Raiffeisen Bank International

Third Quarter Report 2015

Survey of key data

Raiffeisen Bank International Group

Monetary values in € million	2015	Change	2014
Income statement	**1/1-30/9**		**1/1-30/9**
Net interest income	2,495	(13.8)%	2,894
Net provisioning for impairment losses	(783)	(27.7)%	(1,083)
Net fee and commission income	1,129	(3.4)%	1,168
Net trading income	(12)	–	38
General administrative expenses	(2,101)	(8.5)%	(2,295)
Profit/loss before tax	624	24.3%	502
Profit/loss after tax	432	66.6%	259
Consolidated profit/loss	378	67.6%	225
Statement of financial position	**30/9**		**31/12**
Loans and advances to banks	12,169	(21.9)%	15,573
Loans and advances to customers	73,284	(6.0)%	77,925
Deposits from banks	18,534	(17.3)%	22,408
Deposits from customers	68,048	3.0%	66,094
Equity	8,624	3.9%	8,302
Assets	117,238	(3.6)%	121,624
Key ratios	**1/1-30/9**		**1/1-30/9**
Return on equity before tax	9.9%	4.0 PP	5.8%
Cost/income ratio	57.4%	1.9 PP	55.5%
Return on assets before tax	0.70%	0.19 PP	0.52%
Net interest margin (average interest-bearing assets)	2.99%	(0.30) PP	3.29%
Provisioning ratio (average loans and advances to customers)	1.33%	(0.45) PP	1.79%
Bank-specific information	**30/9**		**31/12**
NPL ratio	12.1%	0.8 PP	11.3%
Risk-weighted assets (total RWA)	67,195	(2.2)%	68,721
Total capital requirement	5,376	(2.2)%	5,498
Total capital	11,244	2.2%	11,003
Common equity tier 1 ratio (transitional)	11.4%	0.5 PP	10.9%
Common equity tier 1 ratio (fully loaded)	10.8%	0.8 PP	10.0%
Total capital ratio (transitional)	16.7%	0.7 PP	16.0%
Total capital ratio (fully loaded)	16.2%	1.0 PP	15.2%
Stock data	**1/1-30/9**		**1/1-30/9**
Earnings per share in €	1.29	62.0%	0.80
Closing price in € (30/9)	11.71	(32.0)%	17.22
High (closing prices) in €	15.59	(50.1)%	31.27
Low (closing prices) in €	9.01	(47.7)%	17.22
Number of shares in million (30/9)	292.98	0.0%	292.98
Market capitalization in € million (30/9)	3,431	(32.0)%	5,045
Resources	**30/9**		**31/12**
Employees as at reporting date (full-time equivalents)	52,744	(3.6)%	54,730
Business outlets	2,754	(3.9)%	2,866
Customers in million	14.8	(0.1)%	14.8

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In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG.

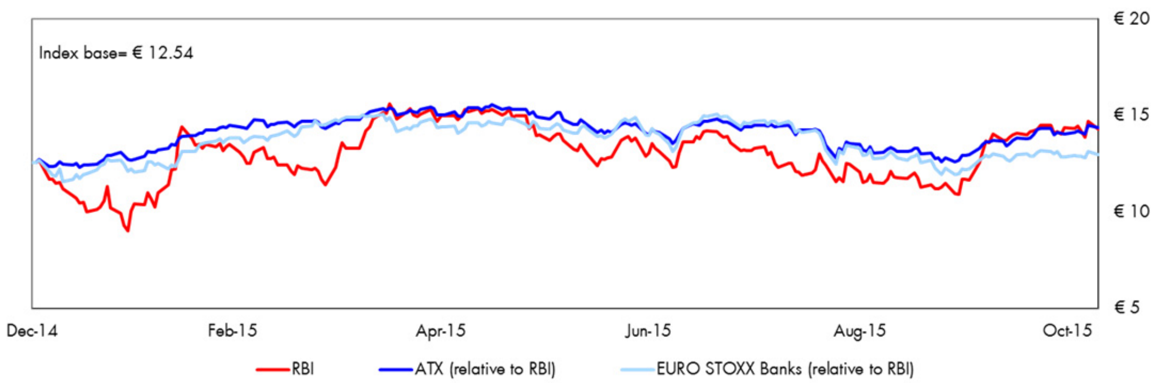
Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts

RBI in the capital markets

Performance of RBI stock

RBI's stock opened the third quarter at a share price of € 13.05, reaching its highest closing price of € 14.21 on 17 July 2015. As the consolidation of European equity markets subsequently set in, RBI's share price also declined and closed the third quarter at € 11.71. It was trading at € 14.29 as of the editorial deadline for this report on 9 November 2015.

Share price performance since 1 January 2015 compared to ATX and EURO STOXX Banks



Active capital market communication

To mark the release of the results for the first half of 2015, RBI's Management Board met with investors in Vienna on 19 August and also held a conference call – also available as a webcast on the Internet – in which over 350 international analysts and investors participated.

At the end of September, RBI invited analysts to its annual talk in London, which was attended by almost all of the equity analysts who regularly report on RBI. An international conference followed the next day, also held in London: The Management Board presented the company to around 100 participants and answered questions from investors. Subsequently, the Management Board took part in group meetings with a total of 45 high-profile investors. Shortly thereafter, RBI was represented at an Austrian investor conference in Stegersbach.

A total of 28 equity analysts and 20 debt analysts regularly issue investment recommendations on RBI, making it the company in Austria with the largest number of analysts reporting on it on a regular basis.

Stock data and details

RBI's stock has been listed on the Vienna Stock Exchange since 25 April 2005. RZB held approximately 60.7 per cent of RBI's stock as at the end of the third quarter of 2015, with the remaining shares in free float.

Share price as at 30 September 2015	€ 11.71
High/low in the third quarter 2015	€ 14.21/€ 10.90
Earnings per share from 1 January to 30 September 2015	€ 1.29
Bookvalue per share as at 30 September 2015	€ 27.77
Market capitalization as at 30 September 2015	€ 3.4 billion
Average daily trading volume in the third quarter 2015 (single count)	721,856 shares
Stock exchange turnover in the third quarter 2015 (single count)	€ 591 million
Free float as at 30 September 2015	approximately 39.3%

ISIN	AT0000606306
Ticker symbols	RBI (Vienna Stock Exchange)
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	Prime Market
Number of shares issued as at 30 September 2015	292,979,038

Rating details

Rating Agency	Long-term rating	Outlook	Short-term rating
Moody's Investors Service	Baa2	negative	P-2
Standard & Poor's	BBB	negative	A-2
Fitch Ratings	BBB	negative	F3

Financial Calendar 2016

17 February 2016	Start of Quiet Period
16 March 2016	Annual Report 2015, Conference Call
17 March 2016	RBI Investor Presentation, London
28 April 2016	Start of Quiet Period
12 May 2016	First Quarter Report, Conference Call
06 June 2016	Record Date Annual General Meeting
16 June 2016	Annual General Meeting
23 June 2016	Ex-Dividend Date
24 June 2016	Record Date Dividends
27 June 2016	Dividend Payment Date
04 August 2016	Start of Quiet Period
18 August 2016	Semi-Annual Report, Conference Call
27 October 2016	Start of Quiet Period
10 November 2016	Third Quarter Report, Conference Call

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Group management report

Market development

The financial markets in Central and Eastern Europe (CEE) are currently under the heavy influence of global trends. The fall-out of the low interest rate environment in the US and Western Europe can be seen in the countries of Central Europe (CE) and Southeastern Europe (SEE), in that the base rates and bond yields are at historical lows. In the short term, the ECB's expansionary monetary policy should continue to indirectly support the financial markets in CE and SEE. In some countries (e.g. Hungary, Poland, Serbia, and Romania), the interest rates are so low that higher market risk has to be considered in the event of market volatility following changes to US interest rates. In Russia, the start of the stabilization of the rouble and a light drop in inflation provided enough room for cuts in interest rates. In the months to come, the increased "crisis" interest rates (to 17 per cent) from recent years should become competitive, and the base rate in Russia could fall to under 10 per cent. In light of the current euro weakness, most CEE currencies are developing stably against the euro. Devaluation risks exist above all for the Ukrainian hryvnia and Belarusian rouble.

Strong economic indicators in the first half of 2015 point to significant economic growth in CE for the year as a whole. In contrast, the outlook for SEE remains mixed, but an increasingly broad-based upturn is also discernible. In the Eastern European (EE) region, all three countries (Belarus, Russia and Ukraine) will be marked by recessions in 2015. However, Western sanctions against Russia, as well as restrictions on food imports from the EU to Russia, have no material impact on economic growth – either in the euro area or in CE and SEE – owing to the marginal level of direct interdependence.

Central Europe (CE) – the Czech Republic, Hungary, Poland, Slovakia and Slovenia – is the most economically developed CEE region. With the exception of Poland, CE economies are small, open and highly dependent on exports, primarily to Germany. Following a 3.0 per cent increase in 2014, economic growth in CE should reach 3.6 per cent in 2015. The Czech Republic is expected to show the strongest GDP growth at over 4 per cent, followed by Poland at 3.7 per cent and then by Slovakia and Hungary at roughly 3.0 per cent each. In general, CE benefits from solid economic growth in Germany, recovery in the euro area, as well as from expansive monetary policies in a number of CE countries. Nevertheless, GDP growth rates for 2016, driven by cyclical factors, will probably be slightly below their 2015 levels. Inflation rates should start climbing again after lows in the first quarter of 2015 – in some cases, they were in modest deflationary territory – but remain historically very moderate. This suggests a continuation of expansive monetary policies in CE.

In Southeastern Europe (SEE) – Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia – economic output is expected to grow 2.4 per cent in 2015, compared to 1.5 per cent in 2014. In Romania, which benefits from successfully implemented structural reforms, GDP growth of roughly 3.5 per cent is anticipated and in Albania an increase of around 2.7 per cent is expected. Most other SEE countries will post weaker economic growth in 2015, but Croatia and Serbia will pull out of their recessions in 2015. Overall moderate economic growth in SEE is attributable not only to outstanding structural adjustments, but also to the high level of private sector debt, which is only slowly coming down. For 2016, positive growth rates are expected for all SEE countries, with the debt reduction of recent years likely to support economic activity.

In Eastern Europe (EE) – Belarus, Russia and Ukraine – the economic situation remains challenging, even though the second half of the year showed signs of economic stabilization. As a result of the sharp slump in the first half of the year, GDP in the region looks set to shrink 4.4 per cent in 2015. In line with expectations, the Russian economic slowdown – which was already discernible in 2013 and 2014 – deepened into a recession in the first half of 2015, due to renewed downward pressure on the oil price and the sanctions regime. Accordingly, Russian economic output is expected to contract 4.0 per cent in the current year. Consumer demand in Russia fell sharply on the back of declining real wages, while the lower year-on-year oil price eroded export revenues. Russia's inflation rate rose significantly in the first quarter of 2015, but stabilized in the second quarter and should slide back down towards the end of 2015. In addition, notable currency devaluations in Russia and Ukraine are weighing on consumption and investment in both countries, while exports have so far had limited benefit from the increased price competitiveness of Russian and Ukrainian products. Given the continued adjustment recession in Ukraine, it is anticipated that its GDP will decline at least 10 per cent in 2015 and that expected renewed growth in 2016 will also remain subdued. Belarus, which is heavily impacted by the recession in Russia, is – like Russia – expected to show a GDP decline of 4.0 per cent in 2015. Depending on the development in Russia, 2016 could also turn out to be a challenging year for Belarus. With its GDP likely to stagnate in the coming year or even slightly contract in a continuing negative external environment, a substantial recovery is not currently anticipated in Russia for 2016.

Annual real GDP growth in per cent

Region/country	2014	2015e	2016f	2017f
Czech Republic	2.0	4.3	2.4	2.4
Hungary	3.6	3.0	2.5	2.3
Poland	3.4	3.7	3.6	3.4
Slovakia	2.4	3.3	3.5	3.5
Slovenia	2.6	2.4	2.3	1.8
Central Europe	**3.0**	**3.6**	**3.1**	**3.0**
Albania	2.0	2.7	4.0	4.0
Bosnia and Herzegovina	0.8	2.0	3.0	3.0
Bulgaria	1.7	2.0	2.1	3.0
Croatia	(0.4)	0.5	1.0	1.5
Kosovo	0.9	3.0	3.0	3.5
Romania	2.8	3.5	3.5	3.0
Serbia	(1.8)	0.5	2.5	3.0
Southeastern Europe	**1.5**	**2.4**	**2.8**	**2.8**
Russia	0.6	(4.0)	0.0	1.5
Belarus	1.6	(4.0)	0.5	2.5
Ukraine	(6.8)	(10.0)	1.5	3.0
Eastern Europe	**0.2**	**(4.4)**	**0.1**	**1.6**
Austria	**0.4**	**0.7**	**1.8**	**1.5**
Germany	**1.6**	**1.6**	**2.2**	**1.8**
Euro area	**0.9**	**1.4**	**1.9**	**1.7**

Source: Raiffeisen Research

Earnings and financial performance

RBI decided in February 2015 to reshape its business strategy. The associated restructuring measures – downsizing of selected business activities and disposal of Group assets – are in the implementation stage, but most of these measures were not yet finalized as at the end of the third quarter of 2015. Restructuring costs for the year-to-date have totaled only € 24 million. RBI's earnings continued to be impacted in 2015 by high levels of currency volatility, particularly in Eastern European currencies. For example, the average exchange rate of the Russian rouble was 29 per cent below the comparable level of the previous year's period while the Ukrainian hryvnia was down 37 per cent. In contrast, the US dollar and Swiss franc appreciated 20 per cent and 14 per cent, respectively, against the euro.

Profit before tax was € 624 million, which represents a year-on-year increase of 24 per cent or € 122 million. While the operating result remained 15 per cent below the previous year's level due to lower net interest income, 28 per cent lower net provisioning for impairment losses and lower one-off effects than in the previous year (e.g. expenses for The Settlement Act in Hungary) resulted in an improvement in profit before tax. One-off effects in the third quarter included a goodwill impairment of € 96 million, in relation to the Group unit in Poland, as well as a € 75 million charge owing to a law in Croatia requiring the mandatory conversion of Swiss franc-denominated loans into euro loans.

Operating income declined 12 per cent year-on-year, or € 477 million, to € 3,660 million. This was primarily attributable to strong currency devaluations (mainly the Russian rouble and Ukrainian hryvnia). Net interest income fell 14 per cent, or € 399 million, to € 2,495 million. In addition to the aforementioned currency effects, the falling market interest rate level in Central and Southeastern Europe, as well as loan defaults in Asia incurred in the previous year, had a negative impact on the Group's net interest margin (calculated based on interest-bearing assets), which decreased 30 basis points to 2.99 per cent. Despite the currency effects in Eastern Europe, net fee and commission income decreased only 3 per cent to € 1,129 million; whereby, in particular, higher income from other banking services, as well as the foreign currency and securities business, absorbed currency-related declines in income, primarily from the payment transfer business. Net trading income was minus € 12 million, down € 51 million from the previous year's level. Although net income from other transactions improved, interest-based as well as equity- and index-based transactions decreased.

General administrative expenses were down 9 per cent year-on-year, or € 194 million, to € 2,101 million. The decline was largely attributable to currency devaluations in Eastern Europe, especially in Russia and Ukraine. The average number of staff decreased 5 per cent year-on-year to 54,019 from 57,079, predominantly due to staff reductions in Eastern Europe and Poland. In addition to currency developments, the sharp decline in staff expenses also resulted from the decision not to pay bonuses for 2014 and the associated release of provisions totaling € 76 million. The number of business outlets was down 140 year-on-year to 2,754. Despite the currency effects and business outlet reductions, other administrative expenses remained nearly unchanged as a result of expenses being incurred for the resolution fund for the first time. Depreciation of tangible and intangible fixed assets decreased as a brand and customer base impairment was recognized in Ukraine in the same period last year.

Net provisioning for impairment losses was down 28 per cent in total year-on-year, or € 300 million, to € 783 million; whereby, the largest declines in net provisioning for impairment losses occurred in Ukraine, Asia, Southeastern Europe, and at Group head office.

Net income from derivatives and liabilities dropped € 49 million to € 11 million in the reporting period, primarily due to a € 100 million change resulting from the credit spread for own liabilities. Net income from financial investments contracted € 33 million year-on-year to € 68 million, driven by lower net proceeds from sales of securities held in the fair value portfolio.

Profit after tax rose 67 per cent year-on-year to € 432 million. Profit attributable to non-controlling interests increased € 20 million to € 54 million. Accordingly, consolidated profit in the reporting period was € 378 million, which corresponds to an increase of 68 per cent or € 152 million. The average number of shares outstanding in the reporting period was 292.4 million (previous year: 282.7 million). This resulted in earnings per share of € 1.29.

Risk-weighted assets (total RWA) declined 2 per cent year-to-date to € 67,195 million. The bulk of the decline was attributable to lower volumes and new securitization transactions at Group head office. The lower volumes were partly offset by currency appreciation (Swiss franc and US dollar), primarily in the first half of the year, which led to an increase in RWA.

Comparison of results year-on-year

in € million	1/1-30/9/2015	1/1-30/9/2014	Change absolute	Change in %
Net interest income	2,495	2,894	(399)	(13.8)%
Net fee and commission income	1,129	1,168	(40)	(3.4)%
Net trading income	(12)	38	(51)	–
Sundry net operating income	49	36	12	33.5%
Operating income	**3,660**	**4,137**	**(477)**	**(11.5)%**
Staff expenses	(1,008)	(1,149)	141	(12.3)%
Other administrative expenses	(860)	(874)	14	(1.6)%
Depreciation	(233)	(273)	39	(14.4)%
General administrative expenses	**(2,101)**	**(2,295)**	**194**	**(8.5)%**
Operating result	**1,559**	**1,842**	**(283)**	**(15.4)%**
Net provisioning for impairment losses	(783)	(1,083)	300	(27.7)%
Other results	(152)	(257)	105	(40.8)%
Profit/loss before tax	**624**	**502**	**122**	**24.3%**
Income taxes	(192)	(243)	51	(20.8)%
Profit/loss after tax	**432**	**259**	**172**	**66.6%**
Profit attributable to non-controlling interests	(54)	(34)	(20)	59.5%
Consolidated profit/loss	**378**	**225**	**152**	**67.6%**

Net interest income

In the first nine months of 2015, net interest income fell 14 per cent year-on-year, or € 399 million, to € 2,495 million. Net interest income, largely due to currency-related effects, fell €133 million in Russia and € 81 million in Ukraine. Loan defaults in Asia reduced net interest income by € 49 million. In addition, net interest income declined € 49 million in Poland due to the continuing low market interest rates. At Group head office, net interest income declined € 45 million, primarily as a result of lower interest income from derivatives.

The Group's net interest margin declined 30 basis points year-on-year to 2.99 per cent. The main causes were reduced margins in many countries in the Central Europe and Southeastern Europe segments, as well as in Poland, due to the continued decline in market interest rates in those regions. In the Eastern Europe segment, the interest margin mainly fell due to currency effects.

Net fee and commission income

Net fee and commission income fell 3 per cent year-on-year, or € 40 million, to € 1,129 million and was largely currency related. Net income from the payment transfer business fell 13 per cent, or € 67 million, to € 470 million, primarily as a result of currency effects in Russia and Ukraine. Net income from the loan and guarantee business also fell – € 10 million to € 150 million – with the largest factor being developments in Russia and at Group head office. In contrast, net income from other banking services rose 28 per cent, or € 11 million, to € 50 million; this growth was primarily achieved in Poland. Net income from the securities business rose 11 per cent, or € 11 million, to € 104 million, with Romania, Group head office and Hungary accounting for the highest contributions. Net income from the management of investment and pension funds grew 34 per cent, or € 8 million, to € 33 million, predominantly due to developments in Croatia and Slovakia. Net income from the foreign currency, notes/coins and precious metals business improved 3 per cent, or € 7 million, to € 285 million, primarily driven by higher volumes and margins in Russia, Romania and Slovakia.

Net trading income

Compared to the same period last year, net trading income declined € 51 million to minus € 12 million. Interest-based business decreased 71 per cent, or € 76 million, to € 32 million – primarily due to valuation losses and lower interest income from financial derivatives and securities positions at Group head office and in Poland, while Russia and the Czech Republic posted valuation gains. Equity- and index-based transactions fell € 21 million to € 20 million due to the difficult market environment, though this loss is secured through hedging instruments. Currency-based transactions rose € 3 million to minus € 65 million. This was mainly attributable to a marked increase in Belarus, caused by positive effects from a strategic currency position and the discontinuation of hyperinflation accounting, which had resulted in a decline of € 23 million in the previous year. Furthermore, the result from proprietary trading also increased. This contrasted with losses from a hedging transaction related to Russian rouble-denominated dividend income (minus € 70 million) and net investment hedge costs, as well as exchange-rate related valuation losses on foreign currency positions in Ukraine (minus € 11 million). Net income from other transactions also improved € 43 million, after the low interest rate level had a negative impact on the valuation of a guarantee product in the previous year.

Sundry net operating income

Sundry net operating income rose 34 per cent year-on-year, or € 12 million, to € 49 million. Net income from other provisions improved € 11 million, primarily as a result of lower allocations for litigation in Hungary and releases of other provisions in Slovenia.

General administrative expenses

Compared to the same period last year, general administrative expenses declined € 194 million to € 2,101 million. The cost/income ratio nevertheless increased 1.9 percentage points to 57.4 per cent, notably due to the reduced net interest income.

At 48 per cent, the largest component in general administrative expenses was staff expenses, which fell 12 per cent, or € 141 million, to € 1,008 million. Bonus provisions of € 76 million were released in the first half of the year following the decision not to pay bonuses for 2014. Furthermore, currency effects and staff reductions were mainly responsible for the sharp decline in staff expenses in Russia (down € 64 million) and Ukraine (down € 33 million).

The average number of staff (full-time equivalents) fell by 3,060 year-on-year to 54,019. The biggest declines occurred in Ukraine (down 1,690), Poland (down 450), Russia (down 319), Hungary (down 247), and Bulgaria (down 148).

Other administrative expenses fell slightly, by € 14 million to € 860 million, primarily due to currency effects in Russia (down € 44 million) and Ukraine (down € 13 million). Lower IT and legal, advisory and consultancy expenses were posted in Poland (down € 8 million), while deposit insurance fees rose due to higher customer deposits. Expenditures relating to the resolution fund increased expenses by € 49 million.

Depreciation of tangible and intangible fixed assets fell 14 per cent, or € 39 million, year-on-year to € 233 million. While there were slight decreases in some countries, Ukraine recorded a decline of € 35 million after impairments to the brand and the customer base were posted in the same period last year. In contrast, impairments in Hungary rose as a result of branch closures and an impairment of software.

Net provisioning for impairment losses

Compared to the same period last year, net provisioning for impairment losses fell 28 per cent in total, or € 300 million, to € 783 million. This was due to a € 243 million reduction in individual loan loss provisioning to € 811 million. Portfolio-based provisioning resulted in a net release of € 19 million, an improvement of € 50 million. In addition, proceeds from the termination or sale of loans increased € 7 million to € 9 million.

The largest declines in net provisioning for impairment losses were recorded in Ukraine, in Asia, in individual countries of Southeastern Europe and at Group head office: In Ukraine, the provisioning requirement was € 154 million, down € 172 million compared to the previous year. In addition to currency effects, there were high allocations in the previous year due to the adjustment of collateral for existing non-performing loans and due to higher provisioning required for retail and corporate customers in the Donbass region. In Asia, net provisioning for impairment losses fell € 61 million, following provisioning being required in the previous year due to defaults of large corporate customers.

At Group head office, net provisioning for impairment losses for large corporate customers fell € 26 million to € 117 million. The credit risk situation also improved significantly in the Southeastern Europe countries: Net provisioning for impairment losses fell € 53 million year-on-year to € 125 million. The biggest declines were recorded in Bulgaria (€ 26 million), Romania (€ 15 million), Croatia (€ 5 million) and Albania (€ 6 million). The countries of Central Europe also recorded a € 15 million reduction to € 90 million. Here, the largest decline of € 12 million was in Slovakia for net provisioning for impairment losses in corporate and retail customer business. In contrast, the net provisioning requirement for impairment losses in Russia increased € 30 million compared to the same period last year. This was due to the continuing unfavorable underlying economic conditions in Russia as well as sales of loans. Based on asset classes, developments in the reporting period were as follows: In the first three quarters, net provisioning for impairment losses for corporate customers amounted to €470 million, while the amount for retail customers was € 309 million.

The portfolio of non-performing loans rose € 59 million since the start of the year to € 8,897 million, with currency effects accounting for a € 156 million increase. Therefore, the actual reduction in non-performing loans on a currency-adjusted basis was € 98 million. The largest increases especially occurred in Asia (up € 227 million), Russia (up € 172 million), Croatia (up € 55 million) and Ukraine (up € 47 million). These contrasted with declines in Hungary (down € 410 million – predominantly as a result of The Settlement Act), Poland (down € 63 million), Romania (down € 60 million), Bulgaria (down € 47 million), and in the Czech Republic (down € 41 million). In the reporting period, the NPL ratio rose 0.8 percentage points to 12.1 per cent compared to year-end 2014. Loan loss provisions stood at € 5,926 million, resulting in a NPL coverage ratio of 66.6 per cent compared to 67.4 per cent at the year-end.

The provisioning ratio, based on average volume of loans and advances to customers, fell 0.45 percentage points year-on-year to 1.33 per cent.

Other results

Other results – consisting of net income from derivatives and liabilities, net income from financial investments, bank levies reported in other operating income/expenses, one-off effects and goodwill impairments, as well as net income from the disposal of Group assets – improved € 105 million year-on-year to minus € 152 million.

Net income from derivatives and liabilities

Net income from derivatives and liabilities fell € 49 million to € 11 million in the reporting period, with the change in the credit spread on own liabilities in particular accounting for € 100 million. This decline was partly offset by net gains from the valuation of banking book derivatives used for hedging purposes at Group head office.

Net income from financial investments

Net income from financial investments fell € 33 million year-on-year to € 68 million. There were € 35 million lower net proceeds from sales of securities held in the fair value portfolio year-on year, predominantly in Ukraine. In contrast, valuation results from the fair value portfolio of securities rose € 8 million to € 75 million. Valuation gains on bonds in Russia were higher; while there were declines in valuation results on government bonds in Ukraine (securities linked to the US dollar), at Group head office, and in Hungary and Romania.

Bank levies, one-off effects and goodwill

The expense for bank levies fell € 43 million to € 93 million in the reporting period. This reduction resulted from the release of a provision formed in 2014 in connection with the payment of bank levies in Hungary (down € 27 million), Slovakia (down € 12 million), and Austria (down € 4 million).

In Hungary, adjustments required in connection with the implementation of The Settlement Act (unilateral interest rate changes on consumer loans) led to the partial release of a provision of € 38 million, which was formed in the previous year. In the comparable period of the previous year, an allocation of € 272 million was made after the government's plan was announced.

In September 2015, the Croatian Parliament adopted a law to enforce the conversion of loans denominated in Swiss francs at historic rates at the time of lending. The resulting losses are to be entirely borne by the lending banks. Although RBI took immediate legal measures, a total provision of € 75 million was posted in September. This reduced consolidated profit by € 57 million. There was an additional expense of € 9 million relating to foreign currency loans in Serbia and Croatia, where regulations fixed installment payments at historic exchange rates.

In addition, there were goodwill impairments of € 99 million. The existing goodwill for the Polish subsidiary of € 96 million was fully amortized in September. This impairment primarily followed due to a higher discount factor (on account of higher market risk premiums owing to the environment). There was also a review of the medium-term planning, which resulted in lower profit growth because of the environment in Poland with regard to growth of business volumes and the refinancing structure.

Net income from the disposal of Group assets

Net income from the disposal of Group assets improved from minus € 10 million in the same period last year to plus € 7 million in the reporting period. The net income from the disposal of Group assets recorded in 2015 derived from various Group units on grounds of immateriality or due to sale. In the previous year, net income from the disposal of Group assets recorded a loss of € 11 million following the sale of the trading group F.J. Elsner, Vienna.

Income taxes

Income tax expense fell € 51 million year-on-year to € 192 million. This was primarily due – despite an increase in net income – to a reduction in the tax expense at Group head office (€ 31 million) and in Croatia (€ 19 million). In the previous year, Group head office posted a deferred tax expense from valuation gains on own liabilities and derivatives. This contrasted with no current taxes at Group head office in the reporting period. The reduction in Croatia was due to the recognition of deferred tax assets for expenses relating to loans denominated in Swiss francs due to the aforementioned changes in legislation. The tax rate was 31 per cent compared to 48 per cent last year; the decline was due to losses in the previous year in Hungary and Ukraine, which were not recognizable for taxation purposes.

Comparison of results with the previous quarter

in € million	Q3/2015	Q2/2015	Change absolute	Change in %
Net interest income	813	862	(49)	(5.7)%
Net fee and commission income	384	385	(1)	(0.2)%
Net trading income	(14)	64	(78)	–
Sundry net operating income	34	15	18	121.5%
Operating income	**1,216**	**1,326**	**(109)**	**(8.2)%**
Staff expenses	(352)	(310)	(42)	13.5%
Other administrative expenses	(282)	(303)	22	(7.1)%
Depreciation	(79)	(83)	4	(5.1)%
General administrative expenses	**(713)**	**(697)**	**(16)**	**2.3%**
Operating result	**503**	**629**	**(125)**	**(19.9)%**
Net provisioning for impairment losses	(191)	(332)	141	(42.5)%
Other results	(155)	(18)	(137)	>500.0%
Profit/loss before tax	**157**	**279**	**(122)**	**(43.7)%**
Income taxes	(52)	(53)	2	(3.2)%
Profit/loss after tax	**106**	**226**	**(120)**	**(53.2)%**
Profit attributable to non-controlling interests	(16)	(22)	6	(27.4)%
Consolidated profit/loss	**90**	**204**	**(114)**	**(55.9)%**

Net interest income

Compared to the second quarter of 2015, net interest income fell 6 per cent, or € 49 million, to € 813 million in the third quarter of 2015. The net interest margin (calculated on interest-bearing assets) fell 8 basis points from the previous quarter to 2.98 per cent. This trend was primarily attributable to lower net interest income in Russia (interest income from derivatives fell € 27 million) and at Group head office (interest income from derivatives fell € 19 million).

Net fee and commission income

Net fee and commission income remained almost unchanged and fell just € 1 million to € 384 million compared to the second quarter of 2015. The largest increase – 4 per cent, or € 6 million, to € 164 million – was in net income from the payment transfer business, due to improved services in Croatia as well as seasonal effects in Romania. Net income from the foreign currency, notes/coins, and precious metals business increased € 3 million to € 98 million due to higher volumes, especially in Romania. In contrast, net income from the loan and guarantee business declined 16 per cent, or € 9 million, to € 47 million, notably in Russia, Hungary and Slovakia.

Net trading income

Compared to the previous quarter, net trading income was down € 78 million to minus € 14 million. Net income from equity- and index-based transactions fell € 12 million to minus € 1 million due to the difficult market environment, though this loss is secured through hedging instruments. Despite this, interest-based business decreased € 48 million to minus € 46 million, primarily due to lower income from interest-based derivatives in Poland, while Group head office posted valuation gains and higher interest income from financial derivatives and securities positions. The decline of € 20 million in net income from currency-based transactions to € 25 million was triggered by costs relating to the capital hedge totaling € 25 million (including € 13 million for the first half of 2015) as well as valuation losses on foreign currency positions, notably in Ukraine – where valuation gains were still recorded in the second quarter. In the Czech Republic and Asia, net income mainly fell due to valuation losses on derivatives and foreign currency positions; whereas, in Belarus a gain was recorded from an economic hedge against the capital position following the 5 per cent currency devaluation in the third quarter. Net income from other transactions was negatively impacted by a valuation loss on a guarantee product.

Sundry net operating income

In the third quarter of 2015, sundry net operating income rose € 18 million compared to the previous quarter to € 34 million. This was primarily due to a € 22 million increase in net income from the allocation and release of other provisions, materially attributable to Group head office.

General administrative expenses

At € 713 million in the third quarter of 2015, general administrative expenses were up 2 per cent, or € 16 million, from € 697 million in the previous quarter.

In the third quarter of 2015, staff expenses rose € 42 million to € 352 million. This was mainly due to the release of bonus provisions for the 2014 financial year totaling € 76 million in the previous quarter.

Other administrative expenses fell 7 per cent, or € 22 million, to € 282 million. This was mainly attributable to the expenses posted for the resolution fund in the previous quarter. Higher expenses were recorded in the previous quarter due to the cancellation of lease contracts in connection with branch closures in Hungary.

Depreciation of tangible and intangible fixed assets fell € 4 million from the previous quarter to € 79 million. This was mainly attributable to building impairments posted in Ukraine in the second quarter.

Net provisioning for impairment losses

Compared to the previous quarter, net provisioning for impairment losses declined 43 per cent, or € 141 million, to € 191 million. This was primarily attributable to developments in corporate customer business at Group head office and in Russia. Overall, individual loan loss provisioning fell € 136 million to € 228 million, while releases of portfolio-based loan loss provisions remained almost constant at € 30 million. The portfolio of non-performing loans fell € 202 million to € 8,897 million. The organic decline in non-performing loans of € 108 million was mainly due to Poland (down € 137 million) and Hungary (down € 79 million). This contrasted with increases in Croatia (up € 63 million), Russia (up € 30 million), and Group Corporates (up € 25 million). The NPL ratio rose compared to the previous quarter, from 11.9 per cent to 12.1 per cent. At 66.6 percent, the NPL coverage ratio remained on the level of the second quarter of 2015.

Other results

Other results fell from minus € 18 million in the second quarter of 2015 to minus € 155 million in the third quarter of 2015.

Net income from derivatives and liabilities

Net income from derivatives and liabilities improved € 50 million from the previous quarter to € 20 million, predominantly due to net income from the change in the credit spread of own issues (up € 23 million) and to net gains from the valuation of banking book derivatives.

Net income from financial investments

Net income from financial investments rose € 10 million to € 7 million quarter-on-quarter. This was primarily attributable to a € 16 million increase in the valuation of securities in the fair value portfolio, predominantly posted at Group head office. In contrast, net proceeds from the sale of securities from the fair value portfolio fell € 6 million compared to the previous quarter, primarily at Group head office. Impairment charges relating to equity participations fell € 4 million and net proceeds from the sale of participations fell € 3 million.

Bank levies, one-off effects and goodwill

Bank levies amounted to € 25 million in the third quarter of 2015 (previous quarter: € 4 million). This increase was primarily attributable to the release of a provision of € 21 million in the second quarter in Hungary, which was formed in the previous year.

In Hungary, the implementation of The Settlement Act (adopted by the government in the previous year) resulted in the partial release of the provision formed in the previous year by a further € 4 million. A release of € 25 million was posted in the second quarter.

In September 2015, the Croatian Parliament adopted a law to enforce the conversion of loans denominated in Swiss francs at historic rates at the time of lending. The resulting losses are to be entirely borne by the lending banks. This resulted in a one-off effect in the form of a provision of € 75 million in sundry operating expenses in the third quarter of 2015, which had a negative effect of € 57 million on consolidated profit.

Furthermore, there was a € 96 million goodwill impairment recorded for the Group's Polish unit in the third quarter of 2015, as the existing goodwill of € 96 million was fully amortized in September. This impairment primarily followed due to a higher discount factor (on account of higher market risk premiums owing to the environment). There was also a review of the medium-term planning, which resulted in lower profit growth because of the environment in Poland with regard to growth of business volumes and the refinancing structure.

Income taxes

Income tax expense of € 52 million was almost unchanged from the previous quarter. At 33 per cent, the tax rate increased due to goodwill impairments (previous quarter: 19 per cent).

Statement of financial position

Total assets declined 4 per cent year-to-date, or € 4,385 million, to € 117,238 million. As a result of currency developments – in particular the appreciation of the US dollar (up 8 per cent) against the euro – total assets increased approximately € 3 billion, whereas total assets on an organic basis declined by almost € 7 billion.

Assets

in € million	30/9/2015	Share	31/12/2014	Share
Loans and advances to banks (less impairment losses)	12,052	10.3%	15,459	12.7%
Loans and advances to customers (less impairment losses)	67,358	57.5%	71,971	59.2%
Financial investments	18,054	15.4%	17,916	14.7%
Other assets	19,775	16.9%	16,278	13.4%
Total assets	**117,238**	**100.0%**	**121,624**	**100.0%**

Loans and advances to banks before deduction of loan loss provisions decreased € 3,404 million year-to-date to € 12,169 million, mainly due to a € 3,500 million reduction in short-term receivables from money market business – predominantly at Group head office – to € 7,422 million for the benefit of an increased cash reserve. At the same time, receivables from repurchase agreements were down € 3,130 million to € 1,483 million and receivables from securities lending transactions fell € 203 million to € 18 million.

Loans and advances to customers before deduction of loan loss provisions declined € 4,641 million, or 6 per cent, to € 73,284 million. This included a fall of € 4,175 million to € 44,406 million in loans to large corporate customers – predominantly at Group head office and in Asia and Hungary. Loans and advances to retail customers (private individuals, as well as small and medium-sized entities) recorded a slight increase of € 131 million to € 25,065 million, mainly driven by organic growth in Slovakia and the Czech Republic; whereas the credit volume in Hungary decreased due to the implementation of The Settlement Act, which was adopted in the previous year. Loans and advances to sovereigns also sank € 593 million to € 858 million, mainly as a result of developments in Hungary.

The € 3,496 million increase in other assets to € 19,775 million, resulted in particular from the increase in the cash reserve and assets held for sale, whereas derivatives held for trading declined.

Equity and liabilities

in € million	30/9/2015	Share	31/12/2014	Share
Deposits from banks	18,534	15.8%	22,408	18.4%
Deposits from customers	68,048	58.0%	66,094	54.3%
Equity and subordinated capital	12,965	11.1%	12,487	10.3%
Other liabilities	17,691	15.1%	20,634	17.0%
Total equity and liabilities	**117,238**	**100.0%**	**121,624**	**100.0%**

Deposits from banks (mostly commercial banks) fell € 3,874 million, to € 18,534 million, with a reduction both in long-term and in short-term deposits, particularly at Group head office, as well as in Asia, Russia and Poland.

Deposits from customers rose € 1,954 million, or 3 per cent, to € 68,048 million, whereby in particular deposits from retail customers and sovereigns increased. The € 2,015 million increase to € 32,940 million in deposits from retail customers derived largely from Poland, Slovakia, Russia, the Czech Republic and Romania. Deposits from sovereigns – due primarily to developments at Group head office and in Russia – grew € 1,283 million to € 2,434 million. In contrast, deposits from large corporate customers were down € 1,420 million to € 29,869 million, with the largest declines recorded at Group head office, as well as in Asia and Hungary, while Slovakia and Poland posted increases.

Other liabilities fell € 2,943 million to € 17,691 million, with debt securities decreasing € 2,608 million, mainly due to a lower refinancing requirement. Trading liabilities declined, whereas there was an increase in liabilities held for sale.

The funding structure was as follows:

in € million	30/9/2015	Share	31/12/2014	Share
Customer deposits	68,048	68.8%	66,094	64.0%
Medium- and long-term refinancing	14,468	14.6%	17,916	17.2%
Short-term refinancing	12,050	12.2%	15,085	14.7%
Subordinated liabilities	4,341	4.4%	4,185	4.1%
Total	**98,908**	**100.0%**	**103,281**	**100.0%**

The ratio of customer loans to customer deposits improved 13 percentage points year-to-date to 98 per cent. Excluding the Non-Core segment, it would have been at 94 per cent.

Equity on the statement of financial position

Equity on the statement of financial position, consisting of consolidated equity, consolidated profit, and non-controlling interests, increased 4 per cent versus the end of 2014, or € 322 million, to € 8,624 million. This increase was mainly due to total comprehensive income, whereas dividend payments to non-controlling interests in the Czech Republic and Slovakia resulted in a € 51 million reduction in capital.

Total comprehensive income of € 394 million consisted of profit after tax of € 432 million and other comprehensive income of minus € 38 million. Exchange rate differences of minus € 68 million constituted the largest item in other comprehensive income. The material drivers were the 28 per cent depreciation of the Belarus rouble and 20 per cent depreciation of the Ukrainian hryvnia; meanwhile, the Czech koruna appreciated 2 per cent and the Romanian leu and Polish zloty were both up 1 per cent. In the comparable period of the previous year, a negative effect of € 571 million resulted mainly from the depreciation of the Ukrainian hryvnia and Russian rouble. This compared to net positive income from a capital hedge of € 65 million. The cash flow hedge and deferred taxes reduced other comprehensive income by € 12 million and € 21 million, respectively.

Total capital pursuant to the CRR/BWG

The consolidated figures shown below have been calculated in accordance with the provisions of the Capital Requirements Regulation (CRR) and Austrian Banking Act (BWG). A mid-year examination of the interim profits was carried out, based on a review by the auditor, so that the interim profits were eligible for inclusion in the calculation of total capital.

As at 30 September 2015, total capital amounted to € 11,244 million, which represents an increase of € 241 million compared to the 2014 year-end figure. At the same time, common equity tier 1 was up € 188 million, resulting mainly from the inclusion of interim profits totaling € 289 million (excluding minority interests). In contrast, the CRR transitional provisions led to a decline due to deductions and the lower allowance of minority interests. Furthermore, exchange rate differences in the amount of € 68 million, primarily the depreciation of the Belarus rouble and Ukrainian hryvnia, had a negative impact on total capital. Tier 2 capital increased € 53 million to € 3,580 million, mostly due to currency developments.

Total capital compared to a total capital requirement of € 5,376 million. The total capital requirement for credit risk came to € 4,425 million. This corresponds to a decline of € 139 million; this was mainly attributable to exposure reductions in the repo and corporate customer business and was partially offset by the loss of third-country recognition status in Serbia as well as in Bosnia and Herzegovina. Updated data for the operating income, as well as changes to the consolidated Group, resulted in an increase in the total capital requirement for operational risk of € 30 million to € 710 million. The total capital requirement for position risk in bonds, equities, commodities and currencies fell € 13 million to € 240 million, primarily resulting from higher volatilities in the internal model induced by interest effects.

Based on total risk, the common equity tier 1 ratio (transitional) was 11.4 per cent, while the total capital ratio (transitional) was 16.7 per cent (including half-year results).

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 10.8 per cent (including half-year results, on account of the review that was carried out, but not third-quarter results).

Risk management

For information on risk management, please refer to note (32) Risks arising from financial instruments, in the risk report section of the interim consolidated financial statements.

Outlook for RBI

We are planning an aggregate gross risk-weighted asset (total RWA) reduction of € 16 billion in selected markets by the end of 2017 (based on total RWA as at 31 December 2014: € 68.7 billion). We intend to partly offset the reduction with growth in other business areas.

After the implementation of the new strategic measures, the cost base should be 20 per cent below the level of 2014 (at constant prices and foreign exchange rates; general administrative expenses 2014: € 3,024 million). We further aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term.

We aim for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term.

We currently expect a small consolidated profit for 2015 as the majority of the restructuring costs will be incurred after 2015 (we assume restructuring costs of around € 100 million for 2015).

We expect net provisioning for impairment losses to remain elevated in 2015; however, we anticipate that the requirement will be below the level of the previous year (2014: € 1,716 million).

We target a CET1 ratio (fully loaded) of 12 per cent and a total capital ratio (fully loaded) of 16 per cent by the end of 2017.

Events after the reporting date

RBI's Russian subsidiary sells its pension fund business

RBI's Russian subsidiary (AO Raiffeisenbank, Moscow) closed the sale of its pension fund business (ZAO NPF Raiffeisen, Moscow) to the Russian BIN Group in October. As part of the agreement the parties will not disclose the price at which the transaction took place.

The transaction will result in a one-off gain before tax of around € 87 million for RBI, which will be booked in the fourth quarter of 2015. It will also reduce risk-weighted assets (RWA) by € 327 million.

In total, RBI's common equity tier 1 ratio (fully loaded) will be strengthened by approximately 20 basis points as a result of this transaction.

ZAO NPF Raiffeisen is a top-20 Russian non-state pension fund and was founded in 2004. As of 30 June 2015, the fund manages roughly € 550 million in assets; in roubles, its asset base has more than quadrupled over the last three years. It manages over 250,000 pension accounts and offers a complete range of pension products for both corporate and private customers: corporate pension programs, mandatory pension insurance, and individual pension plans.

The decision to sell the pension fund business was made in conjunction with RBI's overall strategy of reducing RWA and focusing on core business, and also in light of the ongoing consolidation in this particular sector. AO Raiffeisenbank will continue to service ZAO NPF Raiffeisen clients at its branches and will act as a selling agent for pensions going forward.

Segment reports

The details on the division of the segments are explained in the segment reports section of the consolidated financial statements.

Central Europe

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	787	790	(0.3)%	255	260	(1.9)%
General administrative expenses	(450)	(453)	(0.5)%	(156)	(144)	8.1%
Operating result	**337**	**337**	**(0.1)%**	**99**	**116**	**(14.3)%**
Net provisioning for impairment losses	(90)	(105)	(14.4)%	(25)	(42)	(40.0)%
Other results	9	(327)	–	18	29	(39.6)%
Profit/loss before tax	**256**	**(95)**	**–**	**91**	**102**	**(10.9)%**
Assets	26,179	24,386	7.4%	26,179	25,079	4.4%
Net interest margin (average interest-bearing assets)	2.73%	3.15%	(0.43) PP	2.69%	2.71%	(0.02) PP
Return on equity before tax	**20.0%**	**–**	**–**	**21.4%**	**24.0%**	**(2.6) PP**

In Central Europe, profit before tax rose € 351 million year-on-year to € 256 million due to negative one-off effects in the previous year (The Settlement Act), as well as lower bank levies and lower net provisioning for impairment losses.

Operating income

The Central Europe segment's net interest income fell 6 per cent, or € 30 million, year-on-year to € 494 million. This included declines in Hungary and Slovakia as well as an increase in the Czech Republic. Interest income in Hungary decreased € 26 million as a result of lower interest income from derivatives and securities and a low market interest rate level. In Slovakia, lower interest rates also reduced net interest income by € 13 million; whereas in the Czech Republic, higher interest income from derivatives and lower interest rates in the deposit business increased net interest income by € 9 million. The segment's net interest margin fell 43 basis points year-on-year to 2.73 per cent. Total assets rose 7 per cent year-on-year to € 26,179 million, while risk-weighted assets (RWA total) declined 5 per cent from € 14,698 million to € 13,951 million. This was largely due to the implementation of The Settlement Act in Hungary, which reduced RWA by roughly € 395 million in the retail business.

Net fee and commission income in the segment increased 4 per cent year-on-year, or € 10 million, to € 290 million. This included a rise of 39 per cent, or € 9 million, to € 32 million in net income from the loan and guarantee business, which was primarily driven by an increase in new business in Slovakia. Net income from the foreign currency, notes/coins, and precious metals business increased € 4 million to € 60 million as a result of higher volumes in Slovakia and Hungary. Net income from other banking services and net income from the securities business each increased € 2 million. In contrast, net income from the payment transfer business fell 5 per cent, or € 7 million, to € 145 million due to lower volumes and margins – predominantly in the Czech Republic and Hungary.

The segment's net trading income was up € 12 million to € 22 million. This included a € 9 million year-on-year increase in net income from currency-based transactions to € 14 million. This was attributable to valuation gains on foreign currency positions in Hungary and valuation gains on currency-based derivatives in the Czech Republic. Net income from interest-based transactions also rose € 3 million year-on-year to € 8 million. Gains from the valuation of securities and interest-based derivatives were posted in the Czech Republic, while valuation losses were recorded in Hungary.

Sundry net operating income for the region increased € 6 million to minus € 19 million, primarily due to a € 6 million increase in net income from the allocation and release of other provisions in Hungary.

General administrative expenses

The segment's general administrative expenses declined € 2 million year-on-year to € 450 million. The decline can be solely attributed to a reduction in staff expenses (down € 14 million) following the release of bonus provisions. Other administrative expenses rose € 5 million. This included a € 10 million increase in contributions to resolution funds in Hungary, the Czech Republic and Slovakia. Expenses for deposit insurance fees decreased € 2 million. Depreciation of tangible fixed assets also rose due to the closure of branches and the impairment of software in Hungary (€ 7 million). The closures reduced the number of business outlets in the segment by 42 year-on-year to 386. The cost/income ratio in the region remained virtually unchanged at 57.2 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the Central Europe segment fell € 15 million year-on-year to € 90 million. In Slovakia, net provisioning for impairment losses declined € 12 million to € 21 million and related to both corporate customers and retail customers. In the Czech Republic, net provisioning for impairment losses fell € 6 million year-on-year to € 25 million due to improvements in the economic environment and the sale of a large corporate customer's fully impaired loan. Hungary's net provisioning for impairment losses increased slightly to € 44 million. The proportion of non-bank non-performing loans in the Central Europe segment's loan portfolio decreased 3.2 percentage points year-on-year to 8.1 per cent.

Other results and taxes

The Central Europe segment's other results increased € 336 million year-on-year to € 9 million.

During the reporting period, € 38 million in provisions for liabilities and charges were released in Hungary in connection with the implementation of The Settlement Act, which was adopted last year. This followed € 272 million in provisions for liabilities and charges necessary for the Settlement Act in the previous year. The law related to the foreign exchange margins which can be applied to foreign currency loan disbursement and installments, as well as unilateral rate changes on consumer loans.

The bank levies contained in the other results fell € 39 million to € 30 million. A 20 basis point reduction in the tax rate lowered bank levies by € 12 million in Slovakia, while the decline in Hungary was attributable to the release of € 27 million in provisions for liabilities and charges. The provisions had been recognized in 2014, following a tax audit, and were released after a positive decision by the tax authority.

Net income from derivatives and liabilities reversed from plus € 5 million in the previous year's period to minus € 2 million in the reporting period. This change was primarily due to net income from hedging to adjust the currency and interest rate structure in the Czech Republic.

Net income from financial investments declined € 11 million year-on-year to minus € 3 million. This included a € 7 million decline in net income from the valuation and sale of securities from the fair value portfolio, mainly as a result of bonds in Hungary. Another contributing factor was a € 3 million increase in impairment charges for equity participations in Hungary.

The deconsolidation of Group units – primarily leasing companies in Hungary – led to a gain of € 6 million, compared to a gain of € 1 million in the previous year's period.

Income tax expense in the segment increased 9 per cent to € 55 million, particularly in Slovakia and the Czech Republic, due to an increase in current tax expense associated with higher net income for the period. The tax rate was 22 per cent in the reporting period.

Detailed results of individual countries:

Czech Republic

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	178	169	5.3%	59	60	(1.2)%
Net fee and commission income	76	79	(3.9)%	25	26	(3.5)%
Net trading income	8	(2)	–	(8)	12	–
Sundry net operating income	10	5	75.7%	6	2	167.1%
Operating income	**272**	**252**	**7.9%**	**82**	**100**	**(18.2)%**
General administrative expenses	(144)	(146)	(1.4)%	(51)	(44)	14.8%
Operating result	**128**	**106**	**20.7%**	**31**	**56**	**(44.4)%**
Net provisioning for impairment losses	(25)	(31)	(18.7)%	(6)	(16)	(64.7)%
Other results	(1)	6	–	9	(7)	–
Profit/loss before tax	**103**	**81**	**26.6%**	**34**	**33**	**4.3%**
Income taxes	(21)	(16)	35.4%	(7)	(7)	3.9%
Profit/loss after tax	**82**	**66**	**24.5%**	**27**	**26**	**4.4%**
Risk-weighted assets (total RWA)	5,185	–	–	5,185	5,171	0.3%
Assets	9,178	7,789	17.8%	9,178	8,504	7.9%
Loans and advances to customers	6,956	6,185	12.5%	6,956	6,814	2.1%
hereof corporate %	44.7%	43.8%	0.9 PP	44.7%	45.1%	(0.4) PP
hereof retail %	54.7%	55.7%	(1.0) PP	54.7%	54.2%	0.4 PP
hereof foreign currency %	13.8%	12.6%	1.2 PP	13.8%	13.3%	0.5 PP
Deposits from customers	6,255	5,695	9.9%	6,255	6,160	1.5%
Loan/deposit ratio (net)	107.1%	104.2%	2.9 PP	107.1%	106.5%	0.6 PP
Equity	911	779	17.0%	911	879	3.6%
Return on equity before tax	16.3%	15.2%	1.0 PP	16.2%	15.4%	0.8 PP
Return on equity after tax	12.9%	12.3%	0.6 PP	12.9%	12.2%	0.7 PP
Cost/income ratio	52.8%	57.8%	(5.0) PP	62.2%	44.3%	17.9 PP
Net interest margin (average interest-bearing assets)	2.89%	3.19%	(0.30) PP	2.80%	2.98%	(0.18) PP
Employees as at reporting date	2,740	2,714	1.0%	2,740	2,708	1.2%
Business outlets	126	127	(0.8)%	126	125	0.8%
Customers	400,257	394,304	1.5%	400,257	396,998	0.8%

Hungary

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	93	118	(21.6)%	30	28	7.1%
Net fee and commission income	93	91	1.8%	30	32	(6.8)%
Net trading income	9	8	9.1%	3	(2)	–
Sundry net operating income	(25)	(32)	(20.1)%	(7)	(10)	(34.8)%
Operating income	**169**	**186**	**(9.0)%**	**56**	**47**	**19.7%**
General administrative expenses	(134)	(131)	2.2%	(44)	(48)	(8.2)%
Operating result	**35**	**54**	**(36.3)%**	**12**	**(1)**	**–**
Net provisioning for impairment losses	(44)	(41)	5.8%	(7)	(23)	(69.6)%
Other results	22	(308)	–	13	40	(68.1)%
Profit/loss before tax	**13**	**(295)**	**–**	**18**	**16**	**10.7%**
Income taxes	0	(6)	(99.8)%	0	0	(98.9)%
Profit/loss after tax	**13**	**(301)**	**–**	**18**	**16**	**10.7%**
Risk-weighted assets (total RWA)	3,089	–	–	3,089	3,035	1.8%
Assets	6,263	6,428	(2.6)%	6,263	6,340	(1.2)%
Loans and advances to customers	3,541	4,853	(27.0)%	3,541	4,106	(13.8)%
hereof corporate %	65.0%	53.7%	11.3 PP	65.0%	58.5%	6.5 PP
hereof retail %	30.5%	33.5%	(2.9) PP	30.5%	27.3%	3.2 PP
hereof foreign currency %	41.5%	62.4%	(20.9) PP	41.5%	44.9%	(3.4) PP
Deposits from customers	3,955	4,180	(5.4)%	3,955	3,908	1.2%
Loan/deposit ratio (net)	74.4%	94.6%	(20.2) PP	74.4%	87.9%	(13.5) PP
Equity	483	203	138.0%	483	462	4.5%
Return on equity before tax	4.3%	–	–	15.2%	16.2%	–
Return on equity after tax	4.3%	–	–	15.2%	16.2%	–
Cost/income ratio	79.5%	70.7%	8.8 PP	78.7%	102.6%	(23.9) PP
Net interest margin (average interest-bearing assets)	2.06%	2.73%	(0.67) PP	2.05%	1.86%	0.18 PP
Employees as at reporting date	2,037	2,326	(12.4)%	2,037	2,123	(4.1)%
Business outlets	72	117	(38.5)%	72	101	(28.7)%
Customers	536,817	593,187	(9.5)%	536,817	558,127	(3.8)%

Slovakia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	223	236	(5.7)%	75	74	1.5%
Net fee and commission income	121	110	10.4%	39	41	(6.6)%
Net trading income	5	4	37.4%	1	0	180.4%
Sundry net operating income	(3)	2	–	2	(3)	–
Operating income	**346**	**352**	**(1.6)%**	**117**	**113**	**3.6%**
General administrative expenses	(173)	(176)	(1.8)%	(61)	(52)	17.7%
Operating result	**174**	**176**	**(1.4)%**	**56**	**61**	**(8.4)%**
Net provisioning for impairment losses	(21)	(33)	(35.8)%	(13)	(3)	273.7%
Other results	(13)	(24)	(47.4)%	(4)	(4)	(4.9)%
Profit/loss before tax	**140**	**119**	**17.5%**	**39**	**53**	**(26.8)%**
Income taxes	(34)	(29)	17.8%	(9)	(13)	(25.0)%
Profit/loss after tax	**106**	**90**	**17.4%**	**30**	**41**	**(27.4)%**
Risk-weighted assets (total RWA)	5,676	–	–	5,676	5,444	4.3%
Assets	10,759	10,180	5.7%	10,759	10,250	5.0%
Loans and advances to customers	8,098	7,323	10.6%	8,098	7,866	2.9%
hereof corporate %	47.2%	47.7%	(0.5) PP	47.2%	47.5%	(0.3) PP
hereof retail %	52.7%	52.2%	0.5 PP	52.7%	52.4%	0.3 PP
hereof foreign currency %	0.9%	1.0%	(0.2) PP	0.9%	0.9%	(0.1) PP
Deposits from customers	8,262	7,079	16.7%	8,262	7,872	5.0%
Loan/deposit ratio (net)	95.0%	100.0%	(5.0) PP	95.0%	96.9%	(1.9) PP
Equity	983	990	(0.7)%	983	947	3.9%
Return on equity before tax	19.4%	16.3%	3.1 PP	17.5%	22.4%	(4.9) PP
Return on equity after tax	14.7%	12.4%	2.3 PP	13.3%	17.1%	(3.8) PP
Cost/income ratio	49.8%	49.9%	(0.1) PP	52.1%	45.9%	6.3 PP
Net interest margin (average interest-bearing assets)	2.99%	3.38%	(0.39) PP	2.92%	2.99%	(0.07) PP
Employees as at reporting date	3,823	3,670	4.2%	3,823	3,733	2.4%
Business outlets	188	184	2.2%	188	181	3.9%
Customers	815,096	787,435	3.5%	815,096	807,156	1.0%

Southeastern Europe

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	921	973	(5.3)%	312	315	(1.0)%
General administrative expenses	(491)	(500)	(1.9)%	(170)	(162)	5.1%
Operating result	431	473	(9.0)%	141	153	(7.4)%
Net provisioning for impairment losses	(125)	(177)	(29.6)%	(42)	(42)	(1.4)%
Other results	(84)	4	–	(74)	(4)	>500.0%
Profit/loss before tax	222	300	(26.1)%	25	107	(76.2)%
Assets	21,817	21,350	2.2%	21,817	21,299	2.4%
Net interest margin (average interest-bearing assets)	3.91%	4.30%	(0.39) PP	3.83%	4.11%	(0.28) PP
Return on equity before tax	17.2%	18.3%	(1.2) PP	6.0%	25.4%	(19.5) PP

In Southeastern Europe, profit before tax was negatively impacted by the law on the compulsory conversion of Swiss franc loans in Croatia, as well as by a decline in interest margins due to the low market interest rate level. In contrast, the credit risk situation improved significantly in most markets and had a positive effect.

Operating income

Net interest income declined 6 per cent year-on-year, or € 36 million, to € 592 million. Net interest income fell in all countries in the segment, with the exception of Kosovo. The largest reduction of € 11 million was reported in Croatia, where apart from declining lending volumes, lower interest rates in particular led to a drop in net interest income. Low interest rates were also mainly responsible for the negative developments in other countries in the region. The net interest margin declined 39 basis points to 3.91 per cent. Total assets increased 2 per cent to € 21,817 million. Risk-weighted assets (total RWA) were down 2 per cent to € 14,523 million.

Net fee and commission income increased 5 per cent year-on-year, or € 13 million, to € 282 million. Net income from the foreign currency, notes/coins and precious metals business grew € 5 million to € 60 million, driven mainly by higher volumes and margins in Romania. Following the first-time inclusion of a business area relating to private pension recipients, net income from the management of investment and pension funds in Croatia increased 60 per cent to € 12 million. Net income from the securities business, which was boosted by higher income primarily in Romania, increased 40 per cent to € 15 million. In contrast, net income from other banking services fell € 4 million to € 15 million, mainly as a result of developments in Romania.

Net trading income in Southeastern Europe fell € 9 million year-on-year to € 36 million. The € 11 million decline in interest-based business to € 13 million was mainly due to reductions in income in Croatia, Romania, Bulgaria and Albania. These countries reported declines due to lower volumes and lower interest rates. Net income from currency-based transactions improved € 2 million to € 23 million.

Sundry net operating income declined € 20 million year-on-year to € 12 million. The main factors responsible for the decrease were lower net income from non-banking activities in Romania (deconsolidation of a company) and in Croatia, as well as higher allocations to other provisions in Romania, Croatia and Serbia.

General administrative expenses

General administrative expenses decreased 2 per cent year-on-year, or € 9 million, to € 491 million. Staff expenses were down 1 per cent, or € 3 million, to € 220 million. Aside from the release of bonus provisions for 2014, general administrative expenses declined in Bulgaria as well as Bosnia and Herzegovina as a result of reduced staff levels. In contrast, staff expenses in Croatia increased. Other administrative expenses fell 2 per cent, or € 4 million, to € 216 million, largely as a result of a decrease in office space expenses and communication expenses in Croatia and Romania. However, legal, advisory and consulting expenses increased, as did expenses for deposit insurance in Romania and Serbia. Depreciation was down 6 per cent, or € 3 million, to € 55 million. The cost/income ratio was up 1.9 percentage points to 53.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses reduced € 53 million year-on-year to € 125 million. The largest declines were reported in Bulgaria, Romania, Albania, and Croatia: In Bulgaria, net provisioning for impairment losses fell € 26 million; whereas, in the comparable period of the previous year, higher impairment losses for corporate customers were reported and retail loan collateral valuations had to be reduced. In Romania, net provisioning for impairment losses fell € 15 million due to the improved risk profile of retail customers. In Albania, the partial repayment and lower loan volume to corporate customers, as well as a reduction in loan defaults, decreased provisioning requirements by € 6 million. In Croatia, net provisioning for impairment losses fell € 5 million, predominantly in the large corporate customer business due to increased debt collection activity and restructuring measures. The proportion of non-bank non-performing loans in the segment's loan portfolio decreased 1.2 percentage points to 13.0 per cent.

Other results and taxes

Other results totaled minus € 84 million in the reporting period compared to plus € 4 million in the same period of the previous year. This was mainly due to government measures in Croatia and Serbia: In Croatia, this related to the law to protect consumers with a fixed exchange rate applied to foreign currency loans for one year, as well as the law on the compulsory conversion of Swiss franc loans at the historical rates prevailing at the time of the lending, which was passed by the Croatian parliament in September 2015. For these laws, provisions totaling € 80 million were formed which resulted in a negative effect of € 62 million on consolidated profit. In Serbia, on the other hand, new regulations relating to unilateral changes in interest rates on consumer loans linked to foreign currencies led to a negative effect € 4 million. In addition, the deconsolidation of a Bulgarian Group unit led to a loss totaling € 2 million. The € 5 million reduction in net income from securities in the fair value portfolio was attributable to valuation losses and lower net sales proceeds, above all in Romania, and to losses on the sale of government bonds in Bulgaria. This compared to a positive effect of € 2 million from the sale of shares in a credit card company, also in Romania.

The tax expense decreased € 21 million year-on-year to € 24 million, while the tax rate dropped 4 percentage points to 11 per cent. Most of the decline was reported in Croatia and mainly reflected the recognition of deferred tax assets for expenses in connection with Swiss franc loans due to the legislative changes described above.

Detailed results of individual countries:

Albania

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	53	60	(11.4)%	17	19	(10.8)%
Net fee and commission income	8	8	3.2%	3	3	18.9%
Net trading income	11	14	(21.2)%	3	4	(33.0)%
Sundry net operating income	0	1	–	0	0	–
Operating income	72	83	(12.4)%	22	26	(13.7)%
General administrative expenses	(32)	(31)	1.7%	(11)	(10)	7.5%
Operating result	41	51	(20.9)%	11	16	(27.8)%
Net provisioning for impairment losses	(13)	(19)	(30.5)%	(3)	(5)	(37.4)%
Other results	0	0	>500.0%	0	0	19.9%
Profit/loss before tax	28	33	(14.1)%	8	11	(22.5)%
Income taxes	(4)	(5)	(26.2)%	(1)	(1)	10.9%
Profit/loss after tax	24	27	(11.9)%	7	10	(26.4)%
Risk-weighted assets (total RWA)	1,705	–	–	1,705	1,672	1.9%
Assets	2,112	1,975	6.9%	2,112	2,034	3.8%
Loans and advances to customers	875	911	(3.9)%	875	923	(5.2)%
hereof corporate %	69.3%	71.6%	(2.3) PP	69.3%	71.5%	(2.2) PP
hereof retail %	30.7%	28.4%	2.3 PP	30.7%	28.5%	2.2 PP
hereof foreign currency %	62.6%	69.6%	(6.9) PP	62.6%	60.1%	2.5 PP
Deposits from customers	1,771	1,654	7.1%	1,771	1,699	4.2%
Loan/deposit ratio (net)	44.2%	49.0%	(4.9) PP	44.2%	48.5%	(4.4) PP
Equity	241	221	9.2%	241	232	3.7%
Return on equity before tax	17.9%	21.5%	(3.6) PP	15.5%	20.1%	(4.6) PP
Return on equity after tax	15.5%	18.2%	(2.7) PP	13.2%	18.0%	(4.8) PP
Cost/income ratio	43.8%	37.8%	6.0 PP	49.7%	39.9%	9.8 PP
Net interest margin (average interest-bearing assets)	3.96%	4.75%	(0.79) PP	3.61%	4.24%	(0.63) PP
Employees as at reporting date	1,327	1,336	(0.7)%	1,327	1,327	0.0%
Business outlets	91	96	(5.2)%	91	91	0.0%
Customers	728,618	710,587	2.5%	728,618	714,619	2.0%

Bosnia and Herzegovina

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	49	52	(5.5)%	16	17	(5.7)%
Net fee and commission income	26	26	0.2%	9	9	0.5%
Net trading income	1	1	19.9%	1	0	2.7%
Sundry net operating income	2	1	49.5%	1	1	(25.3)%
Operating income	78	80	(2.4)%	26	27	(4.2)%
General administrative expenses	(41)	(43)	(5.4)%	(14)	(13)	8.7%
Operating result	38	37	1.1%	12	14	(16.6)%
Net provisioning for impairment losses	(9)	(6)	47.4%	(9)	2	–
Other results	0	(1)	(86.8)%	0	(1)	–
Profit/loss before tax	29	31	(5.9)%	3	16	(82.2)%
Income taxes	(3)	(3)	(8.6)%	0	(2)	(86.4)%
Profit/loss after tax	26	27	(5.6)%	3	14	(81.7)%
Risk-weighted assets (total RWA)	1,517	–	–	1,517	1,546	(1.8)%
Assets	1,911	1,965	(2.7)%	1,911	1,922	(0.6)%
Loans and advances to customers	1,168	1,196	(2.4)%	1,168	1,170	(0.2)%
hereof corporate %	31.9%	34.7%	(2.8) PP	31.9%	32.4%	(0.5) PP
hereof retail %	67.7%	64.9%	2.8 PP	67.7%	67.2%	0.5 PP
hereof foreign currency %	71.0%	71.8%	(0.7) PP	71.0%	72.4%	(1.4) PP
Deposits from customers	1,501	1,533	(2.1)%	1,501	1,484	1.1%
Loan/deposit ratio (net)	72.3%	72.0%	0.3 PP	72.3%	73.2%	(0.9) PP
Equity	263	279	(5.6)%	263	260	1.0%
Return on equity before tax	15.0%	15.8%	(0.8) PP	4.7%	24.4%	(19.8) PP
Return on equity after tax	13.4%	14.1%	(0.7) PP	4.3%	21.8%	(17.5) PP
Cost/income ratio	52.0%	53.7%	(1.6) PP	55.6%	49.0%	6.6 PP
Net interest margin (average interest-bearing assets)	3.61%	3.70%	(0.09) PP	3.56%	3.75%	(0.19) PP
Employees as at reporting date	1,353	1,462	(7.5)%	1,353	1,374	(1.5)%
Business outlets	97	96	1.0%	97	97	0.0%
Customers	492,598	501,996	(1.9)%	492,598	492,265	0.1%

Bulgaria

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	88	93	(5.5)%	29	32	(10.2)%
Net fee and commission income	30	29	2.7%	11	10	3.7%
Net trading income	1	3	(59.2)%	0	0	–
Sundry net operating income	0	0	116.3%	0	0	–
Operating income	119	125	(4.6)%	40	42	(4.2)%
General administrative expenses	(62)	(66)	(5.5)%	(21)	(21)	(2.3)%
Operating result	57	59	(3.6)%	19	20	(6.3)%
Net provisioning for impairment losses	(17)	(43)	(60.7)%	0	(11)	–
Other results	(3)	0	–	0	(2)	–
Profit/loss before tax	37	16	127.9%	19	8	155.0%
Income taxes	(4)	(2)	125.0%	(2)	(1)	141.8%
Profit/loss after tax	34	15	128.2%	17	7	156.4%
Risk-weighted assets (total RWA)	1,818	–	–	1,818	1,765	3.0%
Assets	3,401	3,377	0.7%	3,401	3,278	3.8%
Loans and advances to customers	2,100	2,297	(8.6)%	2,100	2,074	1.3%
hereof corporate %	40.9%	42.9%	(2.0) PP	40.9%	40.2%	0.8 PP
hereof retail %	58.6%	56.6%	1.9 PP	58.6%	59.3%	(0.8) PP
hereof foreign currency %	56.4%	64.2%	(7.8) PP	56.4%	58.0%	(1.7) PP
Deposits from customers	2,362	2,295	2.9%	2,362	2,248	5.1%
Loan/deposit ratio (net)	81.8%	89.3%	(7.5) PP	81.8%	84.5%	(2.7) PP
Equity	493	486	1.5%	493	475	3.7%
Return on equity before tax	10.5%	4.6%	5.9 PP	16.7%	6.3%	10.4 PP
Return on equity after tax	9.5%	4.2%	5.3 PP	15.1%	5.7%	9.5 PP
Cost/income ratio	52.2%	52.7%	(0.5) PP	52.1%	51.1%	1.0 PP
Net interest margin (average interest-bearing assets)	3.68%	3.99%	(0.32) PP	3.49%	4.04%	(0.55) PP
Employees as at reporting date	2,629	2,767	(5.0)%	2,629	2,659	(1.1)%
Business outlets	153	156	(1.9)%	153	153	0.0%
Customers	772,543	755,250	2.3%	772,543	767,745	0.6%

Croatia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	103	114	(9.6)%	34	33	1.1%
Net fee and commission income	51	46	9.5%	20	15	31.7%
Net trading income	7	12	(38.5)%	2	4	(58.0)%
Sundry net operating income	15	24	(38.7)%	5	6	(9.8)%
Operating income	176	196	(10.4)%	61	59	4.2%
General administrative expenses	(96)	(97)	(1.5)%	(34)	(30)	14.3%
Operating result	80	99	(19.1)%	27	29	(6.5)%
Net provisioning for impairment losses	(30)	(35)	(14.8)%	(13)	(10)	33.1%
Other results	(79)	2	–	(76)	0	>500.0%
Profit/loss before tax	(29)	66	–	(62)	18	–
Income taxes	7	(12)	–	14	(4)	–
Profit/loss after tax	(21)	54	–	(48)	14	–
Risk-weighted assets (total RWA)	3,135	–	–	3,135	3,129	0.2%
Assets	4,675	4,771	(2.0)%	4,675	4,592	1.8%
Loans and advances to customers	3,019	3,323	(9.1)%	3,019	3,071	(1.7)%
hereof corporate %	38.8%	41.3%	(2.5) PP	38.8%	39.4%	(0.6) PP
hereof retail %	57.2%	52.6%	4.6 PP	57.2%	57.6%	(0.4) PP
hereof foreign currency %	61.0%	64.1%	(3.0) PP	61.0%	56.9%	4.1 PP
Deposits from customers	3,132	3,119	0.4%	3,132	3,083	1.6%
Loan/deposit ratio (net)	84.7%	95.8%	(11.1) PP	84.7%	87.8%	(3.1) PP
Equity	598	696	(14.0)%	598	651	(8.0)%
Return on equity before tax	–	13.1%	–	–	11.1%	–
Return on equity after tax	–	10.8%	–	–	8.5%	–
Cost/income ratio	54.3%	49.4%	4.9 PP	56.2%	51.2%	5.0 PP
Net interest margin (average interest-bearing assets)	3.32%	3.77%	(0.45) PP	3.27%	3.25%	0.01 PP
Employees as at reporting date	2,145	2,104	1.9%	2,145	2,152	(0.3)%
Business outlets	78	77	1.3%	78	78	0.0%
Customers	453,469	468,071	(3.1)%	453,469	449,713	0.8%

Kosovo

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	30	29	3.6%	10	10	(3.6)%
Net fee and commission income	7	6	15.7%	2	2	11.2%
Net trading income	0	0	>500.0%	0	0	(75.7)%
Sundry net operating income	0	(1)	–	0	0	(32.4)%
Operating income	37	34	8.5%	12	12	(2.5)%
General administrative expenses	(18)	(18)	(1.8)%	(6)	(5)	14.5%
Operating result	20	16	20.0%	6	7	(16.0)%
Net provisioning for impairment losses	(1)	(1)	6.5%	(1)	0	>500.0%
Other results	0	0	–	0	0	–
Profit/loss before tax	19	15	23.9%	5	7	(31.6)%
Income taxes	(2)	(2)	17.2%	(1)	(1)	(35.3)%
Profit/loss after tax	17	13	24.7%	4	6	(31.1)%
Risk-weighted assets (total RWA)	493	–	–	493	486	1.4%
Assets	830	782	6.1%	830	818	1.4%
Loans and advances to customers	490	483	1.5%	490	491	(0.2)%
hereof corporate %	38.7%	40.5%	(1.9) PP	38.7%	38.0%	0.6 PP
hereof retail %	61.3%	59.5%	1.9 PP	61.3%	62.0%	(0.6) PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	657	613	7.1%	657	632	4.0%
Loan/deposit ratio (net)	71.0%	74.9%	(3.9) PP	71.0%	74.0%	(3.0) PP
Equity	125	121	3.0%	125	137	(8.5)%
Return on equity before tax	20.7%	19.0%	1.7 PP	16.6%	22.7%	(6.1) PP
Return on equity after tax	18.5%	16.8%	1.7 PP	14.9%	20.3%	(5.3) PP
Cost/income ratio	47.6%	52.7%	(5.0) PP	51.9%	44.2%	7.7 PP
Net interest margin (average interest-bearing assets)	5.02%	5.36%	(0.34) PP	4.68%	4.96%	(0.27) PP
Employees as at reporting date	718	707	1.6%	718	723	(0.7)%
Business outlets	53	54	(1.9)%	53	53	0.0%
Customers	281,154	270,403	4.0%	281,154	276,420	1.7%

Romania

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	199	204	(2.4)%	66	72	(8.8)%
Net fee and commission income	132	127	4.3%	48	43	13.8%
Net trading income	12	15	(17.9)%	5	4	7.9%
Sundry net operating income	(8)	2	–	(4)	(3)	24.1%
Operating income	336	348	(3.6)%	115	116	(0.8)%
General administrative expenses	(190)	(193)	(1.5)%	(65)	(64)	2.2%
Operating result	146	155	(6.1)%	49	52	(4.6)%
Net provisioning for impairment losses	(46)	(61)	(24.2)%	(10)	(20)	(52.1)%
Other results	1	4	(61.3)%	1	(1)	–
Profit/loss before tax	101	97	3.2%	41	30	33.8%
Income taxes	(15)	(17)	(11.2)%	(7)	(3)	97.9%
Profit/loss after tax	86	81	6.2%	34	27	25.9%
Risk-weighted assets (total RWA)	4,189	–	–	4,189	4,117	1.7%
Assets	6,958	6,510	6.9%	6,958	6,778	2.7%
Loans and advances to customers	4,441	4,445	(0.1)%	4,441	4,377	1.5%
hereof corporate %	31.7%	34.1%	(2.4) PP	31.7%	32.4%	(0.6) PP
hereof retail %	66.0%	63.1%	2.9 PP	66.0%	65.4%	0.6 PP
hereof foreign currency %	44.0%	50.2%	(6.2) PP	44.0%	46.0%	(2.0) PP
Deposits from customers	4,841	4,262	13.6%	4,841	4,652	4.1%
Loan/deposit ratio (net)	85.6%	96.3%	(10.6) PP	85.6%	87.8%	(2.2) PP
Equity	730	715	2.0%	730	686	6.4%
Return on equity before tax	20.2%	20.2%	0.0 PP	25.4%	17.7%	7.8 PP
Return on equity after tax	17.2%	16.8%	0.5 PP	21.3%	15.7%	5.6 PP
Cost/income ratio	56.7%	55.5%	1.2 PP	57.0%	55.3%	1.7 PP
Net interest margin (average interest-bearing assets)	4.00%	4.38%	(0.38) PP	3.96%	4.38%	(0.42) PP
Employees as at reporting date	5,477	5,368	2.0%	5,477	5,434	0.8%
Business outlets	515	530	(2.8)%	515	515	0.0%
Customers	2,118,255	2,049,071	3.4%	2,118,255	2,113,657	0.2%

Serbia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	69	76	(8.7)%	24	23	2.2%
Net fee and commission income	27	26	3.5%	9	9	(0.3)%
Net trading income	3	1	339.2%	1	1	99.0%
Sundry net operating income	3	4	(31.2)%	1	0	>500.0%
Operating income	103	107	(4.0)%	36	33	7.4%
General administrative expenses	(53)	(52)	0.7%	(18)	(17)	3.2%
Operating result	50	55	(8.6)%	18	16	12.1%
Net provisioning for impairment losses	(9)	(12)	(29.0)%	(6)	2	–
Other results	(4)	0	>500.0%	0	0	–
Profit/loss before tax	37	42	(11.6)%	12	17	(30.1)%
Income taxes	(4)	(5)	(14.4)%	(1)	(2)	(46.4)%
Profit/loss after tax	33	37	(11.3)%	11	15	(27.8)%
Risk-weighted assets (total RWA)	1,666	–	–	1,666	1,600	4.1%
Assets	1,962	1,972	(0.6)%	1,962	1,938	1.2%
Loans and advances to customers	1,065	1,112	(4.2)%	1,065	1,071	(0.5)%
hereof corporate %	49.5%	50.3%	(0.9) PP	49.5%	49.7%	(0.2) PP
hereof retail %	49.5%	47.7%	1.9 PP	49.5%	49.3%	0.2 PP
hereof foreign currency %	64.3%	64.5%	(0.3) PP	64.3%	69.4%	(5.2) PP
Deposits from customers	1,378	1,269	8.6%	1,378	1,360	1.3%
Loan/deposit ratio (net)	68.6%	78.7%	(10.1) PP	68.6%	69.9%	(1.2) PP
Equity	504	516	(2.4)%	504	490	2.8%
Return on equity before tax	10.7%	11.5%	(0.8) PP	10.3%	14.7%	(4.5) PP
Return on equity after tax	9.6%	10.3%	(0.7) PP	9.3%	12.9%	(3.6) PP
Cost/income ratio	51.4%	49.0%	2.4 PP	50.6%	52.6%	(2.1) PP
Net interest margin (average interest-bearing assets)	5.05%	5.60%	(0.55) PP	5.08%	5.03%	0.05 PP
Employees as at reporting date	1,558	1,590	(2.0)%	1,558	1,582	(1.5)%
Business outlets	85	86	(1.2)%	85	85	0.0%
Customers	654,498	622,755	5.1%	654,498	649,191	0.8%

Eastern Europe

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	1,037	1,218	(14.9)%	357	391	(8.7)%
General administrative expenses	(408)	(609)	(33.1)%	(138)	(139)	(0.9)%
Operating result	**629**	**609**	**3.3%**	**219**	**252**	**(13.0)%**
Net provisioning for impairment losses	(320)	(447)	(28.4)%	(81)	(105)	(22.8)%
Other results	82	112	(26.6)%	9	14	(40.2)%
Profit/loss before tax	**391**	**273**	**43.0%**	**146**	**161**	**(9.1)%**
Assets	16,019	19,247	(16.8)%	16,019	17,515	(8.5)%
Net interest margin (average interest-bearing assets)	6.13%	6.60%	(0.47) PP	5.90%	6.04%	(0.14) PP
Return on equity before tax	**31.2%**	**14.9%**	**16.2 PP**	**34.8%**	**38.7%**	**(4.0) PP**

The Eastern Europe segment was affected by a high level of currency volatility in 2015. The average exchange rate of the Russian rouble was 29 per cent lower year-on-year, while the Ukrainian hryvnia and the Belarus rouble were down 37 and 20 per cent respectively year-on-year. The risk situation markedly improved in Ukraine after very high provisions for loan losses were still necessary in the previous year due to the political situation in the Donbass region. In Russia, a currency-based decline in net interest income was responsible for a 14 per cent drop in profit before tax. In Belarus, profit before tax more than doubled as a result of the good overall earnings situation, a valuation gain from a capital hedge transaction, as well as the discontinuation of hyperinflation accounting.

Operating income

Net interest income fell 22 per cent year-on-year, or € 206 million, to € 729 million. This was mainly due to a largely currency-based decline in net interest income in Russia (minus 21 per cent, or € 133 million, to € 502 million) and in Ukraine (minus 38 per cent, or € 81 million, to € 132 million). In contrast, net interest income in Belarus was up 10 per cent, or € 8 million, to € 94 million, on the back of higher interest income from securities and leasing claims. The net interest margin declined 47 basis points year-on-year to 6.13 per cent. The segment's total assets fell 17 per cent year-on-year to € 16,019 million, while risk-weighted assets (total RWA) were down 23 per cent to € 13,194 million.

Net fee and commission income was down € 68 million year-on-year to € 294 million. Net income from the payment transfer business declined 27 per cent, or € 47 million, to € 128 million, mainly as a result of currency movements in Russia and Ukraine. Net income from loan and guarantee business fell € 19 million to € 45 million, primarily due to currency effects and the exit from the automobile financing business in Russia.

Net trading income improved from minus € 75 million in the same period of the previous year to plus € 22 million in the reporting period. Net income from currency-based transactions was up € 81 million to € 14 million. Belarus reported a considerable increase of € 71 million, which was attributable to positive effects from the hedging of the capital position, the discontinuation of hyperinflation accounting as well as improved net income from proprietary trading. In addition, valuation gains from derivative financial instruments and foreign currency positions were recognized in Russia, while valuation losses from foreign currency positions increased € 11 million to € 70 million in Ukraine. Net income from interest-based transactions was up € 16 million to € 8 million due to valuation gains from securities positions in Russia.

Sundry net operating income fell € 5 million year-on-year to minus €9 million. This was mainly due to a € 4 million increase in expenses for other provisions and a € 4 million decrease in net income from the disposal of fixed and intangible assets in Ukraine.

General administrative expenses

General administrative expenses fell € 202 million to € 408 million year-on-year. The decline related mainly to Russia and Ukraine and for the most part reflected the depreciation of the Russian rouble and Ukrainian hryvnia. The segment's staff expenses, which declined € 101 million, also fell as a result of the release of bonus provisions for 2014 and a reduction in staff levels. Depreciation of tangible and intangible fixed assets decreased € 41 million as an impairment charge of € 31 million was booked in the third quarter of the previous year to reflect the lower value of the brand and customer base in Ukraine. The number of the segment's business outlets fell 61 to 912. The cost/income ratio improved 10.7 percentage points to 39.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses fell € 127 million year-on-year to € 320 million – largely as a result of currency movements in Ukraine. The unfavorable economic environment in Russia (recession, sanctions, commodity price and currency trends) led to higher net provisioning for impairment losses in the retail business. In addition, risk costs increased as a result of new non-performing loans to large customers and sales of loans. In Belarus, the provisioning requirement increased € 15 million as a result of increased lending to large corporate customers. In contrast, net provisioning for impairment losses in Ukraine fell € 172 million year-on-year to € 154 million, largely due to currency movements. Net provisioning for impairment losses also declined in the local currency, as the lower provisioning requirement for loans to retail and corporate customers in the Donbass region more than offset the increase in net provisioning for foreign currency loans. This was due to the bank's voluntary offer to convert foreign currency loans into the local currency at a rate lower than the official rate, as well as collateral held in local currency for the foreign currency portfolio. The share of non-bank non-performing loans in the segment's loan portfolio declined 6.2 percentage points year-on-year to 18.2 per cent.

Other results and taxes

Other results fell € 30 million year-on-year to € 82 million. Net income from derivative financial instruments fell € 20 million to minus € 4 million in the reporting period, reflecting the valuation of interest rate swaps carried out to mitigate interest rate structure risk and changes in fair values of banking book derivatives, mainly in Russia. Net income from financial investments also declined € 9 million to € 85 million. In contrast, valuation gains from securities in the fair value portfolio increased € 18 million to € 88 million, with the valuation of bonds in Russia increasing € 24 million year-on-year, while in Ukraine the result from the valuation of fixed-income government bonds declined € 6 million. The proceeds from the sale of securities in that category amounted to minus € 2 million in the reporting period. In the corresponding period of the previous year, proceeds totalled € 22 million primarily as a result of a partial repayment of fixed-income government bonds in Ukraine.

The tax expense rose 26 per cent, or € 19 million, to € 91 million. This was largely due to a higher tax rate in Belarus and the loss incurred in Ukraine, which was only partly offset by deferred tax assets due to tax earnings forecasts. The tax rate was 23 per cent.

Detailed results of individual countries:

Belarus

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	94	86	9.5%	31	32	(2.9)%
Net fee and commission income	49	51	(3.7)%	16	17	(4.5)%
Net trading income	66	(6)	–	32	11	203.8%
Sundry net operating income	(1)	0	120.2%	(1)	0	181.5%
Operating income	**208**	**130**	**59.9%**	**78**	**59**	**33.1%**
General administrative expenses	(55)	(63)	(12.1)%	(18)	(18)	(3.4)%
Operating result	**153**	**67**	**127.0%**	**61**	**40**	**49.8%**
Net provisioning for impairment losses	(18)	(4)	402.9%	(6)	(9)	(31.8)%
Other results	(1)	2	–	0	0	>500.0%
Profit/loss before tax	**134**	**66**	**103.1%**	**55**	**32**	**72.3%**
Income taxes	(31)	(17)	88.1%	(14)	(7)	85.3%
Profit/loss after tax	**102**	**49**	**108.2%**	**41**	**24**	**68.4%**
Risk-weighted assets (total RWA)	1,834	–	–	1,834	2,002	(8.4)%
Assets	1,564	1,643	(4.8)%	1,564	1,638	(4.5)%
Loans and advances to customers	1,003	1,047	(4.2)%	1,003	1,052	(4.7)%
hereof corporate %	74.6%	70.9%	3.7 PP	74.6%	73.0%	1.6 PP
hereof retail %	25.4%	29.1%	(3.7) PP	25.4%	27.0%	(1.6) PP
hereof foreign currency %	76.0%	73.3%	2.7 PP	76.0%	76.6%	(0.5) PP
Deposits from customers	873	989	(11.7)%	873	939	(7.0)%
Loan/deposit ratio (net)	110.0%	103.5%	6.5 PP	110.0%	107.9%	2.1 PP
Equity	310	327	(5.3)%	310	319	(2.8)%
Return on equity before tax	68.8%	33.6%	35.2 PP	91.5%	47.0%	44.5 PP
Return on equity after tax	52.7%	25.1%	27.5 PP	68.9%	36.2%	32.6 PP
Cost/income ratio	26.5%	48.2%	(21.7) PP	22.8%	31.4%	(8.6) PP
Net interest margin (average interest-bearing assets)	8.59%	8.30%	0.29 PP	8.31%	8.46%	(0.15) PP
Employees as at reporting date	2,111	2,162	(2.4)%	2,111	2,140	(1.4)%
Business outlets	97	96	1.0%	97	97	0.0%
Customers	723,937	740,085	(2.2)%	723,937	714,771	1.3%

Russia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	502	635	(20.9)%	149	178	(16.2)%
Net fee and commission income	184	214	(14.1)%	63	66	(4.3)%
Net trading income	26	(10)	–	(1)	2	–
Sundry net operating income	(6)	8	–	1	(3)	–
Operating income	**706**	**848**	**(16.7)%**	**211**	**242**	**(12.9)%**
General administrative expenses	(255)	(368)	(30.6)%	(88)	(88)	0.1%
Operating result	**451**	**480**	**(6.1)%**	**123**	**154**	**(20.3)%**
Net provisioning for impairment losses	(147)	(117)	25.5%	(33)	(64)	(47.9)%
Other results	12	4	223.4%	4	13	(70.3)%
Profit/loss before tax	**316**	**367**	**(13.9)%**	**94**	**104**	**(9.8)%**
Income taxes	(63)	(77)	(18.5)%	(21)	(19)	11.2%
Profit/loss after tax	**253**	**289**	**(12.6)%**	**73**	**85**	**(14.3)%**
Risk-weighted assets (total RWA)	8,684	–	–	8,684	9,957	(12.8)%
Assets	12,192	14,683	(17.0)%	12,192	13,548	(10.0)%
Loans and advances to customers	7,815	10,806	(27.7)%	7,815	8,773	(10.9)%
hereof corporate %	63.5%	58.2%	5.4 PP	63.5%	61.3%	2.3 PP
hereof retail %	36.5%	41.8%	(5.4) PP	36.5%	38.7%	(2.3) PP
hereof foreign currency %	46.9%	39.7%	7.2 PP	46.9%	43.0%	4.0 PP
Deposits from customers	7,919	9,255	(14.4)%	7,919	8,408	(5.8)%
Loan/deposit ratio (net)	92.2%	111.9%	(19.7) PP	92.2%	97.7%	(5.6) PP
Equity	1,413	1,971	(28.3)%	1,413	1,581	(10.6)%
Return on equity before tax	32.2%	24.1%	8.1 PP	29.2%	29.6%	(0.4) PP
Return on equity after tax	25.8%	19.0%	6.8 PP	22.8%	24.3%	(1.5) PP
Cost/income ratio	36.2%	43.4%	(7.2) PP	41.7%	36.3%	5.4 PP
Net interest margin (average interest-bearing assets)	5.44%	5.87%	(0.43) PP	5.12%	5.31%	(0.18) PP
Employees as at reporting date	7,818	8,390	(6.8)%	7,818	7,827	(0.1)%
Business outlets	197	206	(4.4)%	197	207	(4.8)%
Customers	2,974,672	2,840,875	4.7%	2,974,672	2,972,783	0.1%

Ukraine

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	132	213	(37.9)%	44	46	(3.9)%
Net fee and commission income	61	97	(37.1)%	22	19	16.5%
Net trading income	(70)	(59)	19.5%	0	26	–
Sundry net operating income	(2)	(12)	(83.2)%	0	(1)	–
Operating income	**121**	**239**	**(49.4)%**	**66**	**89**	**(26.2)%**
General administrative expenses	(97)	(178)	(45.7)%	(32)	(33)	(2.1)%
Operating result	**24**	**61**	**(60.3)%**	**34**	**57**	**(40.1)%**
Net provisioning for impairment losses	(154)	(327)	(52.8)%	(41)	(32)	26.5%
Other results	71	106	(32.9)%	5	1	359.5%
Profit/loss before tax	**(59)**	**(160)**	**(63.2)%**	**(2)**	**25**	**–**
Income taxes	3	21	(84.2)%	4	0	–
Profit/loss after tax	**(55)**	**(138)**	**(59.9)%**	**1**	**25**	**(94.2)%**
Risk-weighted assets (total RWA)	2,660	–	–	2,660	2,652	0.3%
Assets	2,247	2,894	(22.4)%	2,247	2,309	(2.7)%
Loans and advances to customers	2,303	2,890	(20.3)%	2,303	2,401	(4.1)%
hereof corporate %	52.3%	54.2%	(1.9) PP	52.3%	51.9%	0.4 PP
hereof retail %	47.7%	45.5%	2.2 PP	47.7%	48.1%	(0.4) PP
hereof foreign currency %	59.3%	55.4%	3.9 PP	59.3%	61.0%	(1.7) PP
Deposits from customers	1,472	1,649	(10.7)%	1,472	1,466	0.4%
Loan/deposit ratio (net)	77.1%	118.6%	(41.5) PP	77.1%	84.5%	(7.4) PP
Equity	114	405	(71.7)%	114	116	(1.5)%
Return on equity before tax	–	–	–	–	59.5%	–
Return on equity after tax	–	–	–	3.4%	59.0%	(55.5) PP
Cost/income ratio	80.0%	74.5%	5.5 PP	48.6%	36.7%	11.9 PP
Net interest margin (average interest-bearing assets)	8.49%	9.29%	(0.81) PP	8.62%	9.07%	(0.46) PP
Employees as at reporting date	10,308	12,199	(15.5)%	10,308	10,602	(2.8)%
Business outlets	617	670	(7.9)%	617	619	(0.3)%
Customers	2,823,672	2,859,750	(1.3)%	2,823,672	2,833,139	(0.3)%

Group Corporates

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	301	336	(10.4)%	92	112	(6.5)%
General administrative expenses	(96)	(96)	(0.1)%	(37)	(27)	15.4%
Operating result	**206**	**240**	**(14.5)%**	**55**	**84**	**(17.0)%**
Net provisioning for impairment losses	(107)	(142)	(24.7)%	15	(75)	–
Other results	(11)	(4)	181.7%	(4)	(3)	17.9%
Profit/loss before tax	**87**	**94**	**(7.2)%**	**65**	**6**	**316.2%**
Assets	14,162	17,013	(16.8)%	14,162	15,726	(14.6)%
Net interest margin (average interest-bearing assets)	2.02%	1.55%	0.47 PP	1.97%	2.22%	0.06 PP
Return on equity before tax	**10.6%**	**7.0%**	**3.6 PP**	**23.7%**	**2.2%**	**18.0 PP**

Profit before tax in the Group Corporates segment fell € 7 million to € 87 million, mainly due to lower net fee and commission income; however, this was offset by lower net provisioning for impairment losses.

Operating Income

Net interest income in the segment slightly increased year-on-year by 1 per cent, or € 3 million, to € 245 million. The negative effect – caused by lower loan volumes as well as declining margins in new business at Group head office (Austrian and multinational corporate customers serviced from Vienna) – was offset by the positive impact from the partial reclassification of calculative net fee and commission income items as net interest income. The segment's net interest margin increased 47 basis points to 2.02 per cent. Total assets decreased 17 per cent year-on-year to € 14,162 million. Risk-weighted assets (total RWA) decreased 13 per cent to € 8,445 million.

Net fee and commission income decreased € 33 million year-on-year to € 55 million. Declines occurred at Group head office due to the partial reclassification of calculative income items as net interest income. Lower fee and commission income from bond issues, real estate and project financing transactions as well as export and investment financing also had a negative effect on income, while cash management, capital markets sales and the guarantee business reported higher fee and commission income. In addition, transactions relating to equity capital markets and mergers and acquisitions from Raiffeisen Centrobank were integrated for the first time.

The € 6 million decline in net trading income resulted from interest-based derivative financial instruments at Group head office.

General administrative expenses

General administrative expenses remained virtually unchanged at € 96 million. The decline in staff expenses, due to the release of provisions for bonuses, was offset by higher other administrative expenses. The cost/income ratio rose 3.3 percentage points to 31.7 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses declined € 35 million year-on-year to € 107 million. Net provisioning for impairment losses in the reporting period related predominantly to individual provisions for losses on loans to large corporate customers, including in Ukraine. The share of non-bank non-performing loans in the segment's portfolio increased 2.6 percentage points year-on-year to 9.3 per cent.

Other results and taxes

Other results declined € 7 million to minus € 11 million due to the higher allocation of expenses for bank levies to the segment.

Income tax expense posted an earnings-related decline of € 2 million to € 22 million.

Group Markets

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	210	267	(21.3)%	57	75	(23.8)%
General administrative expenses	(159)	(183)	(13.4)%	(51)	(50)	1.5%
Operating result	**51**	**84**	**(38.6)%**	**6**	**25**	**(74.9)%**
Net provisioning for impairment losses	0	3	–	1	0	–
Other results	(10)	(6)	50.7%	(2)	(1)	97.7%
Profit/loss before tax	**42**	**80**	**(48.1)%**	**6**	**24**	**(76.6)%**
Assets	14,690	18,033	(18.5)%	14,690	14,651	0.3%
Net interest margin (average interest-bearing assets)	0.80%	0.98%	(0.18) PP	0.71%	0.70%	0.01 PP
Return on equity before tax	**9.9%**	**19.5%**	**(9.6) PP**	**3.9%**	**17.1%**	**(13.2) PP**

Net income in the Group Markets segment declined € 38 million due to lower business volumes and the difficult market environment.

Operating income

The Group Markets segment's net interest income declined 38 per cent, or € 37 million, to € 60 million. This was mainly due to the reduction in interest income from securities resulting from lower business volumes. The net interest margin declined 18 basis points to 0.80 per cent and total assets declined 19 per cent year-on-year to € 14,690 million. However, risk-weighted assets (total RWA) rose 2 per cent to € 4,370 million.

Net fee and commission income rose 8 per cent year-on-year to € 91 million. This was mainly due to a positive development in custody and fund brokerage (securities custody and mutual funds business), in the capital markets institutionals business and in the guarantee business. In addition, an increase also resulted from the partial reclassification of calculative net trading income items.

This reclassification was also one of the reasons for the decline in net trading income of 31 per cent, or € 22 million, to € 50 million. Further causes for the reduction were a lower turnover in banknote trading, currency losses following the appreciation of the Swiss franc, as well as valuation losses on securities. These were only partially offset through improved income from a guarantee product.

General administrative expenses

General administrative expenses declined € 25 million year-on-year, or 13 per cent, to € 159 million, predominantly due to the release of bonus provisions. The cost/income ratio rose 6.9 percentage points year-on-year to 75.5 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses was significantly below € 1 million in the reporting period; whereas, in the same period in the previous year, impairment losses on loans and advances to financial institutions of € 3 million were released. The share of non-performing loans in the segment's total credit exposure was 5.3 per cent.

Other results and taxes

Other results declined € 3 million year-on-year to minus € 10 million. This was mainly attributable to a € 10 million higher allocation of bank levies. This contrasted with an € 8 million improvement in net income from derivative financial instruments resulting from the interest rate development.

Income tax expense posted an earnings-related fall of € 7 million to € 10 million.

Corporate Center

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	775	997	(22.2)%	45	518	(91.3)%
General administrative expenses	(257)	(203)	26.6%	(83)	(95)	(12.6)%
Operating result	**518**	**794**	**(34.7)%**	**(38)**	**424**	**–**
Net provisioning for impairment losses	(9)	(4)	142.3%	(8)	1	–
Other results	(130)	(17)	>500.0%	(111)	(46)	139.7%
Profit/loss before tax	**378**	**773**	**(51.0)%**	**(157)**	**378**	**–**
Assets	27,549	34,865	(21.0)%	27,549	30,373	(9.3)%

This segment essentially comprises net income from Group head office's governance functions and from other Group units. As a result, its net income is generally more volatile. In the current period net income deteriorated because of lower dividend income from Russia as well as losses from a currency hedging transaction. In addition, impairment of goodwill of € 99 million was booked, predominantly for the Polish Group unit.

Operating Income

Net interest income in the Corporate Center segment declined 16 per cent or € 155 million year-on-year to € 786 million. This was mainly attributable to € 152 million lower dividend income, primarily from Russia. Due to falling intra-Group financing volumes, interest income from the refinancing business also declined. In addition to income from the predominantly short-term investment of free liquidity, interest expenses of € 57 million (previous year's period 2014: € 54 million) for the subordinated capital of RBI AG were also reported in this segment. The segment's total assets declined 21 per cent year-on-year to € 27,549 million as a result of lower Group financing volumes; risk-weighted assets (total RWA) also declined 19 per cent to € 16,378 million.

Net fee and commission income improved € 18 million year-on-year to € 12 million, predominantly as a result of lower securitization costs and the partial calculative reclassification of expenses for guarantee fees and commissions to net interest income, where these were treated as a component of interest income.

The segment's net trading income declined significantly year-on-year, by € 101 million to minus € 132 million. The main reasons for this were a loss of € 70 million from a hedging transaction, which was terminated in April, for dividend income in Russian roubles and exchange-rate related valuation losses on a real estate holding company.

Sundry net operating income increased € 16 million to € 110 million. The majority of the income included here stems from intra-Group service charges.

General administrative expenses

The segment's general administrative expenses increased € 54 million to € 257 million. The main factor here was the booking of Group head office's expected contribution of € 38 million to the newly-established resolution fund, which was booked for the full year in the first half of 2015. In addition, staff expenses increased because of higher intra-Group service charges.

Net provisioning for impairment losses

Net provisioning for impairment losses generally plays a subordinate role in this segment due to the predominantly intra-Group nature of its business activities. In the reporting period net provisioning for impairment losses for corporate customers of Group head office amounted to € 9 million compared to € 4 million in the previous year's period.

Other results and taxes

The segment's other results declined € 113 million to minus € 130 million in the reporting period.

This was mainly attributable to the impairment of goodwill of € 99 million for Group units in Poland (€ 96 million) and Ukraine (€ 3 million). The existing goodwill for the Polish subsidiary of € 96 million was fully amortized in September. This impairment primarily followed due to a higher discount factor (on account of higher market risk premiums owing to the environment). There was also a review of the medium-term planning, which resulted in lower profit growth because of the environment in Poland with regard to growth of business volumes and the refinancing structure.

The development of net income from derivatives and liabilities was also negative, declining € 33 million to € 20 million, as a result of the valuation of bank-book derivatives and own issues. Net income from financial investments also declined, by € 17 million, primarily due to the valuation of government bonds and impairments on various equity participations.

In contrast, the € 36 million in expenses for bank levies reported in the segment were € 22 million lower than in the comparable period of the previous year. The allocation method for the bank levy was adjusted in the reporting period.

Net income from the disposal of Group assets totaled € 3 million in the reporting period, following a loss of € 12 million in the comparable period of the previous year, which was primarily due to the disposal of the trading group F.J. Elsner, Vienna.

Tax income of € 25 million was booked in the reporting period, while there was a tax expense of € 14 million in the comparable period of the previous year. A deferred tax expense on valuation gains on own liabilities and derivatives was booked at Group head office in the previous year's period; whereas, in the reporting period, no current taxes accrued at Group head office.

Non-Core

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Operating income	447	540	(17.2)%	140	156	(10.4)%
General administrative expenses	(310)	(330)	(5.9)%	(104)	(101)	3.1%
Operating result	**137**	**211**	**(34.9)%**	**36**	**55**	**(35.2)%**
Net provisioning for impairment losses	(136)	(210)	(35.2)%	(52)	(68)	(23.7)%
Other results	(2)	(4)	(50.5)%	(1)	0	285.4%
Profit/loss before tax	**0**	**(2)**	**(81.1)%**	**(17)**	**(13)**	**26.8%**
Assets	20,036	22,112	(9.4)%	20,036	20,000	0.2%
Net interest margin (average interest-bearing assets)	2.04%	2.49%	(0.44) PP	2.00%	2.10%	(0.10) PP
Return on equity before tax	**–**	–	–	**–**	–	–

Profit before tax in the Non-Core segment was essentially unchanged from the previous year at less than € 1 million. The operating result fell by a considerable 35 per cent, but net provisioning for impairment losses also declined 35 per cent. Goodwill in relation to the Polish Group unit was impaired by € 96 million, with the corresponding charge booked in the Corporate Center segment (Group head office).

Operating income

Net interest income fell 25 per cent year-on-year, or € 102 million, to € 302 million. This was primarily attributable to a decline in net interest income in Poland – due to continuing low market interest rates – of 21 per cent, or € 49 million, to € 191 million. Net interest income fell in Asia due to loan defaults by 40 per cent, or € 49 million, to € 74 million. The net interest margin declined 44 basis points year-on-year to 2.04 per cent. The segment's total assets reduced 9 per cent year-on-year to € 20,036 million. Risk-weighted assets (total RWA) decreased 11 per cent to € 11,946 million.

Net fee and commission income remained virtually unchanged year-on-year at € 128 million. This included a € 14 million decline in net income from the payment transfer business to € 25 million, due above all to lower income from the credit card and giro business in Poland. In contrast, net income from other banking services rose € 10 million to € 2 million, which was also due to developments in Poland. Equally driven by activities in Poland, net income from the foreign currency, notes/coins, and precious metals business increased € 4 million to € 54 million.

Net trading income rose € 2 million to € 3 million, with net income from interest-based transactions decreasing € 16 million year-on-year to € 5 million. The decrease was attributable to lower income from interest-based derivatives in Poland. Net income from currency-based transactions rose from minus € 20 million in the previous year's period to minus € 3 million due to valuation gains in Poland and Asia.

Sundry net operating income was up € 7 million year-on-year to € 14 million, due to the release of other provisions in Slovenia and higher net proceeds from the disposal of tangible and intangible fixed assets in Poland.

General administrative expenses

General administrative expenses declined 6 per cent year-on-year, or € 19 million, to € 310 million, with the majority of the decline occurring in Poland. Staff expenses were down 2 per cent, or € 3 million, to € 149 million: Declines were recorded following the release of bonus provisions, especially in Poland, while severance payments resulted in an increase in Asia. Other administrative expenses fell 9 per cent, or € 13 million, to € 127 million, due primarily to a decline in Poland – where virtually all expense categories decreased, particularly IT expenses and legal, advisory and consulting expenses, as a result of the merger with Polbank. However, deposit insurance fees increased due to higher customer deposits. Depreciation of tangible and intangible fixed assets declined 8 per cent, or € 3 million, to € 35 million. The number of business outlets decreased by 13 to 379. The cost/income ratio rose 8.3 percentage points to 69.3 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses fell € 74 million year-on-year to € 136 million. The decline was largely caused by developments in Asia, where net provisioning for impairment losses decreased € 61 million year-on-year to € 77 million. Net provisioning for impairment losses in Poland declined € 15 million to € 39 million, following increased defaults in the large corporate customer business and direct write-downs of loans to retail customers during the same period last year. The proportion of non-performing loans to non-banks in the segment's loan portfolio increased 2.0 percentage points year-on-year to 14.5 per cent.

Other results and taxes

Other results were up € 2 million year-on-year. Impairment charges for equity participations in Asia totaled € 2 million during the reporting period, while € 4 million in impairment charges for equity participations were booked in Poland in the previous year's period.

Tax expense decreased € 5 million year-on-year to € 16 million, predominantly in the United States.

Detailed results of individual countries and sub-segments:

Asia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	74	124	(39.9)%	22	23	(7.2)%
Net fee and commission income	10	7	54.7%	4	3	23.4%
Net trading income	(8)	(3)	153.6%	(8)	0	–
Sundry net operating income	0	2	(86.2)%	0	0	62.1%
Operating income	**77**	**129**	**(40.3)%**	**18**	**27**	**(34.5)%**
General administrative expenses	(37)	(40)	(8.3)%	(12)	(12)	5.2%
Operating result	**40**	**89**	**(54.6)%**	**5**	**15**	**(65.8)%**
Net provisioning for impairment losses	(77)	(139)	(44.4)%	(34)	(40)	(15.4)%
Other results	(3)	1	–	0	0	145.9%
Profit/loss before tax	**(39)**	**(49)**	**(19.6)%**	**(29)**	**(25)**	**15.6%**
Income taxes	0	(1)	(54.9)%	2	3	(8.2)%
Profit/loss after tax	**(40)**	**(50)**	**(20.3)%**	**(27)**	**(23)**	**18.2%**
Risk-weighted assets (total RWA)	1,972	–	–	1,972	2,338	(15.7)%
Assets	3,028	5,961	(49.2)%	3,028	3,524	(14.1)%
Loans and advances to customers	2,205	4,101	(46.2)%	2,205	2,861	(22.9)%
hereof corporate %	100.0%	100.0%	0.0 PP	100.0%	100.0%	0.0 PP
hereof retail %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
hereof foreign currency %	62.6%	69.1%	(6.5) PP	62.6%	54.3%	8.2 PP
Deposits from customers	330	1,108	(70.2)%	330	536	(38.4)%
Loan/deposit ratio (net)	536.0%	346.0%	190.0 PP	536.0%	455.0%	81.0 PP
Equity	–	–	–	–	–	–
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	47.5%	31.0%	16.5 PP	70.8%	44.1%	26.7 PP
Net interest margin (average interest-bearing assets)	2.92%	2.51%	0.41 PP	3.33%	2.91%	0.42 PP
Employees as at reporting date	206	258	(20.2)%	206	234	(12.0)%
Business outlets	5	6	(16.7)%	5	6	(16.7)%
Customers	94	137	(31.4)%	94	128	(26.6)%

1 Asian entities are operated as a branch; therefore no equity available..

Poland

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	191	241	(20.5)%	62	65	(5.8)%
Net fee and commission income	108	111	(2.5)%	38	36	5.7%
Net trading income	10	3	213.2%	3	5	(28.1)%
Sundry net operating income	10	6	63.2%	2	5	(63.6)%
Operating income	**319**	**360**	**(11.6)%**	**105**	**112**	**(5.7)%**
General administrative expenses	(226)	(242)	(6.5)%	(76)	(73)	3.8%
Operating result	**92**	**118**	**(21.9)%**	**30**	**39**	**(23.6)%**
Net provisioning for impairment losses	(39)	(54)	(27.4)%	(10)	(23)	(54.8)%
Other results	1	(3)	–	0	0	(26.5)%
Profit/loss before tax	**54**	**61**	**(11.6)%**	**19**	**16**	**19.8%**
Income taxes	(14)	(15)	(4.6)%	(4)	(4)	17.0%
Profit/loss after tax	**40**	**46**	**(13.8)%**	**15**	**13**	**20.5%**
Risk-weighted assets (total RWA)	8,517	–	–	8,517	8,621	(1.2)%
Assets	14,693	13,451	9.2%	14,693	14,055	4.5%
Loans and advances to customers	10,204	9,867	3.4%	10,204	10,277	(0.7)%
hereof corporate %	36.3%	35.3%	0.9 PP	36.3%	35.0%	1.3 PP
hereof retail %	63.7%	64.6%	(0.9) PP	63.7%	64.9%	(1.2) PP
hereof foreign currency %	55.4%	56.9%	(1.5) PP	55.4%	56.8%	(1.4) PP
Deposits from customers	9,361	7,720	21.3%	9,361	8,578	9.1%
Loan/deposit ratio (net)	103.5%	117.5%	(14.1) PP	103.5%	114.1%	(10.6) PP
Equity	1,481	1,534	(3.5)%	1,481	1,495	(0.9)%
Return on equity before tax	4.9%	5.6%	(0.7) PP	5.3%	4.4%	1.0 PP
Return on equity after tax	3.6%	4.2%	(0.6) PP	4.2%	3.4%	0.8 PP
Cost/income ratio	71.0%	67.2%	3.8 PP	71.9%	65.3%	6.6 PP
Net interest margin (average interest-bearing assets)	1.87%	2.57%	(0.70) PP	1.79%	1.92%	(0.14) PP
Employees as at reporting date	5,331	5,594	(4.7)%	5,331	5,419	(1.6)%
Business outlets	358	369	(3.0)%	358	351	2.0%
Customers	726,514	729,455	(0.4)%	726,514	712,422	2.0%

Slovenia

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	9	10	(15.5)%	2	3	(15.6)%
Net fee and commission income	6	5	0.4%	2	2	(8.2)%
Net trading income	0	1	(69.7)%	0	0	(5.3)%
Sundry net operating income	3	(3)	–	2	1	170.9%
Operating income	**17**	**14**	**28.7%**	**6**	**6**	**15.3%**
General administrative expenses	(14)	(14)	(0.1)%	(5)	(5)	0.3%
Operating result	**3**	**(1)**	**–**	**2**	**1**	**99.4%**
Net provisioning for impairment losses	(12)	(16)	(26.9)%	(5)	(2)	137.6%
Other results	1	0	–	0	0	(87.2)%
Profit/loss before tax	**(8)**	**(17)**	**(52.8)%**	**(3)**	**(1)**	**192.6%**
Income taxes	0	0	–	0	0	–
Profit/loss after tax	**(8)**	**(17)**	**(52.8)%**	**(3)**	**(1)**	**192.6%**
Risk-weighted assets (total RWA)	416	–	–	416	442	(5.8)%
Assets	843	1,215	(30.6)%	843	924	(8.8)%
Loans and advances to customers	548	884	(38.0)%	548	637	(14.0)%
hereof corporate %	53.3%	59.0%	(5.7) PP	53.3%	51.6%	1.7 PP
hereof retail %	42.7%	34.1%	8.7 PP	42.7%	38.7%	4.1 PP
hereof foreign currency %	4.5%	4.5%	0.0 PP	4.5%	4.3%	0.2 PP
Deposits from customers	436	478	(8.6)%	436	414	5.4%
Loan/deposit ratio (net)	97.1%	157.3%	(60.1) PP	97.1%	122.2%	(25.1) PP
Equity	44	60	(26.4)%	44	48	(7.6)%
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	81.9%	105.5%	(23.6) PP	73.9%	84.9%	(11.0) PP
Net interest margin (average interest-bearing assets)	1.27%	1.19%	0.08 PP	1.24%	1.29%	(0.05) PP
Employees as at reporting date	218	231	(5.6)%	218	224	(2.7)%
Business outlets	14	14	0.0%	14	14	0.0%
Customers	58,629	63,953	(8.3)%	58,629	59,382	(1.3)%

USA

in € million	1/1-30/9 2015	1/1-30/9 2014	Change	Q3/2015	Q2/2015	Change
Net interest income	20	23	(10.5)%	6	7	(14.3)%
Net fee and commission income	5	6	(17.6)%	1	2	(11.9)%
Net trading income	0	0	11.5%	0	0	–
Sundry net operating income	0	0	9.2%	0	0	(10.3)%
Operating income	**25**	**29**	**(11.7)%**	**7**	**9**	**(15.1)%**
General administrative expenses	(14)	(11)	19.1%	(4)	(5)	(9.3)%
Operating result	**12**	**17**	**(32.0)%**	**3**	**4**	**(22.7)%**
Net provisioning for impairment losses	(6)	0	>500.0%	(2)	(3)	(7.7)%
Other results	0	0	–	0	0	–
Profit/loss before tax	**6**	**17**	**(67.2)%**	**1**	**1**	**(54.0)%**
Income taxes	(1)	(5)	(78.6)%	0	0	–
Profit/loss after tax	**4**	**12**	**(62.3)%**	**1**	**1**	**(13.6)%**
Risk-weighted assets (total RWA)	902	–	–	902	978	(7.8)%
Assets	695	846	(17.8)%	695	744	(6.6)%
Loans and advances to customers	603	739	(18.4)%	603	645	(6.5)%
hereof corporate %	100.0%	100.0%	0.0 PP	100.0%	100.0%	0.0 PP
hereof retail %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
hereof foreign currency %	6.1%	8.0%	(1.9) PP	6.1%	6.8%	(0.7) PP
Deposits from customers	0	0	–	0	0	–
Loan/deposit ratio (net)	–	–	–	–	–	–
Equity	45	48	(4.7)%	45	45	1.6%
Return on equity before tax	19.0%	73.6%	(54.6) PP	5.6%	11.9%	(6.3) PP
Return on equity after tax	15.3%	51.6%	(36.3) PP	7.8%	8.8%	(1.0) PP
Cost/income ratio	53.6%	39.8%	13.9 PP	60.1%	56.2%	3.9 PP
Net interest margin (average interest-bearing assets)	3.63%	4.80%	(1.16) PP	3.53%	3.75%	(0.22) PP
Employees as at reporting date	57	67	(14.9)%	57	58	(1.7)%
Business outlets	1	2	(50.0)%	1	1	0.0%
Customers	–	–	–	–	–	–

Interim consolidated financial statements

(Interim report as at September 30, 2015)

Statement of comprehensive income

Income statement

in € million	Notes	1/1-30/9/2015	1/1-30/9/2014	Change
Interest income		3,730	4,306	(13.4)%
Interest expenses		(1,235)	(1,412)	(12.5)%
Net interest income	**[2]**	**2,495**	**2,894**	**(13.8)%**
Net provisioning for impairment losses	[3]	(783)	(1,083)	(27.7)%
Net interest income after provisioning		**1,712**	**1,811**	**(5.5)%**
Fee and commission income		1,467	1,477	(0.7)%
Fee and commission expense		(338)	(308)	9.5%
Net fee and commission income	**[4]**	**1,129**	**1,168**	**(3.4)%**
Net trading income	[5]	(12)	38	–
Net income from derivatives and liabilities	[6]	11	60	(82.4)%
Net income from financial investments	[7]	68	101	(32.4)%
General administrative expenses	[8]	(2,101)	(2,295)	(8.5)%
Other net operating income	[9]	(190)	(372)	(49.0)%
Net income from disposal of group assets	[10]	7	(10)	–
Profit/loss before tax		**624**	**502**	**24.3%**
Income taxes	[11]	(192)	(243)	(20.8)%
Profit/loss after tax		**432**	**259**	**66.6%**
Profit attributable to non-controlling interests		(54)	(34)	59.5%
Consolidated profit/loss		**378**	**225**	**67.6%**

Earnings per share

in €	1/1-30/9/2015	1/1-30/9/2014[1]	Change
Earnings per share	1.29	0.80	0.49

1 Earnings per share published in the third quarter 2014 considered dividend on participation capital. In 2014, no dividend was paid on participation capital. Therefore adapted earnings per share amounted to € 0.80.

Earnings per share are obtained by dividing consolidated profit by the average number of ordinary shares outstanding. As at September 30, 2015, the number of average ordinary shares oustanding was 292.4 million (September 30, 2014: 282.7 million). As there were no conversion rights or options outstanding, a dilution of earnings per share did not occur.

Other comprehensive income and total comprehensive income

	Total		Group equity		Non-controlling interests	
in € million	1/1-30/9 2015	1/1-30/9 2014	1/1-30/9 2015	1/1-30/9 2014	1/1-30/9 2015	1/1-30/9 2014
Profit/loss after tax	**432**	**259**	**378**	**225**	**54**	**34**
Items which are not reclassified to profit and loss	**0**	**0**	**0**	**0**	**0**	**0**
Remeasurements of defined benefit plans	0	1	0	1	0	0
Deferred taxes on items which are not reclassified to profit and loss	0	0	0	0	0	0
Items that may be reclassified subsequently to profit or loss	**(38)**	**(522)**	**(27)**	**(514)**	**(11)**	**(8)**
Exchange differences	(68)	(571)	(58)	(559)	(10)	(12)
Capital hedge	65	2	65	2	0	0
Hyperinflation	0	35	0	31	0	4
Net gains (losses) on derivatives hedging fluctuating cash flows	(12)	(3)	(12)	(3)	0	0
Net gains (losses) on financial assets available-for-sale	(2)	19	(1)	19	(1)	0
Deferred taxes on income and expenses directly recognized in equity	(21)	(4)	(21)	(4)	0	0
Other comprehensive income	**(38)**	**(522)**	**(27)**	**(514)**	**(11)**	**(8)**
Total comprehensive income	**394**	**(263)**	**350**	**(289)**	**43**	**26**

Quarterly results

in € million	Q4/2014	Q1/2015	Q2/2015	Q3/2015
Net interest income	895	820	862	813
Net provisioning for impairment losses	(633)	(260)	(332)	(191)
Net interest income after provisioning	**262**	**560**	**530**	**622**
Net fee and commission income	417	360	385	384
Net trading income	(68)	(62)	64	(14)
Net income from derivatives and liabilities	28	20	(29)	20
Net income from financial investments	(39)	64	(3)	7
General administrative expenses	(728)	(691)	(697)	(713)
Other net operating income	(352)	(63)	33	(159)
Net income from disposal of group assets	0	1	(3)	10
Profit/loss before tax	**(479)**	**188**	**279**	**157**
Income taxes	(243)	(88)	(53)	(52)
Profit/loss after tax	**(722)**	**100**	**226**	**106**
Profit attributable to non-controlling interests	4	(17)	(22)	(16)
Consolidated profit/loss	**(718)**	**83**	**204**	**90**

in € million	Q4/2013	Q1/2014	Q2/2014	Q3/2014
Net interest income	953	979	975	940
Net provisioning for impairment losses	(350)	(281)	(287)	(515)
Net interest income after provisioning	**603**	**697**	**688**	**425**
Net fee and commission income	424	376	389	404
Net trading income	81	(19)	28	30
Net income from derivatives and liabilities	(14)	(27)	(15)	103
Net income from financial investments	(15)	37	42	23
General administrative expenses	(910)	(755)	(764)	(776)
Other net operating income	(30)	(57)	(90)	(225)
Net income from disposal of group assets	0	(11)	0	1
Profit/loss before tax	**138**	**240**	**278**	**(16)**
Income taxes	4	(67)	(79)	(96)
Profit/loss after tax	**142**	**173**	**198**	**(112)**
Profit attributable to non-controlling interests	4	(12)	(15)	(7)
Consolidated profit/loss	**146**	**161**	**183**	**(119)**

Statement of financial position

Assets in € million	Notes	30/9/2015	31/12/2014	Change
Cash reserve	[13]	10,710	6,769	58.2%
Loans and advances to banks	[14, 39]	12,169	15,573	(21.9)%
Loans and advances to customers	[15, 39]	73,284	77,925	(6.0)%
Impairment losses on loans and advances	[16]	(6,044)	(6,069)	(0.4)%
Trading assets	[17, 39]	6,462	7,917	(18.4)%
Derivatives	[18, 39]	1,710	1,643	4.0%
Financial investments	[19, 39]	14,800	14,468	2.3%
Intangible fixed assets	[20]	642	759	(15.4)%
Tangible fixed assets	[21]	1,535	1,408	9.1%
Other assets	[22, 39]	1,970	1,231	60.0%
Total assets		**117,238**	**121,624**	**(3.6)%**

Equity and liabilities in € million	Notes	30/9/2015	31/12/2014	Change
Deposits from banks	[23, 39]	18,534	22,408	(17.3)%
Deposits from customers	[24, 39]	68,048	66,094	3.0%
Debt securities issued	[25, 39]	7,985	10,593	(24.6)%
Provisions for liabilities and charges	[26, 39]	901	969	(7.0)%
Trading liabilities	[27, 39]	5,691	6,877	(17.2)%
Derivatives	[28, 39]	870	778	11.8%
Other liabilities	[29, 39]	2,244	1,417	58.4%
Subordinated capital	[30, 39]	4,341	4,185	3.7%
Equity	[31]	8,624	8,302	3.9%
Consolidated equity		7,757	8,300	(6.5)%
Consolidated profit/loss		378	(493)	–
Non-controlling interests		489	495	(1.2)%
Total equity and liabilities		**117,238**	**121,624**	**(3.6)%**

Statement of changes in equity

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2015	**892**	**0**	**4,991**	**2,417**	**(493)**	**495**	**8,302**
Capital increases/decreases	0	0	0	0	0	0	0
Transferred to retained earnings	0	0	0	(493)	493	0	0
Dividend payments	0	0	0	0	0	(51)	(51)
Total comprehensive income	0	0	0	(27)	378	43	394
Own shares/share incentive program	0	0	0	0	0	0	0
Other changes	0	0	2	(25)	0	2	(21)
Equity as at 30/9/2015	**892**	**0**	**4,994**	**1,872**	**378**	**489**	**8,624**

in € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit/loss	Non-controlling interests	Total
Equity as at 1/1/2014	**595**	**2,500**	**2,575**	**3,652**	**557**	**485**	**10,364**
Capital increases/decreases	297	(2,500)	2,429	0	0	9	235
Transferred to retained earnings	0	0	0	59	(59)	0	0
Dividend payments	0	0	0	0	(498)	(42)	(541)
Total comprehensive income	0	0	0	(514)	225	26	(263)
Own shares/share incentive program	0	0	(5)	5	0	0	0
Other changes	0	0	(6)	10	0	20	24
Equity as at 30/9/2014	**892**	**0**	**4,994**	**3,211**	**225**	**498**	**9,819**

Statement of cash flows

in € million	1/1-30/9/2015	1/1-30/9/2014
Cash and cash equivalents at the end of previous period	**6,769**	**6,674**
Net cash from operating activities	2,388	(457)
Net cash from investing activities	1,703	(1,081)
Net cash from financing activities	(88)	483
Effect of exchange rate changes	(62)	(524)
Cash and cash equivalents at the end of period	**10,710**	**5,094**

Segment reporting

As a rule, internal management reporting at RBI is based on the current organizational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within the Group is either a country or a business activity. Accordingly, the RBI management bodies – Management Board and Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. Thus, the division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elemination of intra-group results and consolidation between the segments.

In February 2015, RBI decided to implement a range of measures to increase its regulatory capitalization. These are intended to improve the CET1 ratio (fully loaded) to 12 per cent by the end of 2017. The planned steps will particularly affect those of RBI's business activities that generate low net income, have high capital requirements or are of lesser strategic importance. These measures include the sale of the units in Poland and Slovenia as well as the online bank Zuno AG. In line with the Group's focus on Central and Eastern Europe, business activities in Asia and the USA will be significantly reduced or exited by the end of 2017 and the end of 2016, respectively. For this reason, segment reporting was adapted at the start of the year. A separate Non-Core segment encompasses those business divisions which are to be disposed of or reduced. Additionally, the units in Belarus, Kazakhstan, Russia and Ukraine have been combined in the Eastern Europe segment.

This results in the following segments:

- Central Europe (Czech Republic, Hungary and Slovakia)
- Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia)
- Eastern Europe (Belarus, Kazakhstan, Russia and Ukraine)
- Group Corporates (large corporate business activities with Austrian and multinational customers operated from Vienna)
- Group Markets (capital market-based customer and proprietary business operated from Vienna)
- Corporate Center (central control functions at Group head office and other Group units)
- Non-Core (Asia, Poland, Slovenia, USA and ZUNO BANK AG)

1/1-30/9/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	494	592	729	245	60
Net fee and commission income	290	282	294	55	91
Net trading income	22	36	22	1	50
Sundry net operating income	(19)	12	(9)	1	9
Operating income	**787**	**921**	**1,037**	**301**	**210**
General administrative expenses	(450)	(491)	(408)	(96)	(159)
Operating result	**337**	**431**	**629**	**206**	**51**
Net provisioning for impairment losses	(90)	(125)	(320)	(107)	0
Other results	9	(84)	82	(11)	(10)
Profit/loss before tax	**256**	**222**	**391**	**87**	**42**
Income taxes	(55)	(24)	(91)	(22)	(10)
Profit/loss after tax	**201**	**198**	**300**	**66**	**32**
Profit attributable to non-controlling interests	(43)	(1)	(8)	(1)	0
Profit/loss after deduction of non-controlling interests	**157**	**197**	**293**	**65**	**32**

Risk-weighted assets (credit risk)	11,819	12,028	11,257	7,623	2,393
Risk-weighted assets (total RWA)	13,951	14,523	13,194	8,445	4,370
Total capital requirement	1,116	1,162	1,056	676	350
Assets	26,179	21,817	16,019	14,162	14,690
Liabilities	23,801	18,863	14,177	10,360	17,110
Net interest margin (average interest-bearing assets)	2.73%	3.91%	6.13%	2.02%	0.80%
NPL ratio	8.1%	13.0%	18.2%	9.3%	14.4%
NPL coverage ratio	72.5%	67.8%	82.9%	53.7%	75.1%
Cost/income ratio	57.2%	53.3%	39.3%	31.7%	75.5%
Provisioning ratio (average loans and advances to customers)	0.64%	1.26%	3.49%	0.93%	0.01%
Average equity	1,705	1,722	1,673	1,096	562
Return on equity before tax	**20.0%**	**17.2%**	**31.2%**	**10.6%**	**9.9%**
Business outlets	386	1,072	912	0	4

1/1-30/9/2015 in € million	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	786	302	(713)	2,495
Net fee and commission income	12	128	(23)	1,129
Net trading income	(132)	3	(14)	(12)
Sundry net operating income	110	14	(69)	49
Operating income	**775**	**447**	**(819)**	**3,660**
General administrative expenses	(257)	(310)	69	(2,101)
Operating result	**518**	**137**	**(750)**	**1,559**
Net provisioning for impairment losses	(9)	(136)	4	(783)
Other results	(130)	(2)	(6)	(152)
Profit/loss before tax	**378**	**0**	**(752)**	**624**
Income taxes	25	(16)	0	(192)
Profit/loss after tax	**403**	**(16)**	**(752)**	**432**
Profit attributable to non-controlling interests	(15)	0	13	(54)
Profit/loss after deduction of non-controlling interests	**389**	**(16)**	**(738)**	**378**
Risk-weighted assets (credit risk)	15,007	10,271	(15,083)	55,316
Risk-weighted assets (total RWA)	16,378	11,946	(15,610)	67,195
Total capital requirement	1,310	956	(1,249)	5,376
Assets	27,549	20,036	(23,214)	117,238
Liabilities	22,374	17,816	(15,887)	108,615
Net interest margin (average interest-bearing assets)	–	2.04%	–	2.99%
NPL ratio	–	14.5%	–	12.1%
NPL coverage ratio	–	57.9%	–	66.6%
Cost/income ratio	33.2%	69.3%	–	57.4%
Provisioning ratio (average loans and advances to customers)	–	1.26%	–	1.33%
Average equity	2,071	1,481	(1,877)	8,434
Return on equity before tax	**–**	**–**	**–**	**9.9%**
Business outlets	1	379	0	2,754

1/1-30/9/2014 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Corporates	Group Markets
Net interest income	524	628	935	242	98
Net fee and commission income	280	269	362	88	84
Net trading income	10	45	(75)	7	72
Sundry net operating income	(25)	32	(4)	0	13
Operating income	**790**	**973**	**1,218**	**336**	**267**
General administrative expenses	(453)	(500)	(609)	(96)	(183)
Operating result	**337**	**473**	**609**	**240**	**84**
Net provisioning for impairment losses	(105)	(177)	(447)	(142)	3
Other results	(327)	4	112	(4)	(6)
Profit/loss before tax	**(95)**	**300**	**273**	**94**	**80**
Income taxes	(50)	(45)	(72)	(24)	(17)
Profit/loss after tax	**(146)**	**255**	**201**	**71**	**63**
Profit attributable to non-controlling interests	(31)	(1)	1	0	0
Profit/loss after deduction of non-controlling interests	**(177)**	**255**	**202**	**70**	**63**
Risk-weighted assets (credit risk)	12,443	12,352	14,279	9,068	3,530
Risk-weighted assets (total RWA)	14,698	14,882	17,131	9,680	4,272
Total capital requirement	1,176	1,191	1,370	774	342
Assets	24,386	21,350	19,247	17,013	18,033
Liabilities	22,413	18,316	16,540	12,059	17,409
Net interest margin (average interest-bearing assets)	3.15%	4.30%	6.60%	1.55%	0.98%
NPL ratio	11.3%	14.2%	11.9%	6.6%	10.6%
NPL coverage ratio	66.4%	63.7%	79.8%	55.5%	73.7%
Cost/income ratio	57.3%	51.4%	50.0%	28.5%	68.6%
Provisioning ratio (average loans and advances to customers)	0.78%	1.71%	4.21%	1.34%	(0.13)%
Average equity	2,203	2,183	2,441	1,796	550
Return on equity before tax	**–**	**18.3%**	**14.9%**	**7.0%**	**19.5%**
Business outlets	428	1,095	973	0	5

1/1-30/9/2014 in € million	Corporate Center	Non-Core	Reconciliation	Total
Net interest income	941	404	(878)	2,894
Net fee and commission income	(6)	128	(37)	1,168
Net trading income	(31)	1	10	38
Sundry net operating income	93	7	(80)	36
Operating income	**997**	**540**	**(984)**	**4,137**
General administrative expenses	(203)	(330)	79	(2,295)
Operating result	**794**	**211**	**(905)**	**1,842**
Net provisioning for impairment losses	(4)	(210)	(1)	(1,083)
Other results	(17)	(4)	(15)	(257)
Profit/loss before tax	**773**	**(2)**	**(921)**	**502**
Income taxes	(14)	(21)	0	(243)
Profit/loss after tax	**759**	**(23)**	**(921)**	**259**
Profit attributable to non-controlling interests	7	(1)	(9)	(34)
Profit/loss after deduction of non-controlling interests	**765**	**(24)**	**(929)**	**225**
Risk-weighted assets (credit risk)	18,179	11,994	(16,326)	65,520
Risk-weighted assets (total RWA)	20,189	13,449	(14,898)	79,402
Total capital requirement	1,615	1,076	(1,192)	6,352
Assets	34,865	22,112	(24,989)	132,016
Liabilities	28,389	22,100	(15,029)	122,196
Net interest margin (average interest-bearing assets)	–	2.49%	–	3.29%
NPL ratio	–	12.5%	–	11.1%
NPL coverage ratio	–	58.9%	–	65.4%
Cost/income ratio	20.4%	61.0%	–	55.5%
Provisioning ratio (average loans and advances to customers)	–	1.80%	–	1.79%
Average equity	2,721	1,827	(2,298)	11,422
Return on equity before tax	**–**	**–**	**–**	**5.8%**
Business outlets	1	392	–	2,894

Notes

Principles underlying the consolidated financial statements

Principles of preparation

The condensed interim consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the international accounting standards adopted by the EU on the basis of IAS Regulation (EC) 1606/2002 including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC/SIC). The condensed consolidated interim financial statements as at September 30, 2015 are prepared in accordance with IAS 34.

In addition to the information on risks arising from financial instruments in the individual notes to the financial statements, the risk report section in particular contains detailed information on the issues of credit risk, concentration risk, market risk, and liquidity risk. The interim report as at September 30, 2015 did not undergo a complete audit, nor did it undergo an audit inspection carried out by the certified auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna (framework prime market of the Vienna Stock Exchange).

The same recognition and measurement principles and consolidation methods were fundamentally applied in the interim reporting, as those used in preparing the consolidated financial statements 2014 (see Annual Report 2014, page 212 ff). Standards and interpretations to be applied in the EU from January 1, 2015 onward were accounted for in this interim report.

The relevant provisions for accounting in hyperinflation economies according to IAS 29 were applied for two subsidiaries in Belarus until December 31, 2014. Since 2011, the historical acquisition and production costs had been adjusted due to the changes in the general purchasing power and had been disclosed in the prevailing measuring unit at the reporting date until December 31, 2014. From January 1, 2015 on, accounting for hyperinflation economies was finished because the relevant parameters indicating hyperinflation were no longer given. The carrying values in 2015 were based on all carrying values stated in the prevailing measuring unit as at December 31, 2014. Expense and income items were again translated with the average exchange rate for the consolidated financial statements while the application of IAS 29 required period-end exchange rates.

Critical accounting judgements and key sources of estimation uncertainty

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from today's standard. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes, provisions for pensions and pension-related liabilities, and calculations used to determine the recoverability of goodwill and the intangible asset values capitalized in the course of the initial consolidation. The actual values may deviate from the estimated figures.

Application of IFRS 5

In February 2015, RBI decided to sell units in Poland and the online bank ZUNO BANK AG, Vienna, in the course of a strategy adaptation. Besides that, the selling process of the ZAO NPF Raiffeisen, Moscow, has been started. As at September 30, 2015 both subsidiaries are shown as held-for-sale assets according to IFRS in the consolidated financial statements. Details to both disposal groups are disclosed in the notes (22) Other assets. In Poland, the sale process has already started, but is delayed due to the current surrounding conditions. Therefore, a closing within a one-year period is unlikely. Consequently, the disclosure as discontinued operations was resigned.

Application of new and revised standards

The annual improvements to IFRS 2010–2012 cycle (entry into force February 1, 2015 in the EU) and 2011–2013 cycle (entry into force January 1, 2015 in the EU) comprise numerous amendments to various standards. The amendments are effective for annual periods beginning on or after February 1, 2015. They comprise amendments to various IFRS with impacts on the recognition, measurement and disclosure of business cases as well as terminological and editorial adaptations.

The amendments to IAS 19 (entry into force February 1, 2015 in the EU) clarify the provisions that relate to the allocation of employee or third party contributions linked to service to periods of service. In addition, a solution that simplifies accounting practice is permitted if the amount of the contributions is independent on the number of years of service performed.

The first-time application of the above mentioned IFRS had no material impact on the interim consolidated financial statements as the amendments had been contingently applicable.

Currencies

Rates in units per €	2015 As at 30/9	2015 Average 1/1-30/9	2014 As at 31/12	2014 Average 1/1-30/9
Albanian lek (ALL)	139.390	140.107	140.140	139.960
Belarusian rouble (BYR)	19,908.000	16,990.900	14,380.000	13,558.000
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Croatian kuna (HRK)	7.645	7.622	7.658	7.624
Czech koruna (CZK)	27.187	27.383	27.735	27.489
Hungarian forint (HUF)	313.450	309.312	315.540	308.622
Kazakh tenge (KZT)	303.470	223.337	221.970	239.227
Malaysian Ringgit (MYR)	4.924	4.245	4.247	4.393
Polish zloty (PLN)	4.245	4.168	4.273	4.181
Romanian leu (RON)	4.418	4.436	4.483	4.441
Russian rouble (RUB)	73.242	67.633	72.337	48.098
Serbian dinar (RSD)	119.749	120.649	120.958	116.244
Singapore dollar (SGD)	1.592	1.529	1.606	1.703
Turkish lira (TRY)	3.390	2.984	2.832	2.932
Ukrainian hryvnia (UAH)	24.119	23.568	19.233	14.907
US-Dollar (USD)	1.120	1.122	1.214	1.352

Consolidated group

Number of units	Fully consolidated 30/9/2015	31/12/2014	Equity method 30/9/2015	31/12/2014
As at beginning of period	**135**	**143**	**0**	**1**
Included for the first time in the financial period	15	10	0	0
Merged in the financial period	(2)	0	0	0
Excluded in the financial period	(27)	(18)	0	(1)
As at end of period	**121**	**135**	**0**	**0**

The companies firstly integrated into the Group are mostly operating in leasing and investment business.. 20 entities were excluded due to immateriality and further seven companies were sold.

Notes to the income statement

(1) Income statement according to measurement categories

in € million	1/1-30/9/2015	1/1-30/9/2014
Net income from financial assets and liabilities held-for-trading	99	345
Net income from financial assets and liabilities at fair value through profit or loss	327	250
Net income from financial assets available-for-sale	16	14
Net income from loans and advances	2,307	2,572
Net income from financial assets held-to-maturity	115	126
Net income from financial liabilities measured at acquisition cost	(1,236)	(1,411)
Net income from derivatives (hedging)	150	104
Net revaluations from exchange differences	0	9
Sundry operating income and expenses	(1,155)	(1,508)
Profit/loss before tax	**624**	**502**

(2) Net interest income

in € million	1/1-30/9/2015	1/1-30/9/2014
Interest and interest-like income, total	**3,730**	**4,306**
Interest income	3,694	4,267
from balances at central banks	28	26
from loans and advances to banks	134	169
from loans and advances to customers	2,788	3,299
from financial investments	239	315
from leasing claims	130	139
from derivative financial instruments - economic hedge	224	223
from derivative financial instruments - hedge accounting	152	96
Current income	25	17
from shares and other variable-yield securities	3	1
from shares in affiliated companies	9	12
from other interests	12	3
Interest-like income	14	22
Negative interest from financial assets	(3)	0
Current income from associates	**0**	**0**
Interest expenses and interest-like expenses, total	**(1,235)**	**(1,412)**
Interest expenses	(1,183)	(1,370)
on deposits from central banks	(49)	(7)
on deposits from banks	(149)	(268)
on deposits from customers	(700)	(750)
on debt securities issued	(146)	(189)
on subordinated capital	(140)	(156)
Interest-like expenses	(52)	(42)
Negative interest from financial liabilities	0	0
Total	**2,495**	**2,894**

(3) Net provisioning for impairment losses

in € million	1/1-30/9/2015	1/1-30/9/2014
Individual loan loss provisions	**(811)**	**(1,054)**
Allocation to provisions for impairment losses	(1,276)	(1,474)
Release of provisions for impairment losses	500	444
Direct write-downs	(113)	(72)
Income received on written-down claims	78	48
Portfolio-based loan loss provisions	**19**	**(32)**
Allocation to provisions for impairment losses	(184)	(254)
Release of provisions for impairment losses	202	222
Gains from loan termination or sale	**9**	**3**
Total	**(783)**	**(1,083)**

(4) Net fee and commission income

in € million	1/1-30/9/2015	1/1-30/9/2014
Payment transfer business	470	538
Loan and guarantee business	150	160
Securities business	104	93
Foreign currency, notes/coins, and precious metals business	285	278
Management of investment and pension funds	33	25
Sale of own and third party products	36	36
Other banking services	50	39
Total	**1,129**	**1,168**

(5) Net trading income

in € million	1/1-30/9/2015	1/1-30/9/2014
Interest-based transactions	32	107
Currency-based transactions	(65)	(68)
Equity-/index-based transactions	20	41
Other transactions	1	(42)
Total	**(12)**	**38**

The item currency-based transactions included a valuation loss from a hedging transaction related to Russian rouble-denominated dividend income amounting to € 70 million. The refinancing expenses for trading assets that are included in net trading income amounted to € 17 million (comparable period: € 37 million).

(6) Income from derivatives and liabilities

in € million	1/1-30/9/2015	1/1-30/9/2014
Net income from hedge accounting	(3)	8
Net income from other derivatives	(112)	93
Net income from liabilities designated at fair value	126	(42)
Income from repurchase of liabilities	(1)	1
Total	**11**	**60**

Net income from other derivatives includes valuation results from those derivatives, which are held to hedge against market risks (except trading assets/liabilities). They are based on a non-homogeneous portfolio and do not satisfy the requirements for hedge accounting according to IAS 39.

Net income from liabilities designated at fair value comprises a profit from changes in own credit risk amounting to € 20 million (2014: positive effect of € 119 million) and a positive effect from changes in market interest rates totaling € 106 million (2014: negative effect of € 161 million).

(7) Net income from financial investments

in € million	1/1-30/9/2015	1/1-30/9/2014
Net income from securities held-to-maturity	**1**	**3**
Net valuations of securities	0	0
Net proceeds from sales of securities	1	3
Net income from equity participations	**(7)**	**(3)**
Net valuations of equity participations	(8)	(6)
Net proceeds from sales of equity participations	1	3
Net income from securities at fair value through profit and loss	**73**	**100**
Net valuations of securities	75	67
Net proceeds from sales of securities	(2)	33
Net income from available-for-sale securities	**1**	**2**
Total	**68**	**101**

(8) General administrative expenses

in € million	1/1-30/9/2015	1/1-30/9/2014
Staff expenses	**(1,008)**	**(1,149)**
Wages and salaries	(776)	(876)
Social security costs and staff-related taxes	(190)	(214)
Other voluntary social expenses	(27)	(30)
Sundry staff expenses	(14)	(29)
Other administrative expenses	**(860)**	**(874)**
Office space expenses	(204)	(237)
IT expenses	(189)	(192)
Communication expenses	(52)	(58)
Legal, advisory and consulting expenses	(77)	(71)
Advertising, PR and promotional expenses	(65)	(73)
Deposit insurance fees	(82)	(79)
Resolution fund	(49)	0
Office supplies	(18)	(23)
Car expenses	(13)	(15)
Security expenses	(26)	(34)
Traveling expenses	(11)	(13)
Training expenses for staff	(9)	(11)
Sundry administrative expenses	(64)	(69)
Depreciation of tangible and intangible fixed assets	**(233)**	**(273)**
Tangible fixed assets	(103)	(111)
Intangible fixed assets	(108)	(140)
Leased assets (operating lease)	(22)	(22)
Total	**(2,101)**	**(2,295)**

(9) Other net operating income

in € million	1/1-30/9/2015	1/1-30/9/2014
Net income arising from non-banking activities	21	15
Rental income from operating lease (vehicles and equipment)	23	24
Rental income from investment property incl. operating lease (real estate)	35	34
Net proceeds from disposal of tangible and intangible fixed assets	6	6
Other taxes	(153)	(199)
hereof bank levies	(93)	(137)
Impairment of goodwill	(99)	0
Income from release of negative goodwill	0	5
Net expense from allocation and release of other provisions	(1)	(12)
Profit/loss from legal measures at the expense of banks	(46)	(272)
Sundry operating income and expenses	24	26
Total	**(190)**	**(372)**

In Hungary, the adjustments required during the execution of the Settlement Act (unilateral interest rate changes for consumer loans) led to a partial release of the provisions built in the previous year of € 38 million. In the previous year, an allocation of € 272 million was made after the Government plan was announced.

In September 2015, the Croatian Parliament adopted a law to enforce the conversion of loans denominated in Swiss francs at historic rates at the time of lending. The resulting losses are to be entirely borne by the lending banks. Although RBI took immediate legal measures, a total provision of € 75 million was posted in September. This reduced consolidated profit by € 57 million. There was an additional expense of € 9 million relating to foreign currency loans in Serbia and Croatia, where regulations fixed installment payments at historic exchange rates.

In addition, there were goodwill impairments of € 99 million. The existing goodwill for the Polish subsidiary of € 96 million was fully amortized in September. This impairment primarily followed due to a higher discount factor (on account of higher market risk premiums owing to the environment). There was also a review of the medium-term planning, which resulted in lower profit growth because of the environment in Poland with regard to the growth of business volume and refinancing structure. In the second quarter, impairment test was carried out for a subsidiary (Ukrainian Processing Center PJSC) due to the continuing stressed market environment in Ukraine. This resulted in an impairment loss on goodwill of € 3 million.

(10) Net income from disposal of group assets

In the reporting period, 20 subsidiaries were excluded from the consolidated group due to materiality reasons. Moreover, seven subsidiaries were excluded due to sale. Net income from disposal of group assets amounted to € 7 million.

(11) Income taxes

in € million	1/1-30/9/2015	1/1-30/9/2014
Current income taxes	(141)	(223)
Austria	(17)	(63)
Foreign	(124)	(160)
Deferred taxes	(51)	(20)
Total	**(192)**	**(243)**

Notes to the statement of financial position

(12) Statement of financial position according to measurement categories

Assets according to measurement categories in € million	30/9/2015	31/12/2014[1]
Cash reserve	10,710	6,769
Trading assets	7,355	8,618
Financial assets at fair value through profit or loss	5,438	3,854
Financial assets available-for-sale	2,908	2,366
Loans and advances	80,769	88,620
Financial assets held-to-maturity	6,454	8,248
Derivatives (hedging)	817	942
Other assets	2,788	2,208
Total assets	**117,238**	**121,624**

1 Adaptation of previous year figures due to different allocation.

Positive fair 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, other equity participations as well as non fixed-interest and fixed-interest securities. Loans and advances are reported on a net basis after provisions for impairment losses. Other assets comprise intangible, tangible fixed assets and assets held for sale (of which € 116 million are measured at fair value) according to IFRS 5. For further details concerning IFRS 5 Non-current assets held for sale and discontinued operations please see notes (22) Other assets “Application of IFRS 5”.

Equity and liabilities according to measurement categories in € million	30/9/2015	31/12/2014
Trading liabilities	6,143	7,455
Financial liabilities	99,822	102,102
Liabilities at fair value through profit and loss	1,330	2,596
Derivatives (hedging)	419	201
Provisions for liabilities and charges	901	969
Equity	8,624	8,302
Total equity and liabilities	**117,238**	**121,624**

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

(13) Cash reserve

in € million	30/9/2015	31/12/2014
Cash in hand	2,219	3,025
Balances at central banks	8,491	3,743
Total	**10,710**	**6,769**

(14) Loans and advances to banks

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

in € million	30/9/2015	31/12/2014
Austria	3,612	3,453
Foreign	8,558	12,120
Total	**12,169**	**15,573**

(15) Loans and advances to customers

in € million	30/9/2015	31/12/2014
Sovereigns	858	1,451
Corporate customers – large corporates	44,406	48,582
Corporate customers – mid market	2,954	2,958
Retail customers – private individuals	22,259	22,317
Retail customers – small and medium-sized entities	2,806	2,618
Total	**73,284**	**77,925**

in € million	30/9/2015	31/12/2014
Sovereigns	858	1,451
Corporate customers – large corporates	44,406	48,582
Corporate customers – mid market	2,954	2,958
Retail customers – private individuals	22,259	22,317
Retail customers – small and medium-sized entities	2,806	2,618
Total	**73,284**	**77,925**

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

in € million	30/9/2015	31/12/2014
Austria	5,796	6,945
Foreign	67,488	70,980
Total	**73,284**	**77,925**

(16) Impairment losses on loans and advances

in € million	30/9/2015	31/12/2014
Banks	118	115
Sovereigns	5	1
Corporate customers – large corporates	3,667	3,583
Corporate customers – mid market	316	305
Retail customers – private individuals	1,661	1,811
Retail customers – small and medium-sized entities	277	255
Total	**6,044**	**6,069**

(17) Trading assets

in € million	30/9/2015	31/12/2014
Bonds, notes and other fixed-interest securities	3,065	3,100
Shares and other variable-yield securities	189	348
Positive fair values of derivative financial instruments	3,208	4,469
Total	**6,462**	**7,917**

Pledged securities ready to be sold or repledged by transferee shown under trading assets amounted to € 1,264 million (31/12/2014: € 679 million).

(18) Derivatives

in € million	30/9/2015	31/12/2014
Positive fair values of derivatives in fair value hedges (IAS 39)	816	941
Positive fair values of derivatives in net investment hedge (IAS 39)	7	0
Positive fair values of other derivatives	886	701
Total	**1,710**	**1,643**

(19) Financial investments

in € million	30/9/2015	31/12/2014
Bonds, notes and other fixed-interest securities	14,519	14,030
Shares and other variable-yield securities	8	8
Equity participations	273	430
Total	**14,800**	**14,468**

Pledged securities ready to be sold or repledged by the transferee shown under financial investments amounted to € 73 million (31/12/2014: € 352 million).

(20) Intangible fixed assets

in € million	30/9/2015	31/12/2014
Goodwill	43	140
Software	521	531
Other intangible fixed assets	77	88
Total	**642**	**759**

(21) Tangible fixed assets

in € million	30/9/2015	31/12/2014
Land and buildings used by the Group for own purpose	525	568
Other land and buildings (investment property)	488	275
Office furniture, equipment and other tangible fixed assets	231	298
Leased assets (operating lease)	291	266
Total	**1,535**	**1,408**

The increase in the item other land and buildings resulted from real estate companies that were integrated in 2015 for the first time.

(22) Other assets

in € million	30/9/2015	31/12/2014
Tax assets	308	365
Current tax assets	63	81
Deferred tax assets	245	285
Receivables arising from non-banking activities	76	63
Prepayments and other deferrals	153	249
Clearing claims from securities and payment transfer business	138	256
Lease in progress	33	30
Assets held for sale (IFRS 5)	539	90
Inventories	72	41
Valuation fair value hedge portfolio	27	29
Any other business	624	108
Total	**1,970**	**1,231**

Application of IFRS 5

The item assets held for sale (IFRS 5) mainly contains the disposal groups ZAO NPF Raiffeisen and ZUNO BANK AG.

Raiffeisen Bank International has signed a contract to sell its 100 per cent stake in ZAO NPF Raiffeisen, Moscow, to BIN Group domiciled in Russia. The closing took place in October 2015. BIN Group is not a related company of Raiffeisen Bank International.

In September 2015, Raiffeisen Bank International signed a contract to sell its 100 per cent stake in ZUNO BANK AG to ABH Holdings S.A., the parent company of Alfa Banking Group, domiciled in Luxembourg. ABH Holdings S.A. is not a related company of Raiffeisen Bank International. The closing of the transaction is expected in the first quarter of 2016 due to procedural aspects regarding the formal approval of the transaction by the Financial Market Supervisory Authority.

Corresponding to the application criteria according to IFRS 5, these companies are disclosed as disposal groups in the consolidated financial statements of Raiffeisen Bank International as at September 30, 2015 and are shown in the statement of financial position under the items other assets and other liabilities. According to the disclosure requirements of IFRS 5, the items contained in the statement of financial position (assets and liabilities) relating to the above mentioned companies from previous periods are neither reclassified nor differently disclosed. These sales do not meet the required criteria of IFRS 5.32, therefore they are not classified as "discontinued operations".

On Group level, the disposal groups according to IFRS 5 are measured at the lower of carrying amount and fair value less sales costs. As the sales contracts were signed before the end of the third quarter, the agreed purchase prices provide the best indication of the fair value of the disposal groups. The agreed purchase prices exceed in both cases the equity of the respective companies which amounted to € 21 million for ZUNO BANK AG, Vienna, and € 8 million for ZAO NPF Raiffeisen, Moscow, as at September 30, 2015.

The carrying amount of assets and liabilities of the companies sold are as follows as at September 30, 2015:

Assets **in € million**	**ZUNO**	**RNPF**
Cash reserve	27	0
Loans and advances to banks	0	296
Loans and advances to customers	70	0
Impairment losses on loans and advances	(5)	0
Financial investments	0	116
Intangible fixed assets	4	0
Tangible fixed assets	1	0
Other assets	3	0
Intra-group assets	677	64
Total assets	**777**	**476**

Equity and liabilities **in € million**	**ZUNO**	**RNPF**
Deposits from customers	749	62
Provisions for liabilities and charges	2	5
Other liabilities	5	401
Intra-group liabilities	0	0
Total equity and liabilities	**756**	**468**

ZUNO: ZUNO BANK AG, Vienna
RNPF: ZAO NPF Raiffeisen, Moscow

The item other comprehensive income comprises cumulative expenses of € 1 million resultig from negative exchange differences.

(23) Deposits from banks

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

in € million	**30/9/2015**	**31/12/2014**
Austria	7,752	8,765
Foreign	10,782	13,643
Total	**18,534**	**22,408**

(24) Deposits from customers

in € million	**30/9/2015**	**31/12/2014**
Sight deposits	34,978	33,348
Time deposits	30,101	29,943
Savings deposits	2,969	2,803
Total	**68,048**	**66,094**

in € million	30/9/2015	31.12.2014[1]
Sovereigns	2,434	1,151
Corporate customers – large corporates	29,869	31,289
Corporate customers – mid market	2,805	2,729
Retail customers – private individuals	28,133	26,786
Retail customers – small and medium-sized entities	4,808	4,140
Total	**68,048**	**66,094**

1 Adaptation of previous year figures due to change in classification.

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

in € million	30/9/2015	31/12/2014
Austria	6,758	6,493
Foreign	61,291	59,601
Total	**68,048**	**66,094**

(25) Debt securities issued

in € million	30/9/2015	31/12/2014
Bonds and notes issued	7,691	10,059
Money market instruments issued	287	517
Other debt securities issued	7	17
Total	**7,985**	**10,593**

(26) Provisions for liabilities and charges

in € million	30/9/2015	31/12/2014
Severance payments and other	85	81
Retirement benefits	34	33
Taxes	135	129
Current	65	83
Deferred	70	46
Contingent liabilities and commitments	106	98
Pending legal issues	72	94
Overdue vacation	43	51
Bonus payments	160	154
Restructuring	14	13
Provisions from legal measures at the expense of banks	120	251
Other	132	64
Total	**901**	**969**

As at September 30, 2015, the item "Other" includes provisions related to the resolution fund of € 49 million.

(27) Trading liabilities

in € million	30/9/2015	31/12/2014
Negative fair values of derivative financial instruments	**4,446**	**5,686**
Interest-based transactions	2,414	3,079
Currency-based transactions	918	1,445
Equity-/index-based transactions	979	1,018
Credit derivatives business	4	17
Other transactions	132	128
Short-selling of trading assets	**598**	**498**
Certificates issued	**647**	**693**
Total	**5,691**	**6,877**

(28) Derivatives

in € million	30/9/2015	31/12/2014
Negative fair values of derivatives in fair value hedges (IAS 39)	202	137
Negative fair values of derivatives in cash flow hedges (IAS 39)	217	63
Negative fair values of other derivative financial instruments	452	578
Total	**870**	**778**

(29) Other liabilities

in € million	30/9/2015	31/12/2014
Liabilities from non-banking activities	157	52
Liabilities from insurance contracts	1	202
Accruals and deferred items	211	225
Liabilities from dividends	1	1
Clearing claims from securities and payment transfer business	308	414
Valuation fair value hedge portfolio	83	144
Liabilities held for sale (IFRS 5)	1,224	12
Other liabilities	258	368
Total	**2,244**	**1,417**

The item “Liabilities held for sale” comprises the disposal groups ZAO NPF Raiffeisen and ZUNO BANK AG.

(30) Subordinated capital

in € million	30/9/2015	31/12/2014
Hybrid tier 1 capital	397	397
Subordinated liabilities	3,945	3,788
Total	**4,341**	**4,185**

(31) Equity

in € million	30/9/2015	31/12/2014
Consolidated equity	7,757	8,300
Subscribed capital	892	892
Capital reserves	4,994	4,991
Retained earnings	1,872	2,417
Consolidated profit/loss	378	(493)
Non-controlling interests	489	495
Total	**8,624**	**8,302**

As at September 30, 2015 subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 894 million. After deduction of 557,295 own shares, the stated subscribed capital totaled € 892 million.

Risk report

(32) Risks arising from financial instruments

Active risk management is a core competency of the Group. In order to effectively identify, measure, and manage risks, the Group continuously develops its comprehensive risk management system. Risk management is an integral part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale and complexity of the business activities and the resulting risks. The principles and organization of risk management are disclosed in the relevant chapters of the 2014 Annual Report, pages 153 ff.

Economic capital

Economic capital constitutes an important instrument in overall bank management. It sets the internal capital requirement for all material risk categories based on comparable models and thus allows for an aggregated view of the Group's risk profile. Economic capital is therefore an important instrument in Group risk management and is used for making risk-adjusted business decisions and in performance measurement. For this purpose, a business unit's profit is set in relation to the economic capital attributed to the unit (return on risk-adjusted capital, RORAC).

Risk contribution of individual risk types to economic capital:

in € million	30/9/2015	Share	31/12/2014	Share
Credit risk corporate customers	1,724	27.4%	1,810	24.5%
Credit risk retail customers	1,665	26.5%	1,555	21.1%
Operational risk	619	9.8%	630	8.5%
Macroeconomic risk	618	9.8%	462	6.3%
Credit risk sovereigns	372	5.9%	468	6.3%
Market risk	351	5.6%	1,367	18.5%
Other tangible fixed assets	238	3.8%	275	3.7%
Credit risk financial institutions	228	3.6%	194	2.6%
Participation risk	99	1.6%	130	1.8%
Liquidity risk	36	0.6%	93	1.3%
CVA risk	36	0.6%	40	0.5%
Risk buffer	299	4.8%	351	4.8%
Total	**6,287**	**100.0%**	**7,376**	**100.0%**

The decrease in market risk is due to lower volatilities, predominantly in the equity position of the Russian rouble. As at year-end 2014, market risk highly increased as a result of strong devaluation and interest volatility of the Russian rouble.

Regional allocation of economic capital according to Group unit domicile:

in € million	30/9/2015	Share	31/12/2014[1]	Share
Central Europe	2,250	35.8%	2,236	30.3%
Southeastern Europe	1,466	23.3%	1,304	17.7%
Eastern Europe	1,353	21.5%	2,749	37.3%
Austria	1,073	17.1%	936	12.7%
Rest of World	145	2.3%	151	2.0%
Total	**6,287**	**100.0%**	**7,376**	**100.0%**

1 Adaptation of previous year figures due to change in presentation of regions.

The Group uses a confidence level of 99.92 per cent for calculating economic capital. This confidence level is derived from the probability of default implied by the target rating. Based on the empirical analysis of rating agencies, the selected confidence level corresponds to a rating of single 'A'. The objective of calculating economic capital is to determine the amount of capital that would be required for servicing all of the claims of customers and creditors even in the case of such an extremely rare loss event.

Credit risk

Reconciliation of figures from IFRS consolidated financial statements to total credit exposure (according to CRR)

The following table reconciles the items on the statement of financial position (banking and trading book positions) with the total credit exposure, which is used in portfolio management. It includes exposures on and off the statement of financial position before the application of credit conversion factors and thus represents the maximum credit exposure. It is not reduced by the effects of credit risk mitigation, for example guarantees and physical collateral, which are however considered in the overall assessment of credit risks. The total credit exposure is used – if not explicitly stated otherwise – for showing exposures in the following tables in the risk report. The reasons for the deviation between the internal portfolio management and external accounting figures are the different scopes of consolidation (regulatory versus IFRS, i.e. corporate legal basis) and different classification and presentation of exposure volumes.

in € million	30/9/2015	31/12/2014[1]
Cash reserve	8,491	3,743
Loans and advances to banks	12,169	15,573
Loans and advances to customers	73,284	77,925
Trading assets	6,462	7,917
Derivatives	1,710	1,643
Financial investments	14,519	14,030
Other assets	1,698	860
Contingent liabilities	9,596	10,038
Commitments	10,034	10,020
Revocable credit lines	17,060	18,269
Description differences	(2,416)	(4,779)
Total	**152,607**	**155,240**

Items on the statement of financial position contain only credit risk portions.
1 Adaptation of previous year figures due to change in classification.

A more detailed credit portfolio analysis is based on individual customer ratings. Customer rating assessments are performed separately for different asset classes using internal risk classification models (rating and scoring models), which are validated by a central organization unit. Default probabilities assigned to individual rating grades are estimated for each asset class separately. As a consequence the default probabilities related to the same ordinal rating grade (e.g. good credit standing corporates 4, financial institutions A3, and sovereigns A3) are not directly comparable across these asset classes.

Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – are uniform across the Group and rank creditworthiness in 27 grades for corporate customers and 10 grades for financial institutions and sovereigns. For retail asset classes, country specific scorecards are developed based on uniform Group standards. Customer rating, as well as validation is supported by specific software tools (e.g. business valuation, rating and default database).

Credit portfolio – Corporates

The following table shows the total credit exposure by internal rating to corporate customers (large corporates, mid-market and small corporates). To provide a more concise overview, the individual grades of the rating scale are summarized in the 9 main rating grades.

in € million		30/9/2015	Share	31/12/2014	Share
1	Minimal risk	4,167	5.9%	4,197	5.6%
2	Excellent credit standing	8,733	12.3%	10,172	13.6%
3	Very good credit standing	8,314	11.7%	9,004	12.0%
4	Good credit standing	10,795	15.2%	10,044	13.4%
5	Sound credit standing	12,399	17.5%	13,794	18.4%
6	Acceptable credit standing	10,970	15.5%	11,288	15.1%
7	Marginal credit standing	5,909	8.3%	5,950	7.9%
8	Weak credit standing / sub-standard	2,442	3.4%	2,694	3.6%
9	Very weak credit standing / doubtful	873	1.2%	1,566	2.1%
10	Default	5,879	8.3%	5,921	7.9%
NR	Not rated	356	0.5%	213	0.3%
Total		**70,836**	**100.0%**	**74,842**	**100.0%**

Compared to year-end 2014, total credit exposure to corporate customers decreased € 4,006 million to € 70,836 million. At the end of the third quarter, the largest segment in terms of corporate customers was Group Corporates with € 23,044 million, followed by Central Europe with € 13,296 million, Non-Core with € 10,608 million and Eastern Europe with € 9,554 million. The rest is divided between Southeastern Europe with € 8,846 million, Group Markets with € 4,863 million and Corporate Center with € 625 million.

The credit exposure with good to minimal risk credit profiles decreased € 1,408 million representing a share of 45.2 per cent (2014: 44.7 per cent). The share of loans with marginal credit standing to even weaker credit profiles decreased from 13.6 per cent to 13.0 per cent. The share of defaulted loans according to CRR (rating 10) amounted to 8.3 per cent, or € 5,879 million, of total credit exposure to corporate customers.

The rating model for project finance has five grades and takes into account both the individual probability of default and the available collateral. Project finance exposure is shown in the table below:

in € million		30/9/2015	Share	31/12/2014	Share
6.1	Excellent project risk profile – very low risk	3,179	42.0%	3,571	41.5%
6.2	Good project risk profile – low risk	2,478	32.7%	3,100	36.0%
6.3	Acceptable project risk profile – average risk	520	6.9%	734	8.5%
6.4	Poor project risk profile – high risk	502	6.6%	487	5.7%
6.5	Default	851	11.2%	717	8.3%
NR	Not rated	38	0.5%	0	0.0%
Total		**7,568**	**100.0%**	**8,609**	**100.0%**

At the end of the third quarter, credit exposure to project finance amounted to € 7,568 million, with the two best rating grades – excellent project risk profile with very low risk and good project risk profile with low risk - accounting for the highest share, at 74.7 per cent. This reflects mainly the high level of collateralization in such specialized lending transactions. The decrease in rating grade 6.2 mainly resulted from finished project financing.

The following table provides a breakdown by country of risk of total credit exposure to corporates and project finance grouped into regions:

in € million	30/9/2015	Share	31/12/2014[1]	Share
Central Europe	23,173	29.6%	22,453	26.9%
Austria	14,127	18.0%	15,943	19.1%
Eastern Europe	12,961	16.5%	15,553	18.6%
Southeastern Europe	10,254	13.1%	10,805	12.9%
Western Europe	9,028	11.5%	9,197	11.0%
Asia	4,415	5.6%	4,995	6.0%
Other	4,445	5.7%	4,504	5.4%
Total	**78,404**	**100.0%**	**83,451**	**100.0%**

1 Adaptation of previous year figures due to changes in presentation of regions.

The decrease of € 2,592 million in the region Eastern Europe mainly resulted from a decline in customer exposure related to corporates and project finance and a decline in facility financing in Russia.

The table below provides a breakdown of total credit exposure to corporates and project finance by industry:

in € million	30/9/2015	Share	31/12/2014	Share
Wholesale and retail trade	17,988	22.9%	19,367	23.2%
Manufacturing	17,241	22.0%	18,112	21.7%
Real estate	8,500	10.8%	9,612	11.5%
Financial intermediation	8,965	11.4%	9,786	11.7%
Construction	5,697	7.3%	5,473	6.6%
Transport, storage and communication	3,484	4.4%	3,613	4.3%
Electricity, gas, steam and hot water supply	3,556	4.5%	3,236	3.9%
Freelance/technical services	4,105	5.2%	4,390	5.3%
Other industries	8,868	11.3%	9,863	11.8%
Total	**78,404**	**100.0%**	**83,451**	**100.0%**

Credit portfolio – Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers, a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and of the behavioral scoring based on account data. The table below provides a breakdown of the retail credit exposure:

in € million	30/9/2015	Share	31/12/2014	Share
Retail customers – private individuals	23,503	83.7%	25,273	88.3%
Retail customers – small and medium-sized entities	4,572	16.3%	3,347	11.7%
Total	**28,074**	**100.0%**	**28,620**	**100.0%**
hereof non-performing loans	2,452	8.7%	2,622	9.2%
hereof individual loan loss provision	1,743	6.2%	1,864	6.5%
hereof portfolio-based loan loss provision	209	0.7%	202	0.7%

The total credit exposure to retail customers breaks down by segments as follows (excluding Corporate Center):

30/9/2015 in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Markets	Non-Core
Retail customers – private individuals	7,777	6,529	3,606	14	5,576
Retail customers – small and medium-sized entities	1,514	1,271	702	0	1,085
Total	**9,291**	**7,800**	**4,308**	**14**	**6,662**
hereof non-performing loans	491	587	969	0	405
hereof individual loan loss provision	296	333	837	0	234
hereof portfolio-based loan loss provision	80	35	64	0	27

31/12/2014[1] in € million	Central Europe	Southeastern Europe	Eastern Europe	Group Markets	Non-Core
Retail customers – private individuals	8,297	7,051	4,332	12	5,581
Retail customers – small and medium-sized entities	1,099	934	574	0	739
Total	**9,396**	**7,986**	**4,906**	**12**	**6,320**
hereof non-performing loans	751	569	815	0	487
hereof individual loan loss provision	541	359	701	0	233
hereof portfolio-based loan loss provision	62	34	66	0	35

1 Adaptation of previous year figures due to changes in segments.

Compared to year-end 2014, the total credit exposure to retail customers decreased € 546 million to € 28,074 million in the third quarter 2015. The highest volume amounting to € 9,291 million was booked in the segment Central Europe. Compared to year-end 2014, this represented a decrease of € 105 million. This was mainly due to the impact of the Settlement Act in Hungary which was partly offset by increases in loans to private individuals in Slovakia. Southeastern Europe ranked second with a credit exposure of € 7,800 million. Compared to year-end 2014, this represents a decrease of € 186 million. Compared to year-end 2014, the segment Non-Core showed an increase of € 342 million mainly due to increased loan volumes in Poland and the currency development of the Swiss franc and the Polish zloty. The segment Eastern Europe reported a decrease of € 598 million to € 4,308 million. This mainly resulted from decreasing loan volumes in Russia and currency devaluation of the Russian rouble and Ukrainian hryvnia.

In the table below, total retail exposure by product is shown:

in € million	30/9/2015	Share	31/12/2014	Share
Mortgage loans	14,868	53.0%	14,639	51.1%
Personal loans	6,147	21.9%	6,076	21.2%
Credit cards	2,533	9.0%	2,551	8.9%
Car loans	1,254	4.5%	2,100	7.3%
Overdraft	1,752	6.2%	1,782	6.2%
SME financing	1,521	5.4%	1,473	5.1%
Total	**28,074**	**100.0%**	**28,620**	**100.0%**

Car loans decreased € 847 million to € 1,254 million. This is due to the fact that no new financings in this division are concluded in Russia.

The share of foreign currency loans in the retail portfolio provides an indication of potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus takes into account not only the share of foreign currency loans, but also the usually stricter lending criteria of loan distribution and – in several countries – the customer's ability to match payments with foreign currency income.

in € million	30/9/2015	Share	31/12/2014	Share
Swiss franc	3,626	44.6%	4,229	47.0%
Euro	3,683	45.3%	3,905	43.4%
US-Dollar	817	10.0%	863	9.6%
Other foreign currencies	8	0.1%	10	0.1%
Loans in foreign currencies	**8,135**	**100.0%**	**9,007**	**100.0%**
Share of total loans	29.0%		31.5%	

Compared to year-end 2014, foreign currency loans in Swiss francs and US-Dollars and Euro loans declined despite a positive currency development. The decrease of foreign currency loans in Swiss francs mainly resulted from the conversion of loans into Hungarian forint according to the Settlement Act in Hungary.

Credit portfolio – Financial institutions

The financial institutions asset class mainly contains banks and securities firms. The internal rating model for financial institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for financial institutions is capped by the country rating of the respective home country.

The following table shows the total credit exposure by internal rating to financial institutions (excluding central banks). Due to the limited number of customers (or observable defaults), the default probabilities of individual rating categories in this asset class are calculated based on a combination of internal and external data.

in € million		30/9/2015	Share	31/12/2014	Share
A1	Excellent credit standing	0	0.0%	0	0.0%
A2	Very good credit standing	1,818	9.5%	1,487	6.9%
A3	Good credit standing	2,109	11.0%	7,928	37.0%
B1	Sound credit standing	10,118	52.8%	6,364	29.7%
B2	Average credit standing	1,574	8.2%	2,748	12.8%
B3	Mediocre credit standing	1,352	7.1%	1,261	5.9%
B4	Weak credit standing	1,009	5.3%	521	2.4%
B5	Very weak credit standing	266	1.4%	339	1.6%
C	Doubtful/high default risk	168	0.9%	124	0.6%
D	Default	192	1.0%	194	0.9%
NR	Not rated	560	2.9%	448	2.1%
Total		**19,166**	**100.0%**	**21,414**	**100.0%**

Total credit exposure amounted to € 19,166 million at the end of the third quarter, which represents a decrease of € 2,248 million compared to the year-end 2014. This mainly resulted from a decline of repo and swap business which was partly offset by an increase in deposits placed with financial institutions and bonds issued by financial institutions.

At € 10,118 million, or 52.8 per cent, the bulk of this customer group was in the B1 rating class, which increased € 3,754 million compared to year-end 2014. This mainly resulted from a rating migration from A3 to B1. At the same time, rating grade A3 reported the largest decline of € 5,819 million compared to year-end 2014. The increase in Rating grade B4 is mainly due to a rating migration of financial institutions in Turkey from B3 to B4.

At € 13,120 million, or 68.5 per cent, the Group Markets segment accounted for the highest share of the credit portfolio with respect to financial institutions, followed by the segment Southeastern Europe with € 1,730 million, or 9.0 per cent.

The table below shows the total credit exposure to financial institutions (excluding central banks) by product:

in € million	30/9/2015	Share	31/12/2014	Share
Derivatives	4,301	22.4%	5,301	24.8%
Loans	5,331	27.8%	5,219	24.4%
Money market	3,636	19.0%	2,835	13.2%
Repo	1,601	8.4%	4,150	19.4%
Bonds	2,883	15.0%	2,473	11.5%
Other	1,415	7.4%	1,437	6.7%
Total	**19,166**	**100.0%**	**21,414**	**100.0%**

Credit portfolio – Sovereigns

Another asset class is formed by central governments, central banks and regional municipalities, as well as other public sector entities. The table below provides a breakdown of the total credit exposure to sovereigns (including central banks) by internal rating:

in € million		30/9/2015	Share	31/12/2014	Share
A1	Excellent credit standing	7,140	26.5%	3,651	16.8%
A2	Very good credit standing	1,168	4.3%	1,406	6.5%
A3	Good credit standing	3,723	13.8%	3,629	16.7%
B1	Sound credit standing	3,975	14.7%	2,986	13.7%
B2	Average credit standing	2,736	10.1%	3,276	15.1%
B3	Mediocre credit standing	2,697	10.0%	1,700	7.8%
B4	Weak credit standing	4,136	15.3%	3,952	18.2%
B5	Very weak credit standing	691	2.6%	880	4.0%
C	Doubtful/high default risk	676	2.5%	272	1.3%
D	Default	5	0.0%	0	0.0%
NR	Not rated	14	0.1%	2	0.0%
Total		**26,962**	**100.0%**	**21,754**	**100.0%**

Compared to year-end 2014, the credit exposure to sovereigns increased € 5,208 million to € 26,962 million in the third quarter of 2015, which represents 17.7 per cent of the bank's total credit exposure.

The rating grade excellent credit standing (A1 rating) reported an increase of € 3,489 million. This mainly resulted from a rise in deposits at the Austrian National Bank (up € 3,759 million), but the portfolio of Austrian and Dutch state bonds declined (minus € 430 million).

The intermediate rating grades, good credit standing (A3 rating) to mediocre credit standing (B3 rating), accounted for the highest share with 48.7 per cent of the total credit exposure. The high level of exposure in the intermediate rating grades was mainly due to deposits of Group units in Central and Southeastern Europe and segment Non-Core at their local central banks. These serve to meet the respective minimum reserve requirements or are used to manage excess liquidity on a short-term basis, and are therefore inextricably linked to the business activities in these countries. Furthermore, this high exposure resulted from bonds issued by central banks and governments in Central and Southeastern Europe and segment Non-Core. The increase in rating grade B1 was mainly due to an increase in the portfolio of Polish state bonds and Polish central bank bonds. The decrease in the rating grade B2 was mainly due to a rating migration of Russia from B2 to B3 and the reduction in deposits at the Romanian National Bank.

The breakdown below shows the total credit exposure to sovereigns (including central banks) by product:

in € million	30/9/2015	Share	31/12/2014	Share
Bonds	14,483	53.7%	14,249	65.5%
Loans	11,668	43.3%	5,996	27.6%
Derivatives	797	3.0%	791	3.6%
Other	13	0.0%	718	3.3%
Total	**26,962**	**100.0%**	**21,754**	**100.0%**

The table below shows the non-investment grade credit exposure to sovereigns (rating B3 and below):

in € million	30/9/2015	Share	31.12.2014[1]	Share
Hungary	2,506	30.5%	2,646	38.9%
Croatia	1,006	12.2%	894	13.1%
Bulgaria	841	10.2%	395	5.8%
Albania	791	9.6%	744	10.9%
Russia	765	9.3%	–	–
Serbia	594	7.2%	310	4.6%
Bosnia and Herzegovina	490	6.0%	432	6.4%
Ukraine	386	4.7%	267	3.9%
Belarus	282	3.4%	243	3.6%
Vietnam	165	2.0%	174	2.6%
Other	393	4.8%	701	10.3%
Total	**8,220**	**100.0%**	**6,807**	**100.0%**

1 Separate presentation of Slovenia in previous year. Due to Rating upgrade of Slovenia to B2, reclassification to Other.

The credit exposure mainly arises from deposits of Group units with the local central banks in Central, Southeastern and Eastern Europe. They are used for meeting the respective minimum reserve requirements and for managing the short-term investment of excess liquidity, and are therefore inextricably linked to the business activities in these countries.

Compared to year-end 2014, the credit exposure to non-investment grade sovereigns increased € 1,413 million to € 8,220 million. This increase mainly resulted from a rating migration of Russia from B2 to B3 and the increase of the minimum reserve at the Bulgarian National Bank.

Credit risk mitigation

Loans and advances to banks and customers net of allocated loan loss provisions (net exposure), the additional exposure off the statement of financial position (contingent liabilities, commitments, and revocable credit lines), and the market prices (fair value) of collateral pledged in favor of the Group are shown in the following table:

30/9/2015	Maximum credit exposure		Fair value of collateral
in € million	Net exposure	Commitments/ guarantees issued	
Banks	12,052	3,259	2,789
Sovereigns	853	459	543
Corporate customers – large corporates	40,740	28,644	25,203
Corporate customers – mid market	2,637	976	2,100
Retail customers – private individuals	20,599	2,842	12,861
Retail customers – small and medium-sized entities	2,529	512	1,780
Total	**79,410**	**36,691**	**45,275**

31/12/2014	Maximum credit exposure		Fair value of collateral
in € million	Net exposure	Commitments/ guarantees issued	
Banks	15,459	3,324	6,127
Sovereigns	1,450	389	550
Corporate customers – large corporates	44,999	30,267	28,318
Corporate customers – mid market	2,652	955	2,250
Retail customers – private individuals	20,506	2,877	13,573
Retail customers – small and medium-sized entities	2,363	515	1,797
Total	**87,429**	**38,327**	**52,616**

Non-performing exposure

An amended definition of non-performing exposure (NPE) was published on the EBA homepage (Article 179) on 18 March 2015. This amendment resulted in a significant decrease of non-performing exposure according to the CRR/CRD IV definition. Only those exposures which were classified as defaulted non-performing exposure (NPL) in the past but recovered in the meantime, are classified automatically as non-performing exposure based on a repeated restructuring. Exposures which were not classified as NPL in the past are to be reassessed in the course of a further restructuring and are not automatically classified as NPE. This explains the strong decrease compared to year-end 2014.

The following table shows the non-performing exposure by asset class:

in € million	30/9/2015	Share	31/12/2014	Share
Corporate customers	114	38.8%	778	73.3%
Retail customers	179	61.2%	283	26.6%
Banks	0	0.0%	1	0.1%
Sovereigns	0	0.0%	0	0.0%
Total	**293**	**100.0%**	**1,062**	**100.0%**

Non-performing loans and provisioning

The table below shows the volume of non-performing loans (NPL), the proportion they make up of the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) in the statement of financial position and the corresponding share of provisioning:

	NPL		NPL ratio		NPL coverage ratio	
in € million	30/9/2015	31/12/2014	30/9/2015	31/12/2014	30/9/2015	31/12/2014
Corporate customers	6,453	6,227	12.5%	12.1%	64.1%	62.4%
Retail customers	2,438	2,611	9.8%	10.5%	77.8%	79.1%
Sovereigns	5	0	1.0%	0.0%	83.6%	344.1%
Total non-banks	**8,897**	**8,838**	**12.1%**	**11.3%**	**66.6%**	**67.4%**
Banks	130	130	0.7%	0.8%	90.8%	88.2%
Total	**9,027**	**8,968**	**10.6%**	**9.6%**	**67.0%**	**67.7%**

The volume of non-performing loans to non-banks slightly increased by € 59 million. The ratio of non-performing loans to total loans to non-banks increased 0.8 percentage points to 12.10 per cent due to strong decreased credit exposure to non-banks.

The table below shows the volume of non-performing loans (NPL), the proportion they make up of the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) as reported in the statement of financial position and the corresponding share of provisioning by segment:

	NPL		NPL ratio		NPL coverage ratio	
in € million	30/9/2015	31/12/2014[1]	30/9/2015	31/12/2014[1]	30/9/2015	31/12/2014[1]
Central Europe	1,504	1,931	7.1%	9.0%	72.5%	73.6%
Southeastern Europe	1,711	1,770	11.0%	11.6%	67.8%	66.5%
Eastern Europe	2,022	1,764	14.4%	12.6%	83.0%	82.4%
Group Corporates	1,283	1,240	9.0%	7.6%	53.7%	65.7%
Group Markets	408	395	5.3%	3.9%	80.5%	79.7%
Corporate Center	50	38	0.6%	0.8%	50.2%	52.1%
Non-Core	2,049	1,830	13.4%	10.3%	57.9%	47.7%
Total	**9,027**	**8,968**	**10.6%**	**9.6%**	**67.0%**	**67.7%**

1 Adaption of previous year figures due to change in segments.

The table below shows the development of non-performing loans in the defined asset classes loans and advances to customers and loans and advances to banks (excluding items off the statement of financial position) as reported in the statement of financial position:

in € million	As at 1/1/2015	Change in consolidated group/ Exchange differences	Additions	Disposals	As at 30/9/2015
Corporate customers	6,227	94	1,307	(1,175)	6,453
Retail customers	2,611	63	508	(743)	2,438
Sovereigns	0	0	5	0	5
Total non-banks	**8,838**	**156**	**1,820**	**(1,918)**	**8,897**
Banks	130	4	0	(4)	130
Total	**8,968**	**160**	**1,820**	**(1,921)**	**9,027**

In Corporate Customers, total non-performing loans increased € 226 million to € 6,453 million at the end of the third quarter. The ratio of non-performing loans total loans increased 0.4 percentage points to 12.5 per cent, partly due to the strong decreased credit exposure of non-banks. The NPL coverage ratio increased 1.7 percentage points to 64.1 per cent. In the retail portfolio, non-performing loans went down 6.6 per cent, or € 172 million, to € 2,438 million, mainly resulting from the Settlement Act in Hungary. The ratio of non-performing loans to total loans decreased 0.7 percentage points to 9.8 per cent, the NPL coverage ratio sank 1.3 percentage points to 77.8 per cent. Non-performing loans to financial institutions amounted to € 130 million at the end of the third quarter, thus representing the level of year-end 2014, and the NPL coverage ratio rose 2.6 percentage points to 90.8 per cent.

In the segment Eastern Europe, non-performing loans increased significantly by 14.7 per cent, or € 258 million, to € 2,022 million, mainly due to non-performing loans in Russia and Ukraine. The ratio of non-performing loans to total loans rose 1.8 percentage points to 14.4 per cent, while the NPL coverage increased 0.6 percentage points to 83.0 per cent. The segment Non-Core reported an increase in non-performing loans of 12.0 per cent, or € 219 million, to € 2,049 million, which mainly resulted from non-performing loan exposure in Asia. The ratio of non-performing loans to total loans rose 3.1 percentage points to 13.4 per cent, the NPL coverage ratio increased 10.2 percentage points to 57.9 per cent. In Central Europe, non-performing loans decreased 22.1 per cent, or € 428million, to € 1,504 million. The strong reduction was due to the Settlement Act in Hungary. The ratio of non-performing loans to total loans decreased 1.9 percentage points to 7.1 per cent, the NPL coverage ratio went down 1.1 percentage points to 72.5 per cent. In Southeastern Europe, non-performing loans declined 3.3 per cent, or € 59 million, to € 1,711 million. Non-performing loans declined in Romania and Bulgaria, but increased in Croatia. The ratio of non-performing loans to total loans went down 0.6 percentage points to 11.0 per cent, however, the NPL coverage ratio rose 1.3 percentage points to 67.8 per cent.

The following table shows the development of impairment losses on loans and provisions for liabilities off the statement of financial position:

in € million	As at 1/1/2015	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As at 30/9/2015
Individual loan loss provisions	5,726	6	1,311	(500)	(910)	95	5,727
Portfolio-based loan loss provisions	441	0	184	(202)	(1)	0	422
Total	**6,167**	**6**	**1,495**	**(702)**	**(911)**	**95**	**6,149**

1 Allocation including direct write-downs and income on written down claims.
2 Usage including direct write-downs and income on written down claims.

Concentration risk

The Group's credit portfolio is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence, portfolio granularity is high. The regional breakdown of the loans reflects the broad diversification of credit business in the European markets of the Group. The following table shows the regional distribution of the credit exposure of all asset classes by the borrower's home country and grouped by region:

in € million	30/9/2015	Share	31/12/2014[1]	Share
Austria	**25,581**	**16.8%**	**23,613**	**15.2%**
Central Europe	**50,076**	**32.8%**	**47,964**	**30.9%**
Poland	16,624	10.9%	14,590	9.4%
Slovakia	12,797	8.4%	11,916	7.7%
Czech Republic	11,988	7.9%	11,593	7.5%
Hungary	7,513	4.9%	8,440	5.4%
Other	1,154	0.8%	1,424	0.9%
Other European Union	**20,062**	**13.1%**	**23,101**	**14.9%**
Germany	5,861	3.8%	5,962	3.8%
Great Britain	4,724	3.1%	6,040	3.9%
France	2,776	1.8%	3,812	2.5%
Netherlands	1,787	1.2%	1,974	1.3%
Other	4,915	3.2%	5,313	3.4%
Southeastern Europe	**24,095**	**15.8%**	**24,145**	**15.6%**
Romania	8,570	5.6%	8,915	5.7%
Croatia	5,126	3.4%	5,175	3.3%
Bulgaria	3,713	2.4%	3,692	2.4%
Serbia	2,035	1.3%	1,805	1.2%
Bosnia and Herzegovina	2,092	1.4%	1,745	1.1%
Albania	1,779	1.2%	1,037	0.7%
Other	780	0.5%	1,776	1.1%
Asia	**6,513**	**4.3%**	**7,629**	**4.9%**
China	2,410	1.6%	3,207	2.1%
Singapore	1,055	0.7%	1,337	0.9%
Other	3,049	2.0%	3,086	2.0%
Eastern Europe	**20,195**	**13.2%**	**22,946**	**14.8%**
Russia	14,458	9.5%	16,803	10.8%
Ukraine	3,662	2.4%	4,007	2.6%
Belarus	1,607	1.1%	1,360	0.9%
Other	469	0.3%	776	0.5%
North America	**2,922**	**1.9%**	**2,899**	**1.9%**
Switzerland	**1,856**	**1.2%**	**1,929**	**1.2%**
Rest of World	**1,307**	**0.9%**	**1,012**	**1.9%**
Total	**152,607**	**100.0%**	**155,240**	**100.0%**

1 Adaptation of previous year figures due to changes in the presentation of regions. As of second quarter 2015, Far East is mapped to Asia.

The Group does not own any banking subsidiaries that are incorporated in the so-called European periphery countries. Nonetheless, some of the bank's loans and advances are to customers domiciled in these countries and result from credit financing and capital markets activities. The Group holds no material volumes of government bonds issued by these countries.

Market risk

Market risk management is based on figures from an internal model that calculates value-at-risk (VaR) for changes in the following risk factors: foreign exchange, interest rate changes, credit spreads, implied volatility and equity indices. The Austrian Financial Market Authority has approved this model so that it can be used for calculating total capital requirements for market risks.

The following table lists risk measures for overall market risk in the trading and banking book for each risk type. The VaR is dominated by risk arising from equity positions held in foreign currencies, structural interest rate risks and credit spread risks arising from the bond books (frequently held as a liquidity reserve).

Total VaR 99% 1d in € million	VaR as at 30/9/2015	Average VaR	Minimum VaR	Maximum VaR	VaR as at 31/12/2014
Currency risk	20	36	15	114	114
Interest rate risk	8	16	7	63	54
Credit spread risk	14	19	9	41	18
Share price risk	1	1	1	1	1
Vega risk	1	2	1	6	1
Total	28	52	26	133	135

Exchange rate risk on total bank level also includes equity of subsidiaries denominated in foreign currency. The structural exchange rate risk resulting from equity capital is managed independently from the mainly short-term trading positions.

The modeling of risk arising from the structural currency position was improved insofar as goodwill, intangible assets and currency-induced fluctuations of risk-weighted assets are considered alongside the IFRS capital (including hedges).

Liquidity risk

The following table shows the liquidity gap and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account all items on the statement of financial position and transactions off the statement of financial position. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in securities lending transactions).

in € million	30/9/2015			31/12/2014		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	20,544	19,691	22,105	15,443	15,202	16,237
Liquidity ratio	168%	148%	125%	159%	135%	117%

Internal limits are used in each Group unit in order to limit liquidity risk. They require a positive short-term liquidity gap based on the internal liquidity model. The Group holds sizeable amounts of liquid securities and favors assets eligible in tender transactions in the lending business in order to ensure liquidity in various currencies. In the case of a liquidity shortage in the Group, contingency plans would come into force. Such prioritized action lists for handling liquidity needs exist for all major Group units.

RBI Group meets all regulatory requirements related to liquidity risk management. Liquidity risks are monitored on a group and an individual basis and capped by a comprehensive limit system. The calculation of expected cash inflows and outflows follows a centrally steered and consistent model approach.

Additional notes

(33) Contingent liabilities and commitments

in € million	30/9/2015	31/12/2014
Contingent liabilities	**9,596**	**10,038**
Acceptances and endorsements	22	63
Credit guarantees	4,995	6,290
Other guarantees	3,043	2,191
Letters of credit (documentary business)	1,320	1,396
Other contingent liabilities	216	98
Commitments	**10,034**	**10,020**
Irrevocable credit lines and stand-by facilities	10,034	10,020
Up to 1 year	3,149	3,000
More than 1 year	6,885	7,019

(34) Derivatives

30/9/2015	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	> 1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	29,872	62,605	48,503	140,980	3,480	(2,793)
Foreign exchange rate and gold contracts	46,580	10,924	2,157	59,661	1,354	(1,408)
Equity/index contracts	1,586	1,851	376	3,814	77	(979)
Commodities	132	150	48	331	0	(114)
Credit derivatives	477	908	100	1,485	5	(4)
Precious metals contracts	24	0	11	35	2	(18)
Total	**78,670**	**76,439**	**51,197**	**206,305**	**4,918**	**(5,317)**

31/12/2014	Nominal amount by maturity				Fair values	
in € million	Up to 1 year	> 1 year to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	31,359	63,387	43,256	138,002	4,532	(3,489)
Foreign exchange rate and gold contracts	48,206	11,277	2,951	62,434	1,496	(1,813)
Equity/index contracts	1,705	1,895	1,140	4,741	64	(1,018)
Commodities	80	212	14	307	2	(103)
Credit derivatives	57	1,536	0	1,593	18	(17)
Precious metals contracts	15	20	12	48	0	(25)
Total	**81,423**	**78,328**	**47,374**	**207,126**	**6,112**	**(6,465)**

(35) Fair Value of financial instruments

Fair value of financial instruments not reported at fair value

30/9/2015 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	10,710	0	10,710	10,710	0
Loans and advances to banks	0	7,561	4,586	12,147	12,052	95
Loans and advances to customers	0	17,112	50,076	67,188	67,358	(170)
Financial investments	5,183	1,499	261	6,943	6,474	469
Liabilities						
Deposits from banks	0	15,347	3,255	18,603	18,534	69
Deposits from customers	0	26,903	41,628	68,530	68,048	482
Debt securities issued	388	4,649	1,670	6,707	6,655	52
Subordinated capital	0	4,195	406	4,601	4,341	260

31/12/2014 in € million	Level I	Level II	Level III	Fair value	Carrying amount	Difference
Assets						
Cash reserve	0	6,769	0	6,769	6,769	0
Loans and advances to banks	0	11,069	4,503	15,572	15,459	114
Loans and advances to customers	0	20,300	50,495	70,796	71,971	(1,175)
Financial investments	5,034	3,405	406	8,844	8,678	166
Liabilities						
Deposits from banks	0	18,388	4,057	22,445	22,408	37
Deposits from customers	0	27,069	39,289	66,358	66,094	264
Debt securities issued[1]	444	5,835	1,761	8,040	7,997	43
Subordinated capital[1]	0	4,239	410	4,649	4,185	464

1 Adaptation of previous year figures.

Fair value of financial instruments reported at fair value

in € million	30/9/2015 Level I	Level II	Level III	31/12/2014 Level I	Level II	Level III
Trading assets	**3,017**	**4,228**	**110**	**3,139**	**5,365**	**115**
Positive fair values of derivatives[1]	73	3,948	79	159	4,939	73
Shares and other variable-yield securities	188	0	0	346	2	0
Bonds, notes and other fixed-interest securities	2,756	280	30	2,634	424	42
Financial assets at fair value through profit or loss	**2,243**	**3,071**	**125**	**3,435**	**333**	**86**
Shares and other variable-yield securities	6	0	1	4	0	4
Bonds, notes and other fixed-interest securities	2,237	3,071	124	3,431	333	83
Financial assets available-for-sale	**2,466**	**100**	**71**	**1,857**	**0**	**82**
Other interests[2]	2	0	0	3	0	0
Bonds, notes and other fixed-interest securities	2,463	100	71	1,853	0	82
Shares and other variable-yield securities	1	0	0	1	0	0
Derivatives (hedging)	**0**	**817**	**0**	**0**	**942**	**0**
Positive fair values of derivatives from hedge accounting	0	817	0	0	942	0

1 Including other derivatives.
2 Includes only securities traded on the stock exchange.

in € million	30/9/2015 Level I	Level II	Level III	31/12/2014 Level I	Level II	Level III
Trading liabilities	**692**	**5,433**	**18**	**555**	**6,873**	**27**
Negative fair values of derivative financial instruments[1]	186	4,701	11	128	6,117	19
Short-selling of trading assets	505	93	0	427	71	0
Certificates issued	0	639	8	0	685	8
Liabilities at fair value through profit and loss	**0**	**1,330**	**0**	**0**	**2,596**	**0**
Debt securities issued[2]	0	1,330	0	0	2,596	0
Subordinated capital[2]	0	0	0	0	0	0
Derivatives (hedging)	**0**	**419**	**0**	**0**	**201**	**0**
Negative fair values of derivatives from hedge accounting	0	419	0	0	201	0

1 Including other derivatives.
2 Adaptation of previous year figures.

Level I Quoted market prices.
Level II Valuation techniques based on market data.
Level III Valuation techniques not based on market data.

Movements between Level I and Level II

Compared to year-end, the share of financial assets according to Level II increased. The increase resulted especially from investments in bonds, notes and other fixed-interest securities. Regarding bonds, notes and other fixed-interest securities, there was a slight shift from Level I to Level II. This was due to the fact that no quoted market prices for these financial instruments were available at the reporting date.

Movements in Level III of financial instruments at fair value

The following tables show the changes in the fair value of financial instruments whose fair value can not be calculated on the basis of observable market data and are therefore subject to other measurement models. Financial instruments of this category have a value component unobservable on the market and having a material impact on the fair value.

in € million	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading assets	115	0	(18)	75	(75)
Financial assets at fair value through profit or loss	86	0	0	64	(32)
Financial assets available-for-sale	82	0	1	9	(12)
Derivatives (hedging)	0	0	0	0	(2)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/9/2015
Trading assets	9	0	4	0	110
Financial assets at fair value through profit or loss	7	0	0	0	125
Financial assets available-for-sale	(9)	0	0	0	71
Derivatives (hedging)	0	2	0	0	0

in € million	As at 1/1/2015	Change in consolidated group	Exchange differences	Purchases	Sales, repayment
Trading liabilities	27	0	0	0	(6)

in € million	Gains/loss in P/L	Gains/loss in other comprehensive income	Transfer to level III	Transfer from level III	As at 30/9/2015
Trading liabilities	(3)	0	0	0	18

Qualitative information for the valuation of financial instruments in Level III

Financial assets	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Shares and other variable-yield securities	Closed end real estate fund	0	Net asset value	Haircuts	20 - 50%
Shares and other variable-yield securities	Shares	1	Approximation method	–	n. a.
Bonds, notes and other fixed-interest securities	Fixed coupon bonds	176	Discounted cash flow method	Credit spread	2 - 20%
Bonds, notes and other fixed-interest securities	Asset backed securities	48	Broker estimate	Probability of default Loss severity Expected prepayment rate	n. a.
Positive fair value of banking book derivatives without hedge accounting	Forward foreign exchange contract	79	Discounted cash flow method	Interest rate	10 - 30%
Total		**306**			

Financial liabilities	Type	Fair value in € million	Valuation technique	Significant unobservable inputs	Range of unobservable inputs
Negative fair value of banking book derivatives without hedge accounting	OTC options	11	Option model	Closing period Currency risk LT volatility Index category	2 - 16% 0 - 5% 0 - 3% 0 - 5%
Issued certificates for trading purposes	Certificates	8	Option model	Closing period Bid-Ask spread LT volatility Index category	0 - 3% 0 - 3% 0 - 3% 0 - 2.5%
Total		**18**			

(36) Transferred financial assets

The following table shows the carrying amount of transferred financial assets:

30/9/2015		Transferred assets			Associated liabilities	
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	334	209	125	245	130	115
Trading assets	366	0	366	359	0	359
Financial investments	44	0	44	38	0	38
Total	**743**	**209**	**535**	**643**	**130**	**513**

31/12/2014		Transferred assets				Associated liabilities
in € million	Carrying amount	hereof securitizations	hereof repurchase agreements	Carrying amount	hereof securitizations	hereof repurchase agreements
Loans and advances	321	258	63	217	162	55
Trading assets	79	0	79	73	0	73
Financial investments	124	0	124	88	0	88
Total	**524**	**258**	**266**	**378**	**162**	**216**

(37) Assets pledged as collateral and received financial assets

	30/9/2015		31/12/2014	
in € million	Pledged	Otherwise restricted with liabilities	Pledged	Otherwise restricted with liabilities
Loans and advances[1]	7,423	1,565	7,087	1,735
Trading assets[2]	1,264	45	694	33
Financial investments	408	55	712	131
Total	**9,095**	**1,665**	**8,492**	**1,900**

1 Without loans and advances from reverse repo and securities lending business.
2 Without derivatives.

(38) Offsetting of financial assets and liabilities

The disclosures set out in the tables below, include financial assets and financial liabilities that are offset in the Group's statement of financial position or are subject to an enforceable/unenforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position or not.

30/9/2015		Gross amount	Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives	4,868	583	4,285	2,975	26	1,284
Reverse repurchase, securities lending & similar agreements	2,043	0	2,043	1,999	0	43
Other financial instruments	1,460	461	999	324	0	675
Total	**8,371**	**1,044**	**7,327**	**5,299**	**26**	**2,002**

30/9/2015		Gross amount	Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	4,705	583	4,122	2,939	176	1,008
Repurchase, securities lending & similar agreements	601	0	601	563	0	37
Other financial instruments	904	461	443	324	0	119
Total	**6,210**	**1,044**	**5,166**	**3,826**	**176**	**1,164**

31/12/2014		Gross amount	Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	Financial instruments	Cash collateral received	
Derivatives	5,536	11	5,525	4,758	35	733
Reverse repurchase, securities lending & similar agreements	6,271	0	6,271	6,253	0	18
Other financial instruments	4,848	448	4,400	1,317	0	3,084
Total	**16,655**	**459**	**16,196**	**12,328**	**35**	**3,834**

31/12/2014		Gross amount	Net amount	Related amounts not set-off in the statement of financial position		Net amount
in € million	of recognized liabilities set-off in the statement of financial position	of recognized assets set-off in the statement of financial position	of recognized liabilities set-off in the statement of financial position	Financial instruments	Cash collateral pledged	
Derivatives	5,142	11	5,132	4,781	124	226
Repurchase, securities lending & similar agreements	406	0	406	399	0	7
Other financial instruments	1,817	447	1,369	1,317	0	53
Total	**7,365**	**458**	**6,907**	**6,497**	**124**	**285**

(39) Related parties

Transactions with related parties that are natural persons are limited to banking business transactions that are carried out at fair market conditions. Moreover, members of the Management Board hold shares of Raiffeisen Bank International AG. Detailed information regarding this issue is published on the homepage of Raiffeisen Bank International. Further business transactions with related parties that are natural persons, especially large banking business transactions, were not concluded in the current financial year.

The following tables show transactions with related companies. Parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna:

30/9/2015 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	1,561	180	140	154
Loans and advances to customers	0	725	23	161
Trading assets	0	42	4	0
Financial investments	0	182	0	93
Other assets (incl. derivatives)	128	35	0	0
Deposits from banks	311	263	2,978	105
Deposits from customers	0	472	443	297
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	75	12	0
Other liabilities including derivatives	1	23	0	0
Subordinated capital	66	1	0	0
Guarantees given	0	27	0	0
Guarantees received	734	288	116	37

31/12/2014 in € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	1,770	128	183	107
Loans and advances to customers	21	1,457	4	163
Trading assets	0	48	2	0
Financial investments	0	344	0	89
Other assets (incl. derivatives)	51	113	0	0
Deposits from banks	958	281	3,673	336
Deposits from customers	0	342	624	189
Debt securities issued	0	11	0	0
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	88	13	0
Other liabilities including derivatives	0	28	0	1
Subordinated capital	0	0	0	0
Guarantees given	0	254	1	9
Guarantees received	793	342	178	37

(40) Capital management and total capital according to CRR/CRD IV and Austrian Banking Act (BWG)

From a regulatory view, the Group is supervised on a subgroup level according to Article 11 paragraph 5 CRR (Capital Requirement Regulation) based on the FMA (Finanzmarkt Austria) decision from 24 October 2014 and is the superordinated credit institution for the subgroup in terms of Section 30 Austrian Banking Act. Morover, the Group has to adhere to the legal total capital regulations on an individual basis and is additionally part of RZB credit institution group.

A mid-year examination of the interim profit was carried out, based on a review by the auditor and therefore this interim profit was included in the calculation of total capital.

The total capital breaks down as follows:

in € million	30/9/2015	31/12/2014
Paid-in capital	5,886	5,883
Earned capital	1,817	1,625
Non-controlling interests	324	394
Common equity tier 1 (before deductions)	**8,027**	**7,902**
Intangible fixed assets/goodwill	(339)	(411)
Provision shortage for IRB positions	(21)	(9)
Deduction securitizations	(1)	(5)
Deduction deferred tax assets	0	0
Deduction loss carry forwards	(1)	0
Deduction insurance and other investments	0	0
Common equity tier 1 (after deductions)	**7,665**	**7,477**
Additional tier 1	309	353
Deduction securitizations	0	0
Intangible fixed assets/goodwill	(307)	(343)
Provision shortage for IRB positions	(16)	(17)
Deduction insurance and other investments	0	0
Non-controlling interests	14	7
Tier 1	**7,665**	**7,477**
Provision excess of internal rating approach positions	171	182
Hidden reserve	219	201
Long-term subordinated capital	3,170	3,132
Deduction securitizations	0	0
Deduction insurance and other investments	0	0
Non-controlling interests	20	12
Tier 2 (after deductions)	**3,580**	**3,527**
Total capital	**11,244**	**11,003**
Total capital requirement	**5,376**	**5,498**
Common equity tier 1 ratio (transitional)	11.4%	10.9%
Common equity tier 1 ratio (fully loaded)	10.8%	10.0%
Tier 1 ratio (transitional)	11.4%	10.9%
Total capital ratio (transitional)	16.7%	16.0%
Total capital ratio (fully loaded)	16.2%	15.2%

Excluding the transitional provisions as defined within the CRR, the common equity tier 1 ratio (fully loaded) amounted to 10.8 per cent and the total capital ratio (fully loaded) amounted to 16.2 per cent.

The total capital requirement is composed as follows:

in € million	30/9/2015	31/12/2014
Risk-weighted assets (total RWA)	**67,195**	**68,721**
Total capital requirement for credit risk	4,425	4,564
Internal rating approach	2,495	2,658
Standardized approach	1,894	1,866
CVA risk	36	40
Total capital requirement for position risk in bonds, equities, commodities and open currency positions	240	254
Own funds requirement for operational risk	710	680
Total capital requirement	**5,376**	**5,498**

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

in € million	30/9/2015	31/12/2014
Risk-weighted assets according to standardized approach	**23,673**	**23,322**
Central governments and central banks	2,305	1,538
Regional governments	72	35
Public administration and non-profit organizations	6	9
Multilateral development banks	0	0
Banks	555	325
Corporate customers	9,822	9,925
Retail customers	7,793	7,998
Equity exposures	369	455
Covered bonds	0	9
Mutual funds	8	0
Securitization position	0	0
Other positions	2,743	3,026
Risk-weighted assets according to internal rating approach	**31,193**	**33,220**
Central governments and central banks	351	266
Banks	2,660	2,496
Corporate customers	23,760	25,412
Retail customers	4,115	4,686
Equity exposures	109	105
Securitization position	198	254
CVA risk	**450**	**506**
Total	**55,316**	**57,048**

Leverage ratio

in € million	30/9/2015	31/12/2014
Risk positions for leverage ratio calculation	118,279	122,705
Tier 1	7,665	7,477
Leverage ratio (transitional)	6.5%	6.1%
Leverage ratio (fully loaded)	6.1%	5.7%

(41) Average number of staff

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

Full-time equivalents	1/1-30/9/2015	1/1-30/9/2014
Austria	2,661	2,663
Foreign	51,358	54,416
Total	**54,019**	**57,079**

(42) Subsequent events

RBI's Russian subsidiary sells its pension fund business

RBI's Russian subsidiary (AO Raiffeisenbank, Moscow) closed the sale of its pension fund business (ZAO NPF Raiffeisen, Moscow) to the Russian BIN Group in October. As part of the agreement the parties will not disclose the price at which the transaction took place.

The transaction will result in a one-off gain before tax of around € 87 million for RBI, which will be booked in the fourth quarter of 2015. It will also reduce risk-weighted assets (RWA) by € 327 million.

In total, RBI's common equity tier 1 ratio (fully loaded) will be strengthened by approximately 20 basis points as a result of this transaction.

ZAO NPF Raiffeisen is a top-20 Russian non-state pension fund and was founded in 2004. As of 30 June 2015, the fund manages roughly € 550 million in assets; in roubles, its asset base has more than quadrupled over the last three years. It manages over 250,000 pension accounts and offers a complete range of pension products for both corporate and private customers: corporate pension programs, mandatory pension insurance, and individual pension plans.

The decision to sell the pension fund business was made in conjunction with RBI's overall strategy of reducing RWA and focusing on core business, and also in light of the ongoing consolidation in this particular sector. AO Raiffeisenbank will continue to service ZAO NPF Raiffeisen clients at its branches and will act as a selling agent for pensions going forward.

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