 2009 has been continued in 2010. Expansion of the business outlet network will move forward only selectively. Existing outlets may be closed or relocated, so the total number is likely to remain about the same in 2010.

Segment reports

Regional segments

Individual Central and Eastern European countries constitute Raiffeisen International's smallest cash generating units (CGUs). Countries that hold the prospect of similar long-term economic development and exhibit a similar economic profile are grouped together as regional segments. In view of the threshold values required by IFRS 8, four regional segments have been defined by means of which transparent and comprehensible reporting is achieved. The threshold values as defined by IFRS 8 are equivalent to 10 per cent, respectively, of operating income, profit after tax, and segment assets.

As of 30 September 2010, the following Group segments existed. The location of the respective business outlets served as the criterion for segment assignment:

- ***Central Europe***
  This segment contains the five countries that joined the EU on 1 May 2004 – the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. They represent not only the most developed banking markets in Central and Eastern Europe, but also the markets in which Raiffeisen International was present the earliest.

- ***Southeastern Europe***
  The segment Southeastern Europe includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Serbia, as well as Bulgaria and Romania, which joined the EU on 1 January 2007. Moldova has been included in this segment due to its close economic ties to Romania and the respective management structures within the Group.

- ***Russia***
  This segment includes the results of the Raiffeisen International companies in the Russian Federation. The Group is represented in Russia by a bank, a leasing company, and a capital management company, among others.

- ***CIS Other***
  This segment comprises Belarus, Kazakhstan, and Ukraine.

The figures stated in the segment report derive from the individual financial statements prepared according to International Financial Reporting Standards (IFRS) and underlying the consolidated financial statements. Divergences from locally published data are possible, as the latter may be based on different valuation rules – within the IFRS or between the IFRS and accounting standards applicable in the individual countries – and on different scopes of consolidation.

Segment overview

Despite the unevenly paced economic recovery in Eastern Europe, all regional segments of Raiffeisen International improved their earnings in the first three quarters of 2010. Compared to the previous year, the rise in pre-tax earnings was primarily the result of significantly lower provisioning for impairment losses.

Despite higher earnings, the effects of the financial crisis in the previous reporting periods led to a rising share – albeit a decelerated one – of non-performing loans. A balanced increase in loans and advances to customers continued throughout the first three quarters, reflecting moderate growth. Operating income was down by 3 per cent year-on-year. Starting from a lower level compared to the 2009 reporting period – thanks to successful cost-cutting measures – general administrative expenses rose by 9 per cent in tandem with the economic recovery as well as currency appreciation compared to the previous year.

Despite an economy which remained sluggish, Southeastern Europe reported the highest profit before tax of all segments in the reporting period, at € 263 million – primarily a result of significantly lower provisioning for impairment losses coupled with steady operating income year-on-year. Total assets in this segment were 6 per cent down year-on-year.

At € 194 million, Central Europe was the second-highest contributor to profit before tax. Higher interest and commission income played a leading role in the growth of pre-tax profit. Lower levels of impairment loss provisioning also had an impact on the improvement in pre-tax profit. Total assets remained almost unchanged year-on-year.

In Russia, profit before tax increased to € 184 million, a sharp rise from the previous year due to the substantial decline in impairment loss provisioning which more than made up for the decline in operating income. Total assets in this segment were down 3 per cent year-on-year.

The CIS Other segment generated a profit before tax of € 64 million, compared to a loss of € 75 million in the corresponding period in the previous year. Lower provisioning for impairment losses was key in the turn to a positive pre-tax result. Total assets in this segment increased by 3 per cent year-on-year.

There was hardly any change in the regional structure of Group assets compared with a year ago. Central Europe's share increased by 1 percentage point to 45 per cent. The second largest share of Group assets was contributed by Southeastern Europe, at 30 per cent (down 1 percentage point), followed by Russia, at 16 per cent, and CIS Other at 9 per cent.

Central Europe

In € million	1/1-30/9/2010	1/1-30/9/2009	Change
Net interest income	814	720	13.1%
Provisioning for impairment losses	(305)	(345)	(11.5)%
Net interest income after provisioning	**509**	**375**	**35.8%**
Net fee and commission income	345	316	9.1%
Net trading income	15	68	(78.0)%
Net income from derivatives	(11)	3	–
Net income from financial investments	16	33	(0.5)%
General administrative expenses	(637)	(599)	6.3%
of which staff expenses	(314)	(282)	11.5%
of which other administrative expenses	(260)	(261)	(0.7)%
of which depreciation/amortization/write-downs	(63)	(56)	12.9%
Other net operating income	(44)	(7)	4.9%
Net income from disposal of group assets	1	0	–
Profit before tax	**194**	**188**	**3.0%**
Income taxes	(44)	(43)	2.0%
Profit after tax	**150**	**145**	**3.4%**
Minority interests in profit	(43)	(49)	(11.9)%
Profit after minority interests	**107**	**96**	**11.1%**
Segment's contribution to profit before tax	27.5%	48.3%	(20.8) PP
Segment's contribution to profit after tax	26.8%	49.4%	(22.5) PP
Risk-weighted assets (credit risk)[1]	22,365	22,195	0.8%
Total own funds requirement[1]	2,041	2,015	1.3%
Total assets[1]	33,471	33,636	(0.5)%
Liabilities[1]	30,736	31,050	(1.0)%
Cost/income ratio	56.4%	54.6%	1.7 PP
Average equity	3,026	2,519	20.1%
Return on equity before tax	8.6%	10.0%	(1.4) PP
Return on equity after minority interests	6.2%	7.0%	(0.8) PP
Average number of staff	13,001	13,694	(5.1)%
Business outlets[1]	551	583	(5.5)%

[1] Reporting date values as of 30 September

In Central Europe, profit before tax was € 194 million in the reporting period, up 3 per cent or € 6 million year-on-year. Higher interest and commission income was primarily responsible for this increase. By contrast, net trading income declined year-on-year, having a dampening effect on earnings. The segment's return on equity before tax fell by 1.4 percentage points to 8.6 per cent.

Net interest income increased in the first three quarters of 2010 by 13 per cent to € 814 million, with an especially sharp increase in Poland thanks to adjustments to the conditions for lending to customers, a significant decrease in interest cost for customer deposits, and higher income from leasing claims. Similarly, the Czech Republic registered a substantial increase in net interest income, primarily as a result of lower funding costs as well as higher earnings on loans to retail customers driven by volume and margins. Slovakia benefited from continued higher margins on the asset side related to lower funding costs. In Hungary, net interest income declined year-on-year as a result of decreased lending activity compared to the previous fiscal year, especially in foreign exchange transactions, along with lower earnings from derivative instruments in the banking book related to a lower volume of customer deposits.

The net interest margin increased on the same reporting period in 2009 by 41 basis points to 3.23 per cent. The Central Europe segment demonstrated continued improvement in margins during the first three quarters of 2010. Assets in this segment remained virtually unchanged from a year ago at € 33.5 billion. Credit risk-weighted assets rose slightly, by 1 per cent from € 22.2 billion to € 22.4 billion. A reduction in corporate credit exposure, primarily in Slovakia, brought about a reduction in credit risk-weighted assets, while at the same time the initial application of the internal ratings-based approach to a large part of the loans and advances to retail customers in Slovakia and Hungary led to an increase of € 0.6 billion.

Impairment loss provisioning in the region fell by a total of 12 per cent or € 40 million in the reporting period to € 305 million. Individual impairment loss provisioning increased year-on-year by 29 per cent to € 328 million. This increase was almost exclusively attributable to impairment loss provisioning in Hungary, which primarily affected loans to private individuals. Beyond this, impairment loss provisions rose in the Czech Republic for major corporate customers. By contrast, the releases in Hungary and a shift to individual impairment loss provisioning resulted in revenues of € 22 million for net allocations to portfolio loan loss provisioning during the period under review. In the Czech Republic, impairment loss provisioning was made primarily in relation to mortgage loans for private individuals and in Slovakia mostly for major customers. The segment's non-performing loan ratio rose by 2.59 percentage points to 8.81 per cent compared with the same period last year.

Net fee and commission income grew in every country in the region with the exception of Hungary, increasing by a total of 9 per cent or € 29 million to € 345 million. The payment transfer business contributed € 136 million, up 9 per cent or € 11 million year-on-year. Slovakia and the Czech Republic made the largest contributions thanks to an increase in the number of transactions. Income from loan administration and guarantee business rose year-on-year by 28 per cent to € 48 million. This growth mainly took place in Poland and the Czech Republic, particularly through increased guarantee volumes. Income from the same source rose by € 3 million in Slovakia thanks to price adjustments in the retail product range at the end of 2009. Net income from foreign exchange, notes and coins, and precious metals grew by 5 per cent to € 110 million, although in Hungary it fell by € 5 million due to a reduction in new business in foreign currency loans. Income from securities business decreased year-on-year by 4 per cent to € 20 million due to a reduction in income in Slovakia.

Net trading income in the Central Europe region was € 15 million, down 78 per cent on the same period last year. While the decline affected every country in the region, Slovakia was hardest hit. Net income from currency trading declined 42 per cent from € 40 million to € 23 million, primarily as a result of the valuation of a number of different foreign exchange financial instruments in Hungary. Poland registered lower income during the reporting period mostly due to lower currency volatility. Interest-related trading posted a net loss of € 12 million compared to a profit of € 29 million year-on-year, as a consequence of valuation losses from interest rate swap transactions and fixed-interest bonds in Slovakia as well as interest rate swap transactions in the Czech Republic. Net income from the equity- and index-linked business turned around year-on-year from a loss of € 1 million to a profit of € 2 million, which occurred almost entirely in Hungary.

There was a net loss from derivatives of € 11 million due almost exclusively to valuation losses tied to hedging transactions used to adjust the currency structure in the Czech Republic and Slovenia.

Net income from financial investments fell year-on-year from € 33 million to € 16 million. While a one-off effect of plus € 12 million from the intra-Group sale of a company in Slovakia was posted during the reporting period, Hungary saw valuation losses due primarily to municipal bonds that reduced net income by € 14 million.

General administrative expenses were up 6 per cent or € 38 million on the same period last year to € 637 million. Average staff number declined 5 per cent year-on-year to 13,001. However, staff expenses rose by a total of 12 per cent or € 32 million to € 314 million year-on-year, as bonus payments were cut in the same period last year, primarily in Poland and Hungary. Other administrative expenses remained almost unchanged from the previous year's comparable period, at € 260 million. However, depreciation/amortization/write-downs were 13 per cent up on the same period last year, totalling € 63 million. In the Czech Republic, depreciation/amortization/write-downs rose significantly due to the adjustment of amortized costs of various IT systems as a result of implementing a new core banking system. In Slovakia and Poland, a rise in write-downs was related to modernizing business outlets. The number of business outlets was reduced by 6 per cent or 32 outlets year-on-year to 551 outlets. The cost/income ratio in the region increased by 1.7 percentage points to 56.4 per cent.

Other operating income in the region posted a loss of € 44 million, a significant decline from the previous year's comparable period. The primary cause for the drop was the decision by the Hungarian parliament to introduce a new special levy on banks and financial service providers. This levy amounted to € 31 million for the first three quarters of 2010. In addition, provisions for expenses in Slovakia mainly related to two legal cases with corporate customers had a dampening effect on profit.

The operating lease business contributed € 6 million, primarily from the Czech Republic and Poland, a slightly smaller amount than in the previous year's comparable period.

Thanks to the disposal of project companies domiciled for the most part in the Czech Republic and Hungary, undertaken on the basis of materiality, the segment recorded a profit of € 1 million on net income from disposal of Group assets.

Income taxes rose by 2 per cent to € 44 million compared with the corresponding period in the previous year. The tax ratio in the region remained unchanged year-on-year at 23 per cent. Profit after minority interests came to € 107 million.

Southeastern Europe

In € million	1/1-30/9/2010	1/1-30/9/2009	Change
Net interest income	673	659	2.2%
of which current income from associates valued using the equity method	(1)	0	–
Provisioning for impairment losses	(227)	(341)	(33.6)%
Net interest income after provisioning	**447**	**318**	**40.6%**
Net fee and commission income	287	307	(6.5)%
Net trading income	44	73	(39.0)%
Net income from derivatives	(9)	(3)	213.1%
Net income from financial investments	12	8	47.9%
General administrative expenses	(542)	(547)	(0.9)%
of which staff expenses	(235)	(237)	(1.0)%
of which other administrative expenses	(231)	(236)	(1.9)%
of which depreciation/amortization/write-downs	(76)	(74)	2.9%
Other net operating income	31	22	42.4%
Net income from disposal of group assets	(7)	0	–
Profit before tax	**263**	**178**	**48.0%**
Income taxes	(35)	(29)	18.3%
Profit after tax	**229**	**149**	**53.8%**
Minority interests in profit	(16)	(13)	26.0%
Profit after minority interests	**212**	**136**	**56.5%**
Segment's contribution to profit before tax	37.3%	45.6%	(8.3) PP
Segment's contribution to profit after tax	40.9%	50.5%	(9.7) PP
Risk-weighted assets (credit risk)[1]	15,781	16,910	(6.7)%
Total own funds requirement[1]	1,467	1,535	(4.4)%
Total assets[1]	22,435	23,770	(5.6)%
Liabilities[1]	19,618	20,999	(6.6)%
Cost/income ratio	52.3%	51.6%	0.8 PP
Average equity	2,239	1,999	12.0%
Return on equity before tax	15.7%	11.9%	3.8 PP
Return on equity after minority interests	14.1%	10.2%	4.0 PP
Average number of staff	17,142	18,444	(7.1)%
Business outlets[1]	1,171	1,204	(2.7)%

[1] Reporting date values as of 30 September

Profit before tax in Southeastern Europe rose during the reporting period by 48 per cent or € 85 million to € 263 million. A substantial decrease in provisioning for impairment losses had a positive impact on pre-tax income, though a decline in net trading income pulled it lower. Return on equity before tax rose year-on-year by 3.8 percentage points to 15.7 per cent.

Net interest income increased by 2 per cent or € 14 million to € 673 million. Croatia registered the highest growth in the region. Significantly lower costs for customer and bank deposits played a key role, compensating for a decline in interest income on the previous year's comparable period. Thanks to lower costs for retail customer deposits, Albania contributed to the increase in net interest income. In Romania, lower funding costs also helped boost net interest income. By contrast, in Serbia, lower margins on customer loans and a reduction in revenues from repurchase transactions on the back of currency movements led to a decline in net interest income. Total assets in the region fell by 6 per cent year-on-year to € 22.4 billion.

The net interest margin rose by 28 basis points to 3.89 per cent. Credit risk-weighted assets declined across all countries in the region, with the exception of Croatia, by 7 per cent from a total of € 16.9 billion to € 15.8 billion. This decline was based on a reduction in volume in the corporate area, particularly in Serbia and in Bosnia and Herzegovina, as well as due to a higher level of collateralization in the latter. The Basel II IRB approach was applied to certain asset classes in Croatia from October 2009 for the first time, although this did not have any appreciable effect on the level of risk-weighted assets.

Impairment loss provisioning in the region fell by 34 per cent or € 114 million to € 227 million. Individual impairment loss provisioning amounted to € 225 million, a reduction of 22 per cent or € 63 million year-on-year. Romania was primarily responsible for this improvement, as provisioning for corporate and retail lending declined there, with the latter also as a result of the sale of retail customer loans. Portfolio loan loss provisioning declined year-on-year from € 53 million to € 3 million. Substantially lower provisioning levels as well as releases of existing provisions took place across all countries in the region, though the sharpest decline in portfolio loan loss provisioning were seen in the Bulgarian portfolio. The segment's non-performing loan ratio rose by 2.24 percentage points year-on-year to 8.09 per cent, still remaining the lowest among all the regions.

Net fee and commission income declined by 7 per cent year-on-year to € 287 million. The payment transfer business made the largest contribution at € 130 million, almost at the same level as in the previous year's comparable period, with Romania once again accounting for the largest portion at € 64 million. Loan administration and the guarantee business brought income of € 69 million, a fall of 13 per cent on the previous year's comparable period primarily attributable to Romania. Income from foreign exchange, notes and coins, and precious metals business dropped 19 per cent or € 11 million to € 48 million, mostly as a result of developments in Croatia and Serbia. In Croatia, the stable local currency was responsible for lower foreign exchange margins during the reporting period. In Serbia, a low level of real economic activity led to a decrease in foreign exchange transactions and associated revenues. The securities business grew significantly thanks to renewed increasing customer activity in Croatia and Romania, contributing € 7 million to net fee and commission income.

Net trading income in Southeastern Europe fell by 39 per cent year-on-year from € 73 million to € 44 million. Currency trading declined from € 56 million to € 25 million. This was primarily a result of lower earnings from forward transactions carried out in Romania during the period under review as well as the generally lower level of foreign exchange trading activity in Croatia. Interest-related trading reported a profit of € 20 million that was primarily due to Albania and resulted from the valuation of fixed-interest securities.

A net loss from derivatives of € 9 million was almost exclusively tied to hedging transactions used to adjust the currency structure in Croatia.

Net income from financial investments rose to € 12 million, from € 8 million year-on-year. This was mainly based on gains from the sale of government bonds and valuation gains from fixed-income bonds in Romania related to the further drop in the level of interest rates in this market.

General administrative expenses totalled € 542 million, 1 per cent below the level of the same period of the previous year. The average number of staff fell by 7 per cent or 1,302 to 17,142, while staff expenses fell by € 2 million to € 235 million. Other administrative expenses were down 2 per cent to € 231 million. Office space expenses in Romania declined with the closure of business outlets and successful rent adjustments, while IT costs in Bulgaria and Romania went up. Depreciation/amortization/write-downs rose by 3 per cent to € 76 million. From 1,204 at the end of the same period of the previous year, the number of business outlets fell by 3 per cent to 1,171. The cost/income ratio rose slightly, by 0.8 percentage points to 52.3 per cent.

Other net operating income rose 42 per cent compared with the corresponding period in 2009 to € 31 million. This primarily comprised income from operating leases of € 28 million, predominantly in Croatia. A decline of € 2 million in other provisions contributed to higher earnings.

Due to the disposal for immateriality of project companies, predominantly in Romania, the segment showed a loss on net income from disposal of group assets of € 7 million.

Income taxes increased 18 per cent year-on-year to € 35 million. The tax ratio for the region was 13 per cent, 3 percentage points below the previous year's comparable period's level. Profit after minority interests was € 212 million.

Russia

In € million	1/1-30/9/2010	1/1-30/9/2009	Change
Net interest income	381	523	(27.2)%
Provisioning for impairment losses	(83)	(287)	(71.2)%
Net interest income after provisioning	**299**	**236**	**26.5%**
Net fee and commission income	155	150	3.7%
Net trading income	59	(14)	–
Net income from derivatives	(17)	7	–
Net income from financial investments	1	3	(52.0)%
General administrative expenses	(301)	(273)	10.2%
of which staff expenses	(144)	(123)	16.9%
of which other administrative expenses	(119)	(126)	(5.7)%
of which depreciation/amortization/write-downs	(38)	(24)	60.5%
Other net operating income	(14)	(10)	0.5%
Net income from disposal of group assets	3	0	–
Profit before tax	**184**	**99**	**86.5%**
Income taxes	(46)	(27)	70.5%
Profit after tax	**138**	**72**	**92.5%**
Minority interests in profit	0	0	(4.5)%
Profit after minority interests	**138**	**72**	**92.8%**
Segment's contribution to profit before tax	26.1%	25.3%	0.8 PP
Segment's contribution to profit after tax	24.7%	24.4%	0.3 PP
Risk-weighted assets (credit risk)[1]	8,360	7,668	9.0%
Total own funds requirement[1]	890	749	18.9%
Total assets[1]	12,012	12,335	(2.6)%
Liabilities[1]	10,229	10,811	(5.4)%
Cost/income ratio	51.9%	42.1%	9.7 PP
Average equity	1,104	1,058	4.4%
Return on equity before tax	22.2%	12.4%	9.8 PP
Return on equity after minority interests	16.7%	9.0%	7.8 PP
Average number of staff	8,421	9,546	(11.8)%
Business outlets[1]	198	223	(11.2)%

[1] Reporting date values as of 30 September

Despite a decline in operating income during the first three quarters of 2010, profit before tax rose by € 85 million to € 184 million. Lower levels of impairment loss provisioning were primarily responsible for this growth. The segment’s return on equity before tax rose by 9.8 percentage points to 22.2 per cent.

Net interest income fell by 27 per cent or € 142 million to € 381 million, largely as a result of lower margins on new business on the asset side, though interest expense declined sharply for bank deposits in particular. In addition, interest income from leasing claims dropped by half year-on-year.

The net interest margin in Russia narrowed by 103 basis points to 4.15 per cent. Total assets fell 3 per cent or € 0.3 billion year-on-year to € 12.0 billion. Credit risk-weighted assets increased by 9 per cent to € 8.4 billion. A reduction in lending exposure to the financial institutions and an increase in the volume of lending to corporate customers with good credit resulted in a higher overall level of credit risk-weighted assets. In addition, the expansion of the securities and money market business with the public sector led to a further increase in credit risk-weighted assets.

Provisioning for impairment losses fell significantly, from € 287 million in the same period of the previous year to € 83 million. The main driver of this decline was a 58 per cent reduction in individual impairment loss provisioning, down to € 114 million. The improvement in the rating structure for customers, a positive performance by accounts receivable collection and a gradual decline in the volume of non-performing loans led to a lower level of impairment loss provisioning during the period under review. Thanks to an improvement in the customer rating of the portfolio as well as additionally recovered collateral and the resulting releases of portfolio loan loss provisions, the latter posted income of € 31 million. The segment's non-performing loan ratio rose slightly, by 0.86 percentage points compared with the same period last year, to 10.07 per cent.

Net fee and commission income rose by 4 per cent or € 5 million to € 155 million. The payment transfer business accounted for the largest share of this figure, contributing € 64 million thanks to a greater number of transactions and an increase in the volume of bank cards issued, which boosted earnings by 18 per cent. Net income from loan administration and guarantee business rose by 8 per cent or € 2 million year-on-year to € 23 million because of the higher volume of guarantees and letters of credit. Revenues from the securities business fell by € 2 million in the period under review to € 8 million. Income from the foreign currency, notes and coins, and precious metals business dropped by 20 per cent to € 36 million as a result of the year-on-year fall in foreign currency transactions.

A net trading loss of € 14 million in the corresponding period of the previous year was turned into net income of € 59 million in the first three quarters of 2010. Following a loss of € 52 million, currency trading brought in € 1 million primarily as a result of earnings from currency forward transactions and foreign currency swaps. Net income from interest-related trading increased by 55 per cent to € 58 million thanks to valuation gains from fixed-interest bonds along with an increase in the trading portfolio.

There was a net loss from derivatives in the period under review of € 17 million due mainly to the net valuations at fair value taken through profit or loss of interest rate swaps entered into to reduce yield curve risk.

Net income from financial investments fell from € 3 million in the previous year’s comparable period to € 1 million.

General administrative expenses fell overall by 10 per cent to € 301 million. Staff expenses were up 17 per cent or € 21 million over the same period to € 144 million. The average number of staff fell 12 per cent year-on-year to 8,421, with most of the departures being from the bank's branches, though this had only a modest impact on staff expenses. Salary increases during the period under review contributed to the rise in staff expenses. Other administrative expenses fell by 6 per cent or € 7 million to € 119 million, largely as a result of a reduction in legal, advisory and consulting expenses as well as office costs. Depreciation/amortization/write-downs increased by € 14 million to € 38 million, primarily as a result of higher investments in tangible and intangible fixed assets. The number of business outlets fell on the previous year's comparable by 11 per cent or 25 outlets period to 198. The cost/income ratio in the region rose 9.7 percentage points to 51.9 per cent due to a decline in operating income.

Though improving by € 4 million, other operating income in this segment still posted a loss of € 14 million, mostly as a result of higher allocations to other provisions made mainly for a legal case related to the closure of a branch.

As a result of the disposal of an asset management company for reasons of materiality, the segment showed a positive result of € 3 million for net income from the disposal of group assets.

Income taxes rose by € 19 million year-on-year to € 46 million. The tax ratio fell 2 percentage points to 25 per cent. Profit after minority interests grew by € 66 million to € 138 million.

CIS Other

In € million	1/1-30/9/2010	1/1-30/9/2009	Change
Net interest income	370	373	(0.9)%
Provisioning for impairment losses	(223)	(392)	(43.1)%
Net interest income after provisioning	**147**	**(19)**	**–**
Net fee and commission income	130	131	(1.0)%
Net trading income	21	17	28.6%
Net income from derivatives	0	1	–
Net income from financial investments	18	11	61.0%
General administrative expenses	(247)	(216)	14.4%
of which staff expenses	(125)	(108)	15.8%
of which other administrative expenses	(92)	(81)	13.5%
of which depreciation/amortization/write-downs	(30)	(27)	11.5%
Other net operating income	(6)	(1)	4.5%
Net income from disposal of group assets	0	0	–
Profit/loss before tax	**64**	**(75)**	**–**
Income taxes	(22)	4	–
Profit/loss after tax	**42**	**(71)**	**–**
Minority interests in profit	(6)	1	–
Profit/loss after minority interests	**37**	**(71)**	**–**
Segment's contribution to profit before tax	9.1%	(19.2)%	28.3 PP
Segment's contribution to profit after tax	7.6%	(24.3)%	31.9 PP
Risk-weighted assets (credit risk)[1]	5,181	5,702	(9.2)%
Total own funds requirement[1]	500	520	(3.8)%
Total assets[1]	6,846	6,660	2.8%
Liabilities[1]	5,890	5,837	0.9%
Cost/income ratio	47.9%	41.5%	6.4 PP
Average equity	733	753	(2.7)%
Return on equity before tax	11.6%	–	–
Return on equity after minority interests	7.2%	–	–
Average number of staff	17,405	18,880	(7.8)%
Business outlets[1]	1,031	1,135	(9.2)%

[1] Reporting date values as of 30 September

Profit before tax for the segment CIS Other rose by € 139 million to € 64 million in the period under review. The positive pre-tax result was entirely due to substantially lower provisioning for impairment losses. The return on equity before tax was accordingly positive and stood at 11.6 per cent.

The segment's net interest income dropped slightly overall by 1 per cent or € 3 million to € 370 million. In Ukraine, a portfolio reduction taken on the basis of selectivity in new business as well as ongoing loan restructuring measures had a dampening effect on profit and led to a 4 per cent decline in net interest income. By contrast, a reduction of interest expenses in Belarus due to a shift in the funding of banks to more favorable customer deposits led to a significant rise in net interest income. Total assets rose by 3 per cent or € 0.2 billion year-on-year to € 6.8 billion.

The net interest margin grew by 51 basis points to 7.28 per cent. Credit risk-weighted assets shrank by 9 per cent to € 5.2 billion. In Ukraine, a reduction of credit exposure in the corporate area along with a concurrent expansion of lending in the public sector and an improvement in the collateralization ratio led to a decline in credit risk-weighted assets. By contrast, Belarus posted a rise in credit risk-weighted assets across all asset classes.

Provisioning for impairment losses fell 43 per cent overall from € 392 million to € 223 million. The region had individual impairment loss provisioning amounting to € 212 million, mostly related to retail lending in Ukraine, though this was substantially down year-on-year thanks to lower growth in non-performing loans along with successful restructuring measures. In Belarus, individual impairment loss provisioning remained at the previous year's comparable period's level of € 10 million and was primarily related to provisioning for two major corporate customers. Portfolio loan loss provisioning dropped by half year-on-year to € 12 million, a decline related to retail lending in Ukraine. The segment's non-performing loan ratio rose year-on-year by 9.43 percentage points to 27.08 per cent. In Belarus, the figure was 3.76 per cent, while in Ukraine it was 32.86 per cent.

Overall, net fee and commission income fell slightly year-on-year by 1 per cent or € 1 million to € 130 million. Net income from the payment transfer business rose by 7 per cent or € 6 million to € 92 million, thereby making the largest contribution to net fee and commission income. However, net income from foreign exchange, notes and coins, and precious metals business dropped year-on-year by 30 per cent in total to € 30 million as a result of the continuing low level of customer activity and reduced foreign currency loans to retail customers in Ukraine. Net income from loan administration and the guarantee business nearly tripled, adding € 5 million to net fee and commission income.

Net trading income rose year-on-year by 29 per cent or € 4 million to € 21 million. This increase, which was achieved entirely in Ukraine, was related to a rise in earnings from interest-related trading. Write-ups on fixed-interest bonds and securities were partly due to the improvement in Ukraine's credit rating. Income from currency trading remained almost unchanged year-on-year at € 12 million. In Belarus, the depreciation of the local currency in relation to the US dollar, which was moderate compared to the previous year, had the effect of reducing the valuation gain on a strategic currency position taken to hedge equity from € 23 million in the previous year to € 2 million this year. A rise in valuation gains in Ukraine and Kazakhstan compensated for this decline.

Net income from financial investments came to € 18 million. A positive factor here was the valuation gains under a mark-to-market approach of fixed-interest securities in Ukraine.

General administrative expenses were up 14 per cent or € 31 million on the same period last year to € 247 million. Staff expenses rose by 16 per cent or € 17 million to € 125 million. The main drivers of this rise were salary increases made in Ukraine and in Belarus at the end of 2009. The average number of staff in the region fell by 8 per cent or 1,475 to 17,405. The number of business outlets in Ukraine and Belarus was reduced by a total of 9 per cent or 104 outlets to 1,031. General administrative expenses increased by 14 per cent or € 11 million to € 92 million, primarily as a result of a rise in IT costs in Ukraine. Depreciation/amortization/write-downs increased by 12 per cent to € 30 million because of IT investments in a core banking system in Ukraine. As a result of the fall in operating income, the cost/income ratio in the region rose by 6.4 percentage points to 47.9 per cent.

Other operating income in this segment posted a net loss of € 6 million, involving a number of smaller income and expense items and higher allocations to other provisions, mostly for current litigation in Ukraine.

Income taxes totalled € 22 million. Following a loss for the corresponding period of the previous year, profit for the period after minority interests was € 37 million.

Business divisions

Besides its regional segmentation, Raiffeisen International is arranged into business divisions that reflect its internal organization and reporting structure. The Group's business is broken down into the following divisions:

- Corporate customers
- Retail customers
- Treasury
- Participations and other

The corporate customer division comprises business with local and international mid-market companies and large corporations. The retail customer division includes private individuals and small and medium-sized businesses in general with a turnover of up to € 5 million. The treasury division encompasses the treasury's proprietary trading and investment banking activities, which are conducted only in a few Group units. Besides non-banking activities, the participations and other division concerns the management of participations. Other cross-divisional functions are also involved, including especially those performed by parent company Raiffeisen International Bank-Holding AG.

Business division overview

1/1- 30/9/2010 In € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	703	1,244	94	121	2,161
Provisioning for impairment losses	(338)	(498)	0	(1)	(837)
Net interest income after provisioning	**365**	**746**	**94**	**120**	**1,324**
Net fee and commission income	304	611	0	6	921
Net trading income	9	0	124	0	133
Net income from derivatives	0	(1)	(36)	0	(37)
Net income from financial investments	(6)	0	51	2	47
General administrative expenses	(368)	(1,252)	(64)	(138)	(1,822)
Other net operating income	27	12	0	(78)	(39)
Net income from disposal of group assets	0	0	0	(3)	(3)
Profit before tax	**331**	**116**	**169**	**(91)**	**524**
Risk-weighted assets (credit risk)[1]	26,566	16,006	5,469	3,434	51,475
Total own funds requirement[1]	2,317	1,623	1,009	284	5,232
Average number of staff	9,245	43,883	1,358	1,876	56,362
Cost/income ratio	35.3%	67.1%	29.5%	–	57.4%
Average equity	3,613	2,261	770	446	7,090
Return on equity before tax	**12.2%**	**6.9%**	**29.2%**	**–**	**9.8%**

1/1- 30/9/2009 € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	748	1,273	11	193	2,224
Provisioning for impairment losses	(534)	(831)	0	0	(1,365)
Net interest income after provisioning	**214**	**443**	**11**	**193**	**859**
Net fee and commission income	304	590	8	4	906
Net trading income	(6)	0	153	0	147
Net income from derivatives	5	0	1	0	5
Net income from financial investments	(1)	0	46	(1)	44
General administrative expenses	(325)	(1,188)	(64)	(100)	(1,678)
Other net operating income	27	13	0	(37)	3
Net income from disposal of group assets	0	0	0	0	0
Profit before tax	**217**	**(143)**	**155**	**57**	**287**
Risk-weighted assets (credit risk)[1]	26,411	16,890	5,760	3,279	52,340
Total own funds requirement[1]	2,268	1,625	1,026	287	5,206
Average number of staff	9,769	47,639	1,468	2,050	60,926
Cost/income ratio	30.3%	63.3%	37.2%	63.0%	51.1%
Average equity	3,228	1,991	694	398	6,312
Return on equity before tax	**9.0%**	**–**	**29.7%**	**19.2%**	**6.1%**

[1] Reporting date values as of 30 September

Corporate customers

During the period under review, the Corporate customers division posted a sharp increase in profit. Profit before tax grew by 52 per cent to € 331 million, primarily as a result of lower provisioning for impairment losses by 37 per cent or € 196 million to € 338 million, along with positive net trading income.

Operating income fell as a result of a decline in net interest income from € 1,072 million to € 1,043 million, dropping 3 per cent year-on-year. The 6 per cent reduction in net interest income was largely due to business with major corporate customers in Russia, where there were significantly lower asset-side margins in new business. By contrast, the Group posted a strong gain in net interest income in Poland and Ukraine. Net fee and commission income totalled € 304 million, unchanged from the previous year’s comparable period. Business in Russia, with its robust commission structure, made the largest contribution, at € 64 million. Other net operating income remained unchanged year-on-year at € 27 million, of which € 26 million came from operating leasing in Croatia and Serbia as well as the real estate business in the Czech Republic.

Net income from financial investments posted a loss of € 6 million, primarily from securities valued at a mark-to-market approach in Hungary which are similar to loans and were issued by municipal authorities.

General administrative expenses increased by 13 per cent to € 368 million, increasing the cost/income ratio by 5 percentage points to 35.3 per cent. The increase was due to salary rises and bonus payments as well as higher IT costs.

Credit risk-weighted assets increased slightly by 1 per cent year-on-year to € 26.6 billion. The increase in loans and advances to customers in the first three quarters of 2010 was related to the economic recovery.

Return on equity before tax in the Corporate Customers division rose on the back of growth in profit before tax by 3.2 percentage points to 12.2 per cent.

Retail customers

Profit before tax in the Retail customers division amounted to € 116 million in the period under review, after posting a net loss of € 143 million in the previous year’s comparable period. This turnaround was all due to the 40 per cent drop in impairment loss provisioning.

Operating income in this division was down slightly, year-on-year, by 1 per cent, to € 1,867 million. Net interest income declined by 2 per cent to € 1, 244 million, primarily as a result of earnings in Ukraine and Romania, where interest income fell sharply. In Hungary, however, net interest income grew mainly due to lower funding costs. The Czech Republic posted growth in net interest income based on mortgage loans. Net fee and commission income rose by 4 per cent to € 611 million, making up for the decline in net interest income. Other net operating income declined by € 1 million below the previous year's level to € 12 million. Operating leasing made the largest contribution in this respect, with € 7 million.

General administrative expenses increased by 5 per cent in the period under review to € 1,252 million. The division's cost/income ratio rose accordingly by 3.8 percentage points to 67.1 per cent. The increase was due to salary rises and bonus payments as well as higher IT costs.

Credit risk-weighted assets in the Retail Customers division fell 5 per cent during the period under review to € 16.0 billion due to the continued lower lending volume, particularly for foreign currencies. By contrast with the previous year's comparable period, return on equity before tax posted a positive result, at 6.9 per cent.

Treasury

The Treasury division posted a pre-tax profit of € 169 million, an increase of 9 per cent year-on-year.

Operating income in the division rose 27 per cent year-on-year to € 218 million. Net interest income increased significantly, from € 11 million in the previous year's comparable period to € 94 million, as a result of lower funding costs thanks to improved liquidity, a situation which was most tangible in Romania and Ukraine.

Net trading income fell by 19 per cent to € 124 million due mainly to valuation losses on interest rate swap transactions and fixed-interest bonds in Slovakia.

There was a net loss on derivatives of € 36 million mainly as a result of valuation losses on interest rate swap transactions in Russia, Croatia and the Czech Republic.

Income from financial investments came to € 51 million, an 11 per cent gain year-on-year. This increase came largely as the result of valuation gains on fixed-interest securities in Romania and Ukraine.

General administrative expenses remained unchanged from last year's comparable period, at € 64 million. Thanks to a sharp rise in operating income, the cost/income ratio improved by 7.7 percentage points to 29.5 per cent.

The total own funds requirement declined by only 2 per cent year-on-year to € 1,009 million. The increase in the requirement for the securities trading book was made up for by reductions in open currency positions and credit risk.

Return on equity before tax in this division remained almost unchanged from the previous year's comparable period at 29.2 per cent.

Participations and other

The Participations and other division posted a net loss before tax of € 91 million. There was a substantial decrease in net interest income from the previous year's comparable period. But the primary reason for the year-on-year loss was that it contains computational results from the investment of equity which suffered a sharp drop due to interest rates which fell in Russia and Romania during the period under review.

Apart from the profits from participations and non-bank activities, this division also includes the costs of central Group management, which remained stable year-on-year. According to internal guidelines, these costs remain in this business division and are not distributed among the other divisions.

Interim consolidated financial statements

(Interim report as of 30 September 2010)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/9/2010	1/1-30/9/2009	Change
Interest income		3,590.4	4,315.4	(16.8)%
Current income from associates		(0.9)	0.5	–
Interest expenses		(1,428.0)	(2,091.5)	(31.7)%
Net interest income	**(2)**	**2,161.4**	**2,224.4**	**(2.8)%**
Provisioning for impairment losses	(3)	(837.3)	(1,365.0)	(38.7)%
Net interest income after provisioning		**1,324.2**	**859.4**	**54.1%**
Fee and commission income		1,090.1	1,068.7	2.0%
Fee and commission expense		(169.0)	(162.3)	4.1%
Net fee and commission income	**(4)**	**921.1**	**906.4**	**1.6%**
Net trading income	(5)	132.7	146.7	(9.5)%
Net income from derivatives	(6)	(36.9)	5.5	–
Net income from financial investments	(7)	47.3	43.6	8.4%
General administrative expenses	(8)	(1,822.2)	(1,678.0)	8.6%
Other net operating income	(9)	(39.5)	3.0	–
Net income from disposal of group assets		(3.1)	0.1	–
Profit before tax		**523.5**	**286.7**	**82.6%**
Income taxes		(138.4)	(71.0)	95.0%
Profit after tax		**385.1**	**215.7**	**78.5%**
Minority interests in profit		(66.8)	(60.1)	11.2%
Consolidated profit		**318.2**	**155.6**	**104.5%**

Transition to total comprehensive income

In € million	Group equity 1/1-30/9/2010	Group equity 1/1-30/9/2009	Minority interests 1/1-30/9/2010	Minority interests 1/1-30/9/2009
Consolidated profit	**318**	**156**	**67**	**60**
Exchange differences	109	(289)	15	14
Capital hedge	(14)	(24)	0	0
Cash flow hedge	8	9	0	0
Fair value reserve (available-for-sale financial assets)	(28)	4	0	0
Deferred taxes on income and expenses directly recognized in equity	1	(1)	0	0
Other comprehensive income	**76**	**(301)**	**15**	**14**
Total comprehensive income	**394**	**(145)**	**82**	**74**

Earnings per share

In €	1/1-30/9/2010	1/1-30/9/2009	Change
Earnings per share	1.78	0.72	1.06

Earnings per share are obtained by dividing consolidated profit less the accrued compensation for the participation rights by the average number of common shares outstanding. As of 30 September 2010, the number of common shares outstanding remained unchanged with 153.7 million compared to previous period.

There were no conversion or option rights outstanding, so undiluted earnings per share are equal to diluted earnings per share.

Profit development

Quarterly results

In € million	Q4/2009	Q1/2010	Q2/2010	Q3/2010
Net interest income	712.1	689.9	740.2	731.3
Provisioning for impairment losses	(372.9)	(294.8)	(265.1)	(277.4)
Net interest income after provisioning	**339.2**	**395.1**	**475.1**	**454.0**
Net fee and commission income	316.7	282.5	316.0	322.6
Net trading income	39.7	57.6	36.4	38.7
Net income from derivatives	2.7	(18.6)	(17.8)	(0.5)
Net income from financial investments	(2.2)	54.6	(39.9)	32.6
General administrative expenses	(591.7)	(584.6)	(622.7)	(614.8)
Other net operating income	(23.3)	(17.3)	(9.4)	(12.8)
Net income from disposal of group assets	0.0	(3.1)	0.1	(0.1)
Profit before tax	**81.1**	**166.2**	**137.8**	**219.5**
Income taxes	(9.5)	(42.1)	(49.8)	(46.5)
Profit after tax	**71.4**	**124.0**	**88.1**	**173.0**
Minority interests in profit	(14.9)	(24.1)	(17.4)	(25.3)
Consolidated profit	**56.6**	**99.9**	**70.7**	**147.6**

In € million	Q4/2008	Q1/2009	Q2/2009	Q3/2009
Net interest income	890.3	767.1	728.6	728.7
Provisioning for impairment losses	(414.8)	(445.2)	(523.4)	(396.5)
Net interest income after provisioning	**475.5**	**321.9**	**205.2**	**332.2**
Net fee and commission income	398.6	293.7	291.0	321.6
Net trading income	40.3	45.6	73.3	27.8
Net income from derivatives	(21.0)	(4.9)	23.9	(13.5)
Net income from financial investments	(35.8)	(2.9)	34.2	12.2
General administrative expenses	(693.4)	(573.6)	(569.5)	(534.9)
Other net operating income	1.8	3.7	11.9	(12.6)
Net income from disposal of group assets	2.2	0.1	0.0	0.0
Profit before tax	**168.2**	**83.6**	**70.0**	**132.8**
Income taxes	(55.3)	(19.9)	(14.8)	(36.3)
Profit after tax	**112.9**	**63.7**	**55.3**	**96.6**
Minority interests in profit	7.7	(7.5)	(33.5)	(19.0)
Consolidated profit	**120.6**	**56.2**	**21.8**	**77.6**

Statement of financial position

Assets In € million	Notes	30/9/2010	31/12/2009	Change
Cash reserve		3,338	4,180	(20.1)%
Loans and advances to banks	(11,30)	7,537	10,310	(26.9)%
Loans and advances to customers	(12,30)	51,837	50,515	2.6%
Impairment losses on loans and advances	(13)	(3,713)	(3,084)	20.4%
Trading assets	(14,30)	3,596	3,709	(3.1)%
Derivatives	(15,30)	284	333	(14.6)%
Financial investments	(16,30)	9,552	7,271	31.4%
Investments in associates	(30)	5	5	(10.1)%
Intangible fixed assets	(17)	1,023	972	5.2%
Tangible fixed assets	(18)	1,304	1,244	4.8%
Other assets	(19,30)	996	820	21.5%
Total assets		**75,759**	**76,275**	**(0.7)%**

Equity and liabilities In € million	Notes	30/9/2010	31/12/2009	Change
Deposits from banks	(20,30)	17,991	20,110	(10.5)%
Deposits from customers	(21,30)	43,291	42,578	1.7%
Debt securities issued	(22,30)	2,412	2,527	(4.5)%
Provisions for liabilities and charges	(23,30)	399	312	27.9%
Trading liabilities	(24,30)	438	514	(14.9)%
Derivatives	(25,30)	392	259	51.0%
Other liabilities	(26,30)	978	505	93.9%
Subordinated capital	(27,30)	2,506	2,470	1.5%
Equity	(28)	7,353	7,000	5.0%
Consolidated equity		6,003	5,790	3.7%
Consolidated profit		318	212	50.0%
Minority interests		1,032	998	3.4%
Total equity and liabilities		**75,759**	**76,275**	**(0.7)%**

Statement of changes in equity

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2009	**469**	**0**	**2,568**	**1,577**	**982**	**923**	**6,518**
Capital increases	0	600	0	0	0	19	619
Transferred to retained earnings	0	0	0	839	(839)	0	0
Dividend payments	0	0	0	0	(143)	(52)	(195)
Total comprehensive income	0	0	0	(300)	156	74	(70)
Other changes	0	0	0	(41)	0	31	(10)
Equity as of 30/9/2009	**469**	**600**	**2,568**	**2,074**	**156**	**995**	**6,862**

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2010	**469**	**600**	**2,569**	**2,153**	**212**	**997**	**7,000**
Capital increases	0	0	0	0	0	4	4
Transferred to retained earnings	0	60	0	121	(181)	0	0
Dividend payments	0	(60)	0	0	(31)	(49)	(140)
Total comprehensive income	0	0	0	76	318	82	476
Other changes	0	0	0	16	0	(3)	13
Equity as of 30/9/2010	**469**	**600**	**2,569**	**2,366**	**318**	**1,032**	**7,353**

Statement of cash flows

In € million	1/1-30/9/2010	1/1-30/9/2009
Cash and cash equivalents at the end of previous period	**4,180**	**7,130**
Net cash from operating activities	109	(3,792)
Net cash from investing activities	(845)	(1,058)
Net cash from financing activities	(100)	1,080
Effect of exchange rate changes	(5)	(116)
Cash and cash equivalents at the end of period	**3,339**	**3,244**

Segment reporting

Raiffeisen International reports on the following operating segments as shown below. The location of the respective business outlets served as the criteria for the segment assignment:

- ***Central Europe***
  Czech Republic, Hungary, Poland, Slovakia, and Slovenia

- ***Southeastern Europe***
  Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Romania, and Serbia

- ***Russia***

- ***CIS Other***
  Belarus, Kazakhstan, and Ukraine

The reconciliation implies the amounts resulting from the elimination of intra-group results, the consolidation between segments and headquarters' results. It also includes the refinancing of the participations in the holding company.

1/1-30/9/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	814.5	673.2	381.2	369.7	(77.1)	2,161.4
of which current income from associates	0.0	(0.9)	0.0	0.0	0.0	(0.9)
Provisioning for impairment losses	(305.4)	(226.6)	(82.6)	(222.7)	0.0	(837.3)
Net interest income after provisioning	**509.0**	**446.7**	**298.6**	**146.9**	**(77.1)**	**1,324.2**
Net fee and commission income	344.9	287.2	155.3	130.2	3.4	921.1
Net trading income	15.0	44.5	58.7	21.3	(6.8)	132.7
Net income from derivatives	(10.7)	(8.6)	(17.2)	(0.3)	(0.2)	(36.9)
Net income from financial investments	15.7	11.8	1.4	18.5	0.0	47.3
General administrative expenses	(636.7)	(542.2)	(301.2)	(247.1)	(94.9)	(1,822.2)
of which staff expenses	(314.1)	(235.1)	(144.1)	(124.7)	(36.7)	(854.8)
of which other administrative expenses	(259.5)	(231.4)	(119.3)	(92.4)	(56.9)	(759.4)
of which depreciation	(63.2)	(75.7)	(37.8)	(30.0)	(1.3)	(207.9)
Other net operating income	(44.4)	31.2	(14.4)	(5.6)	(6.3)	(39.5)
Net income from disposal of group assets	1.4	(7.2)	2.8	0.0	(0.2)	(3.1)
Profit/loss before tax	**194.1**	**263.3**	**184.0**	**64.0**	**(182.0)**	**523.5**
Income taxes	(44.1)	(34.6)	(45.9)	(21.5)	7.7	(138.4)
Profit/loss after tax	**150.0**	**228.7**	**138.1**	**42.5**	**(174.3)**	**385.1**
Minority interests in profit	(43.2)	(16.4)	(0.2)	(5.5)	(1.6)	(66.8)
Consolidated profit/loss	**106.9**	**212.3**	**137.9**	**37.0**	**(175.8)**	**318.2**
Share of profit before tax	27.5%	37.3%	26.1%	9.1%	–	100.0%
Share of profit after tax	26.8%	40.9%	24.7%	7.6%	–	100.0%
Risk-weighted assets (credit risk)[1]	22,365	15,781	8,360	5,181	(211)	51,475
Total own funds requirement[1]	2,041	1,467	890	500	334	5,232
Total assets[1]	33,471	22,435	12,012	6,846	995	75,759
Liabilities[1]	30,736	19,618	10,229	5,890	1,933	68,406
Cost/income ratio	56.4%	52.3%	51.9%	47.9%	–	57.4%
Average equity	3,026	2,239	1,104	733	(12)	7,090
Return on equity before tax	8.6%	15.7%	22.2%	11.6%	–	9.8%
Consolidated return on equity (after minorities)	6.2%	14.1%	16.7%	7.2%	–	6.9%
Average number of staff	13,001	17,142	8,421	17,405	393	56,362
Number of business outlets[1]	551	1,171	198	1,031	1	2,952

[1] Reporting date values as of 30 September

1/1-30/9/2009 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	719.9	658.7	523.4	373.1	(50.7)	2,224.4
of which current income from associates	0.0	0.0	0.0	0.0	–	0.0
Provisioning for impairment losses	(345.2)	(341.0)	(287.2)	(391.7)	0.0	(1,365.0)
Net interest income after provisioning	**374.8**	**317.7**	**236.2**	**(18.5)**	**(50.7)**	**859.4**
Net fee and commission income	316.1	307.2	149.8	131.5	1.9	906.4
Net trading income	68.1	72.9	(14.3)	16.6	3.3	146.7
Net income from derivatives	2.9	(2.7)	7.2	1.0	(2.8)	5.5
Net income from financial investments	32.8	8.0	2.8	11.5	(11.5)	43.6
General administrative expenses	(598.8)	(547.0)	(273.3)	(215.9)	(42.9)	(1,677.9)
of which staff expenses	(281.6)	(237.5)	(123.3)	(107.7)	(30.2)	(780.3)
of which other administrative expenses	(261.3)	(235.9)	(126.4)	(81.4)	(10.7)	(715.6)
of which depreciation	(56.0)	(73.6)	(23.6)	(26.9)	(2.0)	(182.0)
Other net operating income	(7.5)	21.9	(9.7)	(1.0)	(0.7)	3.0
Net income from disposal of group assets	0.1	0.0	0.0	0.0	0.0	0.1
Profit/loss before tax	**188.4**	**178.0**	**98.7**	**(75.0)**	**(103.4)**	**286.7**
Income taxes	(43.2)	(29.3)	(26.9)	3.5	24.9	(71.0)
Profit/loss after tax	**145.2**	**148.7**	**71.7**	**(71.4)**	**(78.5)**	**215.7**
Minority interests in profit	(49.0)	(13.0)	(0.2)	0.9	1.2	(60.1)
Consolidated profit/loss	**96.2**	**135.7**	**71.5**	**(70.5)**	**(77.3)**	**155.6**
Share of profit before tax	48.3%	45.6%	25.3%	(19.2)%	–	100.0%
Share of profit after tax	49.4%	50.5%	24.4%	(24.3)%	–	100.0%
Risk-weighted assets (credit risk)[1]	22,195	16,910	7,668	5,702	(135)	52,340
Total own funds requirement[1]	2,015	1,535	749	520	388	5,206
Total assets[1]	33,636	23,770	12,335	6,660	1,121	77,522
Liabilities[1]	31,050	20,999	10,811	5,837	1,965	70,661
Cost/income ratio	54.6%	51.6%	42.1%	41.5%	–	51.1%
Average equity	2,519	1,999	1,058	753	(17)	6,312
Return on equity before tax	10.0%	11.9%	12.4%	–	–	6.1%
Consolidated return on equity (after minorities)	7.0%	10.2%	9.0%	–	–	3.8%
Average number of staff	13,694	18,444	9,546	18,880	362	60,926
Number of business outlets[1]	583	1,204	223	1,135	–	3,145

[1] Reporting date values as of 30 September

Notes

Recognition and measurement principles

The consolidated financial statements of Raiffeisen International are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards. These are adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 which include the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC).

The interim report as of 30 September 2010 is prepared in accordance with IAS 34. In the interim reporting, the same accounting and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements of 2009. Standards and Interpretations to be applied in the EU as of 1 January 2010 were applied in the interim report.

In March 2010, the EU adopted IFRIC 16 (Hedges of a Net Investment in a Foreign Operation). IFRIC 16 is to be applied for the business years beginning on or after 30 June 2009. Raiffeisen International adopted IFRIC 16 for the business year 2010 for the first time. The interpretation provides guidance on identifying the risk of a net investment in a foreign operation and on where, within a Group, hedging instruments can be held to minimize the risk. In the interim report, the measurement result shown in other comprehensive income amounted to € 2 million.

The interim report for the third quarter 2010 of Raiffeisen International Bank-Holding AG did not undergo a complete audit, nor did it undergo an audit inspection carried out by a certified auditor (framework prime market, page 9).

Changes in consolidated group

	Fully consolidated		Equity method	
Number of units	30/9/2010	31/12/2009	30/9/2010	31/12/2009
As of beginning of period	135	131	1	1
Included for the first time in the financial period	1	8	0	0
Merged in the financial period	0	(3)	0	0
Excluded in the financial period	(41)	(1)	0	0
As of end of period	**95**	**135**	**1**	**1**

The following company was integrated in the consolidated financial statements for the first time:

Name	Share	Included as of	Fact
Centralised Raiffeisen International Services & Payments S.R.L., Bucharest (RO)	100.0%	1/1	Start of operations

In the period under review, 40 subsidiaries were excluded from the group due to changed materiality limits. GSI Group Software Investment AG was excluded from the group due to its closing.

Notes to the income statement

(1) Income statement according to measurement categories

The following table shows the income statement according to IAS 39 measurement categories:

In € million	1/1-30/9/2010	1/1-30/9/2009
Net income from financial assets and liabilities held-for-trading	(7.9)	315.9
Net income from financial assets and liabilities at fair value through profit or loss	198.7	219.3
Net income from financial assets available-for-sale	9.3	2.3
Net income from loans and advances	2,370.7	2,486.9
Net income from financial assets held-to-maturity	162.6	135.8
Net income from financial liabilities measured at acquisition cost	(1,427.6)	(2,079.4)
Net income from derivatives (hedging)	(11.7)	1.4
Net revaluations from exchange differences	174.1	(27.5)
Other operating income/expenses	(944.7)	(768.0)
Total profit before tax from continuing operations	**523.5**	**286.7**

(2) Net interest income

In € million	1/1-30/9/2010	1/1-30/9/2009
Interest and interest-like income, total	**3,590.4**	**4,315.4**
Interest income	3,578.8	4,307.4
from balances at central banks	44.4	87.7
from loans and advances to banks	75.8	93.7
from loans and advances to customers	2,918.0	3,470.3
from financial investments	316.4	311.1
from leasing claims	165.4	207.2
from derivative financial instruments (non-trading), net	58.8	137.4
Current income	6.9	2.8
Interest-like income	4.7	5.2
Current income from associates	**(0.9)**	**0.5**
Interest expenses and interest-like expenses, total	**(1,428.0)**	**(2,091.5)**
Interest expenses	(1,425.3)	(2,087.4)
on deposits from central banks	(0.4)	(12.1)
on deposits from banks	(392.1)	(668.5)
on deposits from customers	(844.2)	(1,249.7)
on debt securities issued	(94.6)	(98.9)
on subordinated capital	(94.1)	(58.2)
Interest-like expenses	(2.8)	(4.1)
Total	**2,161.4**	**2,224.4**

(3) Provisioning for impairment losses

In € million	1/1-30/9/2010	1/1-30/9/2009
Individual loan loss provisions	**(877.8)**	**(1,171.8)**
Allocation to provisions for impairment losses	(1,235.2)	(1,381.8)
Release of provisions for impairment losses	390.3	248.6
Direct write-downs	(52.0)	(56.9)
Income received on written-down claims	19.2	18.3
Portfolio-based loan loss provisions	**38.4**	**(197.7)**
Allocation to provisions for impairment losses	(283.1)	(427.2)
Release of provisions for impairment losses	321.5	229.5
Gains from the sale of loans	**2.1**	**4.5**
Total	**(837.3)**	**(1,365.0)**

(4) Net fee and commission income

In € million	1/1-30/9/2010	1/1-30/9/2009
Payment transfer business	424.2	396.7
Loan administration and guarantee business	149.7	148.3
Securities business	35.7	29.5
Foreign currency, notes/coins, and precious-metals business	224.0	251.5
Management of investment and pension funds	17.6	18.0
Agency services for own and third-party products	31.6	24.4
Credit derivatives business	(0.2)	(1.0)
Other banking services	38.4	39.0
Total	**921.1**	**906.4**

(5) Net trading income

In € million	1/1-30/9/2010	1/1-30/9/2009
Interest-based transactions	75.2	87.5
Currency-based transactions	53.6	59.9
Equity-/index-based transactions	2.4	(0.7)
Other transactions	1.5	0.0
Total	**132.7**	**146.7**

(6) Net income from derivatives

In € million	1/1-30/9/2010	1/1-30/9/2009
Net income from hedge accounting	1.1	2.1
Net income from credit derivatives	(0.2)	(2.9)
Net income from other derivatives	(37.9)	6.3
Total	**(36.9)**	**5.5**

(7) Income from financial investments

In € million	1/1-30/9/2010	1/1-30/9/2009
Net income from financial investments held-to-maturity	**2.3**	**(1.9)**
Net valuations of financial investments held-to-maturity	1.7	(1.9)
Net proceeds from sales of financial investments held-to-maturity	0.6	0.0
Net income from equity participations	**2.4**	**(0.2)**
Net valuations of equity participations	0.0	(3.0)
Net proceeds from sales of equity participations	2.4	2.8
Net income from securities at fair value through profit and loss	**42.6**	**45.7**
Net valuations of securities at fair value through profit and loss	14.9	41.5
Net proceeds from sales of securities at fair value through profit and loss	27.7	4.2
Total	**47.3**	**43.6**

(8) General administrative expenses

In € million	1/1-30/9/2010	1/1-30/9/2009
Staff expenses	(854.8)	(780.3)
Other administrative expenses	(759.4)	(715.7)
Depreciation on intangible and tangible fixed assets	(207.9)	(182.0)
Total	**(1,822.2)**	**(1,678.0)**

(9) Other net operating income

In € million	1/1-30/9/2010	1/1-30/9/2009
Sales revenues from non-banking activities	30.7	99.0
Expenses arising from non-banking activities	(23.7)	(97.0)
Net income from additional leasing services	2.1	1.6
Net rental income from operating lease (vehicles and equipment)	28.2	30.8
Net rental income from investment property incl. operating lease (real estate)	6.4	3.9
Net proceeds from disposal of tangible and intangible fixed assets	(2.6)	(0.1)
Other taxes	(65.6)	(40.6)
Income from release of negative goodwill	0.0	0.0
Net expense from allocation and release of other provisions	(7.3)	0.4
Sundry operating income	18.0	29.6
Sundry operating expenses	(25.7)	(24.6)
Total	**(39.5)**	**3.0**

Notes to the statement of financial position

(10) Statement of financial position according to measurement categories

The following table shows the balance sheet according to IAS 39 measurement categories:

Assets according to measurement categories In € million	30/9/2010	31/12/2009
Trading assets	3,869	4,021
Financial assets at fair value through profit or loss	4,886	3,234
Financial assets available-for-sale	143	119
Investments in associates	5	5
Loans and advances	59,961	62,709
Financial assets held-to-maturity	4,558	3,950
Derivatives (hedging)	11	22
Other assets	2,327	2,215
Total assets	**75,759**	**76,275**

Positive market values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading assets. The measurement category financial assets available-for-sale comprises other affiliated companies and other equity participations. Loans and advances are reported net after provisions for impairment losses. Other assets comprise intangible and tangible fixed assets.

Equity and liabilities according to measurement categories In € million	30/9/2010	31/12/2009
Trading liabilities	789	723
Financial liabilities	67,178	68,190
Derivatives (hedging)	41	50
Provisions for liabilities and charges	399	312
Equity	7,353	7,000
Total equity and liabilities	**75,759**	**76,275**

Negative market values of derivatives not designated as hedging instruments according to IAS 39 hedge accounting are reported in the measurement category trading liabilities.

(11) Loans and advances to banks

In € million	30/9/2010	31/12/2009
Giro and clearing business	1,800	2,125
Money market business	5,500	7,904
Loans to banks	235	278
Leasing claims	1	2
Claims evidenced by paper	1	1
Total	**7,537**	**10,310**

Loans and advances to banks classified regionally (counterparty's seat) are as follows:

In € million	30/9/2010	31/12/2009
Central Europe	372	1,007
Southeastern Europe	1,017	1,148
Russia	826	559
CIS Other	471	466
Austria	3,735	5,673
Other countries	1,116	1,457
Total	**7,537**	**10,310**

Loans and advances to banks break down into the following bank segments:

In € million	30/9/2010	31/12/2009
Central banks	1,585	1,951
Commercial banks	5,951	8,336
Multilateral development banks (MDB)	1	23
Total	**7,537**	**10,310**

(12) Loans and advances to customers

In € million	30/9/2010	31/12/2009
Credit business	29,256	26,724
Money market business	2,424	2,148
Mortgage loans	16,599	17,875
Purchased loans	561	499
Leasing claims	2,995	3,267
Claims evidenced by paper	2	2
Total	**51,837**	**50,515**

Loans and advances to customers break down into the following asset classes according to Basel II definition:

In € million	30/9/2010	31/12/2009
Sovereigns	1,038	1,158
Corporate customers – large	26,251	25,372
Corporate customers – small business	3,847	3,815
Retail customers – private individuals	18,209	17,790
Retail customers – small and medium-sized entities	2,422	2,352
Other	70	28
Total	**51,837**	**50,515**

Loans and advances to customers classified regionally (counterparty's seat) are as follows:

In € million	30/9/2010	31/12/2009
Central Europe	24,314	23,379
Southeastern Europe	12,552	12,320
Russia	6,521	6,112
CIS Other	5,361	5,403
Austria	28	32
Other countries	3,061	3,269
Total	**51,837**	**50,515**

(13) Impairment losses on loans and advances

Provisions for impairment losses are allocated to the following asset classes according to Basel II definition:

In € million	30/9/2010	31/12/2009
Sovereigns	1	3
Banks	2	3
Corporate customers – large	1,645	1,365
Corporate customers – small business	404	333
Retail customers – private individuals	1,415	1,170
Retail customers – small and medium-sized entities	246	210
Total	**3,713**	**3,084**

The following table shows the geographic breakdown of provisions (including provisions for contingent liabilities) by the entities' head office:

In € million	As of 1/1/2010	Change in consolidated group	Allocation[1]	Release	Usage[2]	Exchange differences	As of 30/9/2010
Individual loan loss provisions	**2,383**	**(1)**	**1,268**	**(390)**	**(268)**	**61**	**3,053**
Central Europe	759	(1)	501	(174)	(84)	16	1,018
Southeastern Europe	485	0	320	(95)	(98)	0	612
Russia	482	0	232	(118)	(66)	16	545
CIS Other	657	0	215	(3)	(20)	30	878
Portfolio-based loan loss provisions	**771**	**0**	**283**	**(321)**	**0**	**22**	**754**
Central Europe	274	0	125	(146)	0	10	262
Southeastern Europe	199	0	50	(47)	0	6	207
Russia	137	0	41	(72)	0	6	111
CIS Other	161	0	67	(56)	0	0	172
Total	**3,154**	**(1)**	**1,551**	**(712)**	**(268)**	**83**	**3,807**

[1] Allocation includes direct write-downs and income on written down claims.
[2] Usage includes direct write-downs and income on written down claims.

The following table gives an overview of the loans and advances as well as loan loss provisions according to Basel II asset classes:

30/9/2010 In € million	Carrying amount	Individual loan loss provisions	Portfolio - based provisions	Net carrying amount	Individually impaired assets	Fair value
Banks	7,537	2	0	7,535	87	7,471
Sovereigns	1,038	1	0	1,037	32	1,020
Corporate customers – large	26,251	1,364	282	24,605	3,213	25,195
Corporate customers – small business	3,847	361	43	3,443	687	3,777
Retail customers – private individuals	18,209	1,089	326	16,794	1,703	18,021
Retail customers – small and medium-sized entities	2,422	198	47	2,177	336	2,162
Other	70	0	0	70	0	70
Total	**59,374**	**3,015**	**698**	**55,661**	**6,058**	**57,716**

31/12/2009 In € million	Carrying amount	Individual loan loss provisions	Portfolio - based provisions	Net carrying amount	Individually impaired assets	Fair value
Banks	10,310	3	0	10,307	4	10,306
Sovereigns	1,158	3	0	1,155	80	1,143
Corporate customers – large	25,372	1,137	228	24,007	2,776	24,478
Corporate customers – small business	3,815	280	53	3,482	582	3,665
Retail customers – private individuals	17,790	778	392	16,620	1,192	17,596
Retail customers – small and medium-sized entities	2,352	157	54	2,142	271	2,276
Other	28	0	0	28	0	28
Total	**60,825**	**2,358**	**726**	**57,741**	**4,906**	**59,491**

(14) Trading assets

In € million	30/9/2010	31/12/2009
Bonds, notes and other fixed-interest securities	3,183	3,152
Shares and other variable-yield securities	14	11
Positive fair values of derivative financial instruments	399	546
Total	**3,596**	**3,709**

(15) Derivatives

In € million	30/9/2010	31/12/2009
Positive fair values of derivatives in fair value hedges (IAS 39)	11	22
Positive fair values of other derivatives	273	311
Total	**284**	**333**

(16) Financial investments

In € million	30/9/2010	31/12/2009
Bonds, notes and other fixed-interest securities	9,243	6,955
Shares and other variable-yield securities	166	197
Equity participations	143	119
Total	**9,552**	**7,271**

(17) Intangible fixed assets

In € million	30/9/2010	31/12/2009
Goodwill	604	581
Software	295	275
Other intangible fixed assets	124	116
Total	**1,023**	**972**

(18) Tangible fixed assets

In € million	30/9/2010	31/12/2009
Land and buildings used by the Group for own purpose	529	526
Other land and buildings (investment property)	41	27
Office furniture and equipment as well as other tangible fixed assets	460	479
Leased assets (operating lease)	274	212
Total	**1,304**	**1,244**

(19) Other assets

In € million	30/9/2010	31/12/2009
Tax assets	231	229
Receivables arising from non-banking activities	27	27
Prepayments and other deferrals	243	221
Clearing claims from securities and payment transfer business	222	96
Lease in progress	107	141
Assets held for sale (IFRS 5)	11	2
Inventories	42	30
Any other business	114	74
Total	**996**	**820**

(20) Deposits from banks

In € million	30/9/2010	31/12/2009
Giro and clearing business	669	733
Money market business	3,059	3,145
Long-term refinancing	14,263	16,232
Total	**17,991**	**20,110**

Deposits from banks classified regionally (counterparty's seat) break down as follows:

In € million	30/9/2010	31/12/2009
Central Europe	1,468	1,671
Southeastern Europe	723	1,456
Russia	8	406
CIS Other	57	38
Austria	12,397	12,736
Other countries	3,338	3,803
Total	**17,991**	**20,110**

The deposits break down into the following bank segments:

In € million	30/9/2010	31/12/2009
Central banks	256	490
Commercial banks	16,913	18,773
Multilateral development banks (MDB)	822	847
Total	**17,991**	**20,110**

(21) Deposits from customers

In € million	30/9/2010	31/12/2009
Sight deposits	19,302	17,140
Time deposits	22,549	24,045
Savings deposits	1,440	1,393
Total	**43,291**	**42,578**

Deposits from customers break down by analogy to Basel II definition as follows:

In € million	30/9/2010	31/12/2009
Sovereigns	1,506	1,559
Corporate customers – large	14,569	14,181
Corporate customers – small business	2,438	2,331
Retail customers – private individuals	21,029	21,104
Retail customers – small and medium-sized entities	3,345	3,129
Other	404	274
Total	**43,291**	**42,578**

Deposits from customers classified regionally (counterparty's seat) are as follows:

In € million	30/9/2010	31/12/2009
Central Europe	19,752	19,448
Southeastern Europe	12,521	12,249
Russia	5,991	5,496
CIS Other	3,271	2,890
Austria	243	405
Other countries	1,513	2,090
Total	**43,291**	**42,578**

(22) Debt securities issued

In € million	30/9/2010	31/12/2009
Bonds and notes issued	1,826	1,925
Other debt securities issued	585	602
Total	**2,412**	**2,527**

(23) Provisions for liabilities and charges

In € million	30/9/2010	31/12/2009
Severance payments	10	9
Retirement benefits	5	5
Taxes	42	26
Contingent liabilities and commitments	94	70
Pending legal issues	45	40
Overdue vacation	31	29
Bonus payments	99	92
Restructuring	7	3
Other	65	38
Total	**399**	**312**

(24) Trading liabilities

In € million	30/9/2010	31/12/2009
Negative fair values of derivative financial instruments	434	510
Short-selling of trading assets	3	4
Total	**438**	**514**

(25) Derivatives

In € million	30/9/2010	31/12/2009
Negative fair values of derivatives in fair value hedges (IAS 39)	7	5
Negative fair values of derivatives in cash flow hedges (IAS 39)	33	45
Negative fair values of derivative financial instruments	351	209
Total	**392**	**259**

(26) Other liabilities

In € million	30/9/2010	31/12/2009
Liabilities from non-banking activities	45	62
Accruals and deferred items	154	111
Liabilities from dividends	1	1
Clearing claims from securities and payment transfer business	561	169
Any other business	218	162
Total	**978**	**505**

(27) Subordinated capital

In € million	30/9/2010	31/12/2009
Hybrid tier 1 capital	1,155	1,169
Subordinated liabilities	1,260	1,210
Supplementary capital	91	91
Total	**2,506**	**2,470**

(28) Equity and minorities

In € million	30/9/2010	31/12/2009
Consolidated equity	6,003	5,790
Subscribed capital	469	469
Participation rights	600	600
Capital reserves	2,569	2,569
Retained earnings	2,366	2,152
Consolidated profit	318	212
Minority interests	1,032	998
Total	**7,353**	**7,000**

Additional notes

(29) Contingent liabilities and commitments

In € million	30/9/2010	31/12/2009
Contingent liabilities	5,143	4,668
Commitments (irrevocable credit lines)	6,256	5,395

Moreover, revocable credit lines were granted to an amount of € 4,681 million (31/12/2009: € 4,646 million) which currently bear no credit risk.

(30) Related parties

Transactions with related parties who are individuals are limited to banking business transactions which are carried out at fair market conditions. Moreover, members of the Managing Board hold shares of Raiffeisen International Bank-Holding AG. This information is published on the homepage of Raiffeisen International. Further business transactions, especially large banking business transactions with related parties who are individuals were not concluded in the reporting period.

Transactions with related companies, especially relations to the parent company Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna, as majority shareholder are shown in the tables below:

30/9/2010 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	3,119	17	0	27
Loans and advances to customers	0	237	0	33
Trading assets	63	2	0	0
Financial investments	0	84	0	60
Investments in associates	0	0	5	0
Other assets including derivatives	202	5	0	0
Deposits from banks	11,304	1,015	0	31
Deposits from customers	0	73	0	11
Debt securities issued	15	0	0	0
Provisions for liabilities and charges	12	0	0	0
Trading liabilities	101	0	0	0
Other liabilities including derivatives	218	13	0	0
Subordinated capital	1,550	590	0	0
Guarantees given	266	0	0	0
Guarantees received	105	31	0	1

31/12/2009 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	4,873	32	0	1
Loans and advances to customers	0	211	14	35
Trading assets	90	2	0	0
Financial investments	0	60	11	59
Investments in associates	0	0	5	0
Other assets including derivatives	192	3	0	1
Deposits from banks	11,699	1,254	0	95
Deposits from customers	0	66	2	11
Debt securities issued	19	0	0	0
Provisions for liabilities and charges	4	0	0	0
Trading liabilities	87	0	0	2
Other liabilities including derivatives	121	3	1	0
Subordinated capital	1,529	588	0	0
Guarantees given	372	11	0	0
Guarantees received	242	0	0	1

(31) Regulatory own funds

As a subsidiary of RZB, Raiffeisen International does not have its own Group of credit institutions as defined by the Austrian Banking Act (BWG). Therefore, it is not itself subject to the relevant regulatory requirements. However, the following figures are accounted for within the scope of RZB Group of credit institutions. They are provided here for information purposes only.

The own funds of Raiffeisen International according to the Austrian Banking Act 1993/Amendment 2006 (Basel II) break down is as follows:

In € million	30/9/2010	31/12/2009
Paid-in capital	3,638	3,638
Earned capital	1,489	1,512
Minority interests	1,048	1,062
Hybrid tier 1 capital	1,150	1,150
Intangible fixed assets	(313)	(289)
Core capital (tier 1 capital)	**7,012**	**7,072**
Deductions from core capital	(13)	(13)
Eligible core capital (after deductions)	**6,998**	**7,059**
Additional own funds according to Section 23 (1) 5 BWG	91	91
Provision excess of internal rating approach positions	69	8
Long-term subordinated own funds	998	1,003
Additional own funds (tier 2 capital)	**1,158**	**1,102**
Deduction items: participations, securitizations	(13)	(13)
Eligible additional own funds (after deductions)	**1,145**	**1,089**
Deduction items: insurances	(1)	(1)
Tier 2 capital available to be redesignated as tier 3 capital	252	182
Total own funds	**8,394**	**8,328**
Total own funds requirement	**5,232**	**5,117**
Excess own funds	3,162	3,212
Excess cover ratio	60.4%	62.8%
Core tier 1 ratio (without hybrid capital), total	8.9%	9.2%
Core capital ratio (tier 1), credit risk	13.6%	14.1%
Core capital ratio (tier 1), total	10.7%	11.0%
Own funds ratio	12.8%	13.0%

The total own funds requirement is as follows:

In € million	*30/9/2010*	*31/12/2009*
Risk-weighted assets according to Section 22 BWG	***51,475***	***50,090***
of which 8 per cent minimum own funds for the credit risk		
according to Sections 22a to 22 h BWG	*4,118*	*4,007*
Standardized approach	*2,771*	*2,862*
Internal rating approach	*1,347*	*1,146*
Own funds requirement for position risk in bonds, equities and commodities	*173*	*136*
Own funds requirement for open currency positions	*358*	*399*
Own funds requirement for operational risk	*583*	*574*
Total own funds requirement	***5,232***	***5,117***

Risk-weighted assets for the credit risk according to asset classes break down as follows:

In € million	*30/9/2010*	*31/12/2009*
Risk-weighted assets according to Section 22 BWG on standardized approach	***34,636***	***35,771***
Central governments and central banks	*3,288*	*2,605*
Regional governments	*91*	*127*
Public administration and non-profit organizations	*46*	*38*
Banks	*1,276*	*1,684*
Corporates	*17,997*	*17,546*
Retail (including small and medium-sized entities)	*9,945*	*11,451*
Mutual funds	*118*	*123*
Securitization position	*0*	*3*
Other positions	*1,874*	*2,195*
Risk-weighted assets on internal rating approach	***16,839***	***14,319***
Central governments and central banks	*697*	*680*
Banks	*1,588*	*1,670*
Corporates	*12,117*	*11,817*
Retail (including small and medium-sized entities)	*2,280*	*0*
Equity exposures	*157*	*152*
Total	***51,475***	***50,090***

(32) Average number of staff

The average number of staff employed during the reporting period (full-time equivalents) breaks down as follows:

Full-time equivalents	1/1-30/9/2010	1/1-30/9/2009
Central Europe	13,001	13,694
Southeastern Europe	17,142	18,444
Russia	8,421	9,546
CIS Other	17,405	18,880
Austria	393	362
Total	**56,362**	**60,926**

Financial calendar for 2011

9 March 2011	*Start of the quiet period*
8 April 2011	*Annual Report 2010, Analyst Conference; Conference Call*
12 May 2011	*Start of the quiet period*
26 May 2011	*First Quarter Report, Conference Call*
8 June 2011	*Annual General Meeting*
16 June 2011	*Ex-Dividend and Dividend Payment Date*
11 August 2011	*Start of the quiet period*
25 August 2011	*Semi-Annual Report, Conference Call*
10 November 2011	*Start of the quiet period*
24 November 2011	*Third Quarter Report, Conference Call*

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