Semi-Annual Financial Report as of 30 June 2010

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of key data

Raiffeisen International Group Monetary values in € million	2010	Change	2009
Income statement	**1/1-30/6**		**1/1-30/6**
Net interest income	1,430	(4.4)%	1,496
Provisioning for impairment losses	(560)	(42.2)%	(969)
Net fee and commission income	599	2.3%	585
Net trading income	94	(21.0)%	119
General administrative expenses	(1,207)	5.6%	(1,143)
Profit before tax	304	97.8%	154
Profit after tax	212	78.2%	119
Consolidated profit (after minorities)	171	118.6%	78
Statement of financial position	**30/6**		**31/12**
Loans and advances to banks	9,217	(10.6)%	10,310
Loans and advances to customers	52,370	3.7%	50,515
Deposits from banks	19,946	(0.8)%	20,110
Deposits from customers	43,255	1.6%	42,578
Equity (including minorities and profit)	7,469	6.7%	7,000
Total assets	78,115	2.4%	76,275
Key ratios	**1/1-30/6**		**1/1-30/6**
Return on equity before tax	8.6%	3.7 PP	4.9%
Return on equity after tax	6.0%	2.2 PP	3.8%
Consolidated return on equity (after minorities)	5.6%	2.7 PP	2.9%
Cost/income ratio	57.6%	6.0 PP	51.6%
Return on assets before tax	0.79%	0.41 PP	0.38%
Net provisioning ratio (average risk-weighted assets, credit risk)	2.15%	(1.21) PP	3.36%
Bank-specific information[1]	**30/6**		**31/12**
Risk-weighted assets (credit risk)	51,585	3.0%	50,090
Total own funds	8,522	2.3%	8,328
Total own funds requirement	5,235	2.3%	5,117
Excess cover ratio	62.8%	0.0 PP	62.8%
Core tier 1 ratio (without hybrid capital), total	9.2%	0.0 PP	9.2%
Core capital ratio (tier 1), credit risk	13.9%	(0.2) PP	14.1%
Core capital ratio (tier 1), total	11.0%	0.0 PP	11.0%
Own funds ratio	13.0%	0.0 PP	13.0%
Stock data	**30/6**		**30/6**
Earnings per share in € [2]	0.91	0.60	0.31
Price in €	31.49	27.2%	24.75
High (closing prices) in €	42.75	43.4%	29.82
Low (closing prices) in €	30.19	132.2%	13.00
Number of shares in million	154.67	–	154.67
Market capitalization in € million	4,870	27.2%	3,828
Resources	**30/6**		**31/12**
Number of employees as of reporting date	55,994	(0.9)%	56,530
Business outlets	2,959	(2.0)%	3,018

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

[2] Adjusted for the computational compensation for the participation rights, earnings per share would amount to € 1.11 (1/1 – 30/6/2009: €0.51)

Contents

Overview of Raiffeisen International

Raiffeisen International is one of the leading banking groups in Central and Eastern Europe. At the end of the reporting period, it comprised 15 banks and many other financial service enterprises in 17 markets. In 5 of those countries, Raiffeisen International network banks were among the top 3 banks, as measured by their balance sheet totals. As of 30 June 2010, Raiffeisen International had around 60,000 employees serving more than 14.7 million customers at almost 3,000 business outlets.

Raiffeisen International's markets

Data as of 30 June 2010	**Total assets in € million**	**Change**[1]	**Business outlets**	**Number of staff**
Albania	1,955	6.1%	104	1,313
Belarus	1,321	7.9%	96	2,160
Bosnia and Herzegovina	2,198	(5.5)%	101	1,659
Bulgaria	3,880	(3.0)%	191	3,201
Croatia	6,016	2.0%	84	2,238
Czech Republic	7,909	2.2%	110	2,646
Hungary	8,628	(1.7)%	144	3,158
Kazakhstan	78	5.8%	1	10
Kosovo	652	(3.0)%	52	691
Poland	6,375	2.2%	125	3,008
Romania (incl. Moldova)	5,818	(5.6)%	542	5,997
Russia	13,016	11.4%	202	8,361
Serbia	2,552	(7.6)%	98	1,938
Slovakia	9,133	(2.0)%	158	3,638
Slovenia	1,594	0.7%	17	357
Ukraine	5,888	18.2%	933	15,224
Subtotal	**77,013**	**2.3%**	**2,958**	**55,599**
Other/consolidation	1,102	–	1	395
Total, Raiffeisen International	**78,115**	**2.4%**	**2,959**	**55,994**

[1] *Change of balance sheet total versus 31 December 2009. Growth in local currencies differs due to fluctuating euro exchange rates.*

Raiffeisen International stock has been listed on the Vienna Stock Exchange since 25 April 2005 and is included in some of the most important national and international indices, such as the ATX and the DJ Euro Stoxx. Raiffeisen Zentralbank Österreich AG (RZB) owns about 72.8 per cent of Raiffeisen International shares. With a balance sheet total of € 152 billion as of 30 June 2010, RZB is Austria's third-largest bank and the central institution of the *Raiffeisen Banking Group*, Austria's largest banking group. The remaining shares are in free float.

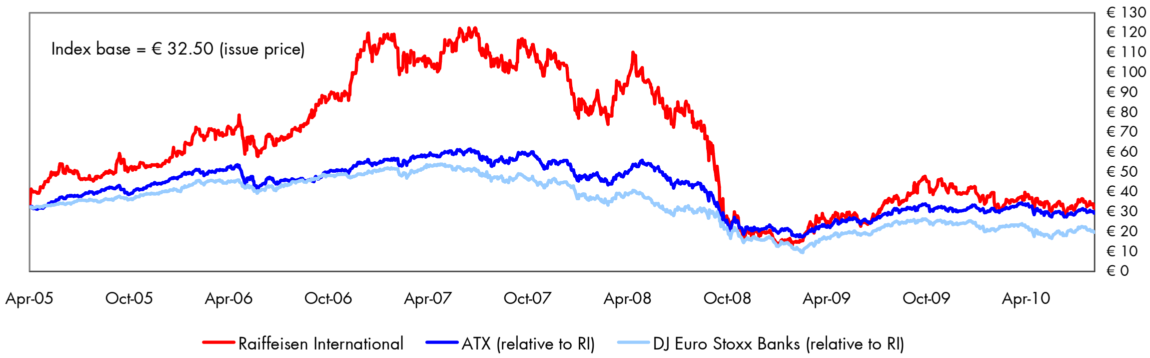
Raiffeisen International stock

Positive economic figures despite euro weakness

The global economic recovery that began at the end of the first quarter continued to gain momentum in the second quarter, which generally made for a gradual restoration of confidence on the markets. The positive figures were supported by significantly advancing corporate earnings, resulting from higher demand, on the one hand, and successful restructuring, on the other.

The stock markets were not able to benefit from the good fundamental news, however, since worries about the euro's stability and fears of insolvency for some European countries burdened the mood. Attention focused particularly on Greece. The financial sector also made for negative headlines because of troubled Spanish banks and saving institutions. The € 750 billion emergency fund set up by the EU and IMF at short notice to assist deeply indebted euro countries and emerging budget consolidation measures in most euro countries had a gradually calming effect on market participants toward the end of the second quarter and stopped the euro's sharp decline. In spite of everything, the second quarter was again marked by severe volatility on the financial markets.

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

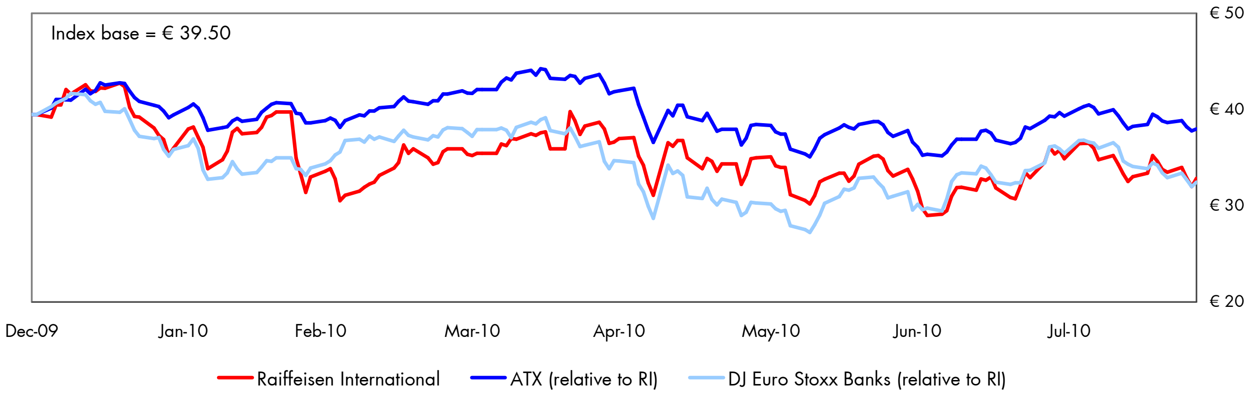


Raiffeisen International stock still volatile

Raiffeisen International stock marked its high for the quarter on 20 April at € 39.80. Further details regarding the company's merger plans released on 19 April were received very positively on the market, and the stock price posted a double-digit percentage gain. It declined again a short time later in a generally weak market environment, but held up better than the Austrian ATX. The main reason for the stock price losses especially on the European markets was the euro's weakness and feared solvency problems in some euro countries.

Raiffeisen International stock hit bottom on 8 June at € 30.19. At the end of the second quarter, it was quoting at € 31.49, thus declining altogether by 11 per cent from 1 April to 30 June. The ATX and Euro Stoxx Banks fell in the same period by 13 per cent and 8 per cent, respectively. As of the editorial deadline for this report on 26 August, the volatile price trend has continued and the stock last quoted at € 32.83.

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



Annual General Meeting approves merger

Raiffeisen International held its Annual General Meeting on 8 July 2010. It was once again one of the best-attended in Austria's recent capital market history.

A dividend of € 0.20 per common share was approved for Raiffeisen International and subsequently distributed to shareholders on 16 July 2010. The total payout amounted to approximately € 30.7 million.

In addition to the usual topics of an Annual General Meeting, the vote on the merger of Raiffeisen International Bank-Holding AG with Cembra Beteiligungs AG was also on the agenda. A clear majority of the shareholders voted in favor of the merger and approved the merger agreement. The assets of Cembra, the transferor company, essentially comprises the corporate customer business spun off by Raiffeisen Zentralbank Österreich AG (RZB) as part of initial steps in the merger process and participations connected with that. The business segments and participations associated with RZB's role as the central institution of Austria's Raiffeisen Banking Group are not affected and remain entirely in RZB. The enterprise resulting from the merger will begin doing business as Raiffeisen Bank International AG from the time of its entry in the commercial register, which will probably happen in the fourth quarter of 2010.

The associated capital increase required for the execution of the merger was likewise approved. Raiffeisen International's capital stock is being increased by € 124.6 million from € 471.7 million to € 596.3 million by issuing 40,837,624 new common shares. These shares will be given to Cembra's sole shareholder, Raiffeisen International Beteiligungs GmbH, as consideration for the transferred company assets, in addition to the shares in Raiffeisen International heretofore held by Cembra.

After these transactions have been completed, the free float of Raiffeisen International, which will continue to be listed on the Vienna Stock Exchange as Raiffeisen Bank International, will be about 21.5 per cent. Raiffeisen International's free float previously amounted to about 27.2 per cent. RZB's indirect holding in Raiffeisen Bank International will come to about 78.5 per cent. The indirect holding in Raiffeisen International previously stood at about 72.8 per cent.

Furthermore, seven new Supervisory Board members were elected, which will increase the number of shareholder representatives in the Supervisory Board of Raiffeisen Bank International to ten upon entry of the merger in the commercial register.

Reports and presentations concerning the Annual General Meeting of 2010 and a film recording of the Managing Board presentations are available at www.ri.co.at → Investor Relations → Events → Annual General Meeting.

Active capital market communication

In addition to preparations for the Annual General Meeting, deliberations concerning the merger between Raiffeisen International and Cembra continued to significantly shape investor relations work in the second quarter. Many conference calls, group meetings, and one-on-ones were held with investors, government institutions, analysts, and rating agencies. In addition, an investor meeting on the topic was held for around 30 participants. These talks focused on details regarding the merger and explaining the advantages and motives for the transaction.

Raiffeisen International constantly strives to further develop communication with the capital market in order to keep market participants well informed at all times. For that reason, presentations in the framework of conference calls have also been made available online as webcasts since the beginning of this year. They can be called up at any time subsequently at www.ri.co.at → Investor Relations → Financial Reports & Figures → Presentations.

Stock data

Price on 30 June 2010	€ 31.49
High/low (closing prices) in Q2 2010	€ 39.80 / € 30.19
Earnings per share from 1 January to 30 June 2010	€ 0.91
Adjusted for computational compensation for participation rights capital	€ 1.11
Market capitalization as of 30 June 2010	€ 4.870 billion
Avg. daily trading volume (single counting) in Q2 2010	379,051 shares
Stock exchange turnover (single counting) in Q2 2010	€ 792 million
Free float as of 30 June 2010	27.2%

Stock details

ISIN	AT0000606306
Ticker symbols	RIBH (Vienna Stock Exchange)
	RIBH AV (Bloomberg)
	RIBH.VI (Reuters)
Market segment	Prime Market
Issue price per share as of IPO (25 April 2005)	€ 32.50
Issue price per share as of capital increase (5 October 2007)	€ 104.00
Number of shares issued as of 30 June 2010	154,667,500

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Semi-annual group management report

General economic environment

Continuing recovery in the first quarter

The European economic recovery began in the second half of 2009 and continued in the first quarter of 2010. The countries of the EU-27 again showed growth of gross domestic product (GDP) in the first three months of the year by 0.2 per cent compared with the previous quarter, after having registered a real decline of 4.1 per cent for the full year 2009.

Despite the continued difficult environment, the national economies of Central and Eastern Europe (CEE) also managed to recover further in the first quarter of 2010 and confirmed last year's trend reversal for the time being. While Poland reported positive growth rates through all of last year, Slovakia and Slovenia achieved positive quarterly growth again in the second quarter of 2009, and the Czech Republic followed in the third quarter. In the first quarter 2010, Hungary was the last to officially leave the recession behind with a quarterly increase. Altogether, however, the CEE region still showed a GDP decline of 1.7 per cent for 2009.

Regionally, the Commonwealth of Independent States (CIS) presented impressive growth rates for the first quarter of 2010. Russia achieved a GDP increase in the first three months of 2.9 per cent year -on-year, and Ukraine saw an upward development for the first time since the third quarter of 2008 with a plus of 4.8 per cent. Raiffeisen International expects a correspondingly positive recovery in the CIS region for 2010. Not least, the base effect of last year's output decline, which was particularly significant in the CIS at 8.3 per cent, should contribute to that.

Only the countries of Southeastern Europe (SEE) continue to lag behind the CEE region's economic recovery. In particular, those included Romania, Bulgaria, and Croatia, which all suffered year-on-year declines again in the first quarter of 2010. Measures to consolidate budgets, raise taxes, and reduce wages, as well as economic ties with Southern European states, are negatively affecting growth there. Against that background, a GDP decline of 1.5 per cent is expected for the SEE region overall in 2010, which is significantly less than last year's minus of 5.6 per cent.

Overall, the economic recovery in the CEE countries should continue in the second quarter of 2010 or even accelerate. As in the past quarters, growth will be driven primarily by increased export demand. On the other hand, domestic demand is likely to remain weak, especially since elevated unemployment, tax increases, pension and wage cuts, and lower credit demand are dampening private consumption.

Effects on the financial sector

The strained economic situation continues to be reflected in higher loan default rates. Since a crisis of confidence is largely the basis for that in the CEE region, the policies of the International Monetary Fund (IMF) will continue to play a central role in the future. If nothing else, the extension of expiring IMF credit lines can help support reemerging investor confidence in the region. Risk premiums nevertheless remain high, and the events surrounding Greece have shown how fragile the financial markets still are. Overall, however, investor interest in the CEE region is reviving noticeably, and Raiffeisen International believes that the convergence process remains intact.

Performance and financials

Raiffeisen International achieved consolidated profit after tax and minorities of € 171 million in the first half of 2010, which was more than double the level of mid-year earnings in 2009. Although profit from operating activities declined by 17 per cent, 42 per cent lower net allocations to provisioning for impairment losses significantly improved consolidated profit year-on-year.

Due to the strained economic environment and negative exchange rate developments, credit ratings of borrowers worsened, and the Group had to form significantly higher provisioning for impairment losses in 2009. The financial and economic crisis led to selective lending at Raiffeisen International, thus reducing business volume. A mild recovery was noticeable in the first half of 2010. The majority of CEE currencies revalued in the reporting period.

Second quarter operating profit improved

Profit from operating activities declined in the first half of 2010 by 17 per cent, or € 183 million, on the comparable period last year to € 889 million. The main reasons for that were lower net interest income, weaker net trading income, and a negative value for other net operating income. Compared to the first quarter of 2010, an 8 per cent increase in profit from operating activities was recorded, which resulted from a largely margin-related improvement in net interest income of 7 per cent and a 12 per cent rise in net fee and commission income.

In the first half of 2010, net interest income declined overall by 4 per cent, or € 66 million, to € 1,430 million. The principal influences were refinancing costs and lending volumes, which developed differently in the individual countries. A plus of 2 per cent was registered in net fee and commission income. There was a significant increase of € 17 million in payment transfer business mainly due to increased transaction volumes. A mild recovery was also registered in securities business, which is why income from this business rose by € 8 million. Income from agency services for own and third-party products increased by € 7 million thanks to heightened marketing activities. On the other hand, net income from foreign currency, notes/coins, and precious metal business developed negatively, declining by 13 per cent, or € 22 million, because of lower demand for foreign exchange transactions. Net trading income reached € 94 million and thus remained 21 per cent below the comparable period last year, and income from both interest-related and currency-related business declined. Other net operating income turned from € 16 million to minus € 27 million primarily due to various provisioning changes in year-on-year comparison and the newly created special bank levy in Hungary.

General administrative expenses rose by 6 per cent on the comparable period last year to € 1,207 million. The increase was partly caused by revaluation of some CEE currencies and partly due to, for example, higher legal and consulting expenses, IT costs, and depreciation on tangible fixed assets. A decline of operating income by 5 per cent and rise of general administrative expenses by 6 per cent led to an increase of the cost/income ratio. It came to 57.6 per cent and was thus 6.0 percentage points above the comparable period last year.

The number of employees (expressed in full-time equivalents) was adjusted only slightly against last year, when significant cuts in human resources were made in reaction to the economic crisis. As of 30 June 2010, it fell by 1 per cent, or 536 persons, versus the end of last year to 55,994. The largest decreases were registered in the segments of Southeastern Europe (minus 336) and Russia (minus 247).

Provisioning for impairment losses down 42 per cent

Net allocations to provisioning for impairment losses were reduced significantly in the first half of 2010 thanks to improved economic conditions and measures to stabilize the loan portfolio. They amounted to € 560 million and were thus 42 per cent, or € 409 million, below the comparable period last year (€ 969 million). In absolute terms, the largest decline was in Russia (minus € 185 million) and was due to improved credit ratings of some borrowers, as well as restructuring measures. Net allocations to provisioning for impairment losses also dropped significantly in the CIS Other segment. They decreased by € 105 million as a result of restructuring measures introduced in the course of the economic crisis.

Non-performing loans increased versus the end of 2009 by € 982 million to € 5,424 million, part of which (€ 265 million) was currency-related. The remaining € 717 million came largely from Central Europe (€ 285 million) and the CIS Other segment (€ 217 million). The ratio of non-performing loans to total loans to customers rose against the end of 2009 by 1.6 percentage points to 10.4 per cent. The ratio of non-performing loans to total credit risk (loans and advances, securities, and off-balance-sheet items) was 6.0 per cent (after 5.1 per cent at the end of 2009).

Return on equity before tax at 9 per cent

Operating business declined in the reporting period, but sharply lower net allocations to provisioning for impairment losses led to a significant recovery of earnings and hence to improved returns. The average equity underlying the calculation increased by 11 per cent on the comparable period last year to € 7.1 billion due to participation rights and positive currency effects. At 98 per cent, the rise of profit before tax was far above that of average equity, so the return on equity also climbed by 3.7 percentage points to 8.6 per cent on the comparable period last year.

The return on equity after tax rose by 2.2 percentage points to 6.0 per cent. The consolidated return on equity improved by 2.7 percentage points to 5.6 per cent due to less sharply increased minority interests. Earnings per share amounted to € 0.91 and were thus up by € 0.60.

Slight increase of balance sheet total

Raiffeisen International's balance sheet total rose by 2 per cent, or € 1.8 billion, versus the end of last year to € 78.1 billion. Currency effects led to an increase of the balance sheet total by 3 per cent, or € 2.7 billion. Viewed organically, however, it shrank by about 1 per cent.

On the asset side, loans to customers rose by 4 per cent, or € 1.9 billion, while loans to banks fell by 11 per cent, or € 1.1 billion. Excess liquidity continued to flow into financial investments, which resulted in an increase of € 1.8 billion.

On the liability side, there were only marginal changes. The largest increase was registered in deposits from customers (plus 2 per cent, or € 0.7 billion). The loan/deposit ratio, which is the cover of customer loans by corresponding deposits, rose by 2 percentage points to 121 per cent versus the end of 2009.

Equity up 7 per cent

Raiffeisen International's balance sheet equity (including consolidated profit and minority interests) rose by 7 per cent, or € 469 million, from the beginning of the year to € 7,469 million. This increase resulted from the profit of € 212 million achieved in the reporting period and from other comprehensive income mainly determined by currency differences (including the capital hedge) amounting to € 357 million. Set against that was a reduction due to dividend payments amounting to € 109 million.

Detailed review of income statement items

In the reporting period, 40 subsidiaries were deconsolidated because of new materiality limits. Comparability with last year's period is nevertheless ensured because the changes did not materially influence individual items of the income statement. On the other hand, currency fluctuations in the CEE countries influenced income statement items significantly. The average exchange rates on which the income statement is based were on the plus side in the case of most CEE currencies. In particular, the Polish zloty revalued strongly (plus 10 per cent), as did the Russian rouble (plus 9 per cent). On the other hand, the Serbian dinar, Albanian lek, and Belarusian rouble each lost 7 per cent.

Profit from operating activities year-on-year

In € million	1/1-30/6/2010	Change	1/1-30/6/2009	1/1-30/6/2008
Net interest income	1,430	(4.4)%	1,496	1,498
Net fee and commission income	599	2.3%	585	703
Net trading income	94	(21.0)%	119	92
Other net operating income	(27)	–	16	(11)
Operating income	**2,096**	**(5.4)%**	**2,215**	**2,281**
Staff expenses	(566)	4.1%	(544)	(612)
Other administrative expenses	(507)	5.8%	(480)	(521)
Depreciation	(134)	11.8%	(120)	(117)
General administrative expenses	**(1,207)**	**5.6%**	**(1,143)**	**(1,250)**
Profit from operating activities	**889**	**(17.1)%**	**1,072**	**1,031**

Operating income

Operating income was down by 5 per cent, or € 119 million, in the first half of 2010 to € 2,096 million, which was mainly due to decreases of net interest income by 4 per cent and net trading income by 21 per cent. Different developments were registered at the segment level. At € 767 million, the Central Europe segment made the largest contribution to operating income. It improved by 7 per cent, or € 47 million, compared with last year's period because of significantly higher net interest income. The Southeastern Europe segment contributed € 674 million, with operating income declining by 5 per cent, or € 39 million, compared with the last year's period. Net interest income remained stable year-on-year, net trading income decreased by half, and net fee and commission income fell by 7 per cent. In the Russia segment, operating income was down by 14 per cent, or € 64 million, to € 390 million. Net interest income fell by almost one-third, with this sharp decline due to lower business volume being partly offset by good net trading income. The CIS Other segment registered a volume-related drop in operating income by 5 per cent, or € 16 million, to € 339 million.

Net interest income

Net interest income fell in the reporting period by 4 per cent, or € 66 million, on the comparable period last year to € 1,430 million. The decline was thus below that of the average balance sheet total in the amount of 5 per cent. Altogether, interest income was down by 19 per cent, or € 562 million, to € 2,408 million. Interest income from loans and advances to customers, which fell by € 442 million due to smaller volumes, slower new business, and lower market interest rates, was mainly responsible for that. In percentage terms, interest income from derivative financial instruments fell the most with a minus of 59 per cent, or € 56 million, also because of smaller volumes. Interest expenses decreased altogether by 34 per cent, or € 497 million, to € 977 million. That was mainly attributable to interest expenses for deposits from customers and for deposits from banks, which likewise fell significantly, by 32 per cent and 45 per cent, respectively, because of the lower interest rate levels in most countries.

In Central Europe, net interest income improved by 16 per cent, or € 75 million, on the comparable period last year to € 539 million. Poland registered the highest increase at 60 per cent, or € 31 million, thanks to lower refinancing costs and currency revaluation. Net interest income in the Czech Republic rose by 17 per cent, or € 20 million, due to lower refinancing costs, a higher volume of loans to retail customers, and higher interest income from securities held to maturity. In Slovakia, net interest income rose by 14 per cent, or € 17 million, largely as a result of an improved margin situation.

In Southeastern Europe, net interest income came to € 445 million and was thus slightly above last year's level. In Romania and Croatia, it rose because of lower refinancing costs at banks and lower interest expenses for customer deposits. In Serbia, it declined by 22 per cent, or € 14 million, due to narrower margins and a significant currency devaluation.

In Russia, net interest income fell by 31 per cent, or € 117 million, to € 256 million because of decreased volumes in retail and corporate customer business due to selective lending and reduced new business since the outbreak of the financial and economic crisis. That led to excess liquidity that was disadvantageous for the income situation. Volumes also declined in the area of derivatives after the highs reached in 2009.

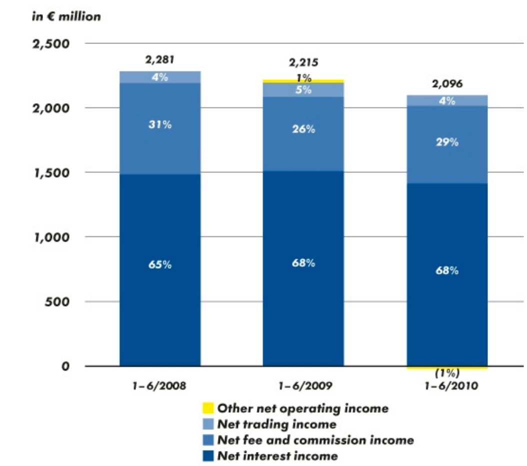
At € 245 million, net interest income in the CIS Other segment remained below the comparable period last year by 1 per cent, or € 4 million. While net interest income fell in Ukraine by 5 per cent, or

€ 10 million, due to a declining customer portfolio, it rose in Belarus by 16 per cent, or € 6 million, thanks to an improved refinancing situation (lower interest expenses for deposits from banks).

The net interest margin, which is the ratio of net interest income to the average balance sheet total, came to 3.72 per cent in the first half of 2010 and with an increase of 2 basis points remained nearly unchanged on the year-earlier period.

Net fee and commission income

Structure of operating income



Net fee and commission income rose by 2 per cent, or € 14 million, on the comparable period last year to € 599 million. Net income from payment transfer business grew by 6 per cent, or € 17 million, and made the largest contribution at € 273 million. It rose the most in Russia at € 7 million and in Central Europe at € 6 million as a result of increased transaction volumes. Net income from loan administration and guarantee business improved by 5 per cent, or € 5 million, to € 101 million mainly due to higher volumes in guarantee business in the Central Europe and Russia segments.

Net income from foreign currency, notes/coins, and precious metals business decreased by 13 per cent, or € 22 million, which was caused by lower demand for foreign exchange transactions primarily in Russia, Ukraine, Hungary, and Croatia. A mild recovery emerged in business with securities, where income increased by 48 per cent, or € 8 million, to € 23 million. The bulk of the income was achieved in the Central Europe segment, with higher commission income on municipal bonds being generated in Hungary. In the Russia segment, security issue transactions were carried out for the first time since the outbreak of the crisis. Income from agency services for own and third-party products rose by 49 per cent, or € 7 million, especially due to increased insurance activities in Southeastern Europe.

Net trading income

Net trading income declined by 21 per cent, or € 25 million, to € 94 million. The principal income components derived from interest-related and currency-related business.

Net income from interest-related business fell by 13 per cent, or € 8 million, to € 57 million. The decline was strong in the Central Europe segment (minus € 28 million) and the Southeastern Europe segment (minus € 10 million). The main reasons were lower valuation gains and valuation losses on interest rate derivatives (interest rate swaps and interest rate futures). In Russia, net income rose by € 21 million due to higher interest income from fixed-income securities. In Ukraine, a valuation gain caused by a better country rating of Ukrainian government bonds was responsible for an increase of € 4 million.

Net income from currency-related business fell by 34 per cent, or € 18 million, to € 34 million. In Russia, it rose by € 40 million thanks to valuation gains from foreign exchange transactions for hedging measures. Net income from currency-related business was down by € 26 million in the Southeastern Europe segment and by € 3 million in the Central Europe segment because of valuation losses arising from currency futures. Romania and

Poland were mainly responsible for that. In Austria (presented in the column "reconciliation of segment reporting"), net income declined by € 18 million compared with the year-earlier period due to a valuation loss on a foreign currency position. In the CIS Other segment, net income from currency-related business decreased by € 11 million. In the comparable period last year, a large valuation gain was achieved on a strategic currency position to hedge equity in Belarus, which declined significantly owing to development of the Belarusian rouble's exchange rate.

Other net operating income

Other net operating income turned from € 16 million in the first half of 2009 to minus € 27 million in the reporting period. Allocations to provisions gave rise to expenses of € 6 million in the first half of 2010, which was mainly due to forming provisions for ongoing litigation in Russia, Hungary, and Ukraine. In the comparable period last year, settlement of litigation resulted in income from the release of other provisions in the amount of € 6 million. In addition, the decision by the Hungarian parliament to call for a levy on banks and financial service providers based on the balance sheet total set other operating income back by € 18 million in the first half of 2010.

General administrative expenses

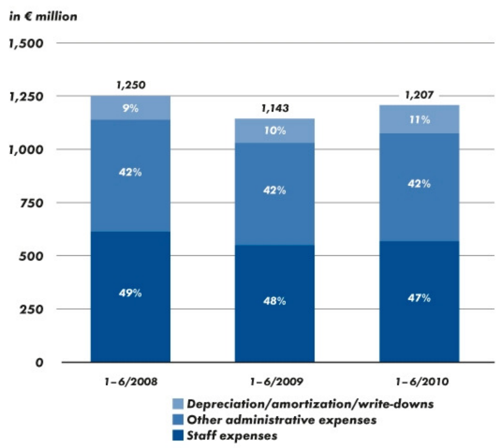
General administrative expenses increased by 6 per cent, or € 64 million, compared with the year-earlier period to € 1,207 million. That was largely due to revaluation of several CEE currencies, including the Polish zloty, the Russian rouble, the Hungarian forint, and the Czech koruna. Because of the decrease of operating income by 5 per cent and the increase of general administrative expenses by 6 per cent, the cost/income ratio rose by 6.0 percentage points on the comparable period last year to 57.6 per cent.

Staff costs rose on the comparable period last year by 4 per cent, or € 22 million, to € 566 million and were the largest item in general administrative expenses, with a 47 per cent share. The main reason for that was the revaluation of some CEE currencies. In local currency, there were slight decreases of staff costs due to a smaller number of employees, but slight increases were also registered because of resumed bonus payments.

The average number of employees amounted to 56,291 in the first half of 2010 and was thus below the comparable figure for the previous year by 5,678. It declined in Russia by 14 per cent, or 1,387, in the CIS Other segment by 9 per cent, or 1,675, in Southeastern Europe by 9 per cent, or 1,756, and in Central Europe by 7 per cent, or 908. The number of employees in Austria increased by 14 per cent, or 46.

The number of employees stood at 55,994 on 30 June 2010, which represents a decline of 1 per cent, or 536, versus the end of 2009. Viewed by segments, it declined in Russia by 3 per cent, or 247, and in Southeastern Europe by 2 per cent, or 336. Small changes in the number of employees as of the reporting date occurred in the CIS Other segment (minus 11) and in Central Europe (plus 12). Austria registered an increase of 7 per cent, or 24.

Structure of general administrative expenses



Other administrative expense rose by 6 per cent, or € 28 million, compared with the year-earlier period to € 507 million. Office space expenses amounted to € 149 million and were by far the largest expense item in this category. Their decline by 3 per cent, or € 5 million, was due to lower rent expenses owing to the closing of business outlets in Russia, Ukraine, and Romania and more favorable, renegotiated terms in Russia. Cost increases occurred in the area of legal and consulting services (plus 21 per cent, or € 9 million) in connection with the upcoming merger. Expenses in the area of information technology rose by 20 per cent, or € 14 million, due to higher costs of servicing software systems (e.g. Basel 2 and Group Data Warehouse).

The number of business outlets was reduced by 208 in comparison with 30 June 2009 to 2,959. As a result of location optimization measures, it declined in the CIS Other segment by 119 (of which 110 in Ukraine) and in Russia by 28. The number fell by 33 outlets in Southeastern Europe, and by 29 in Central Europe.

Depreciation on tangible and intangible fixed assets increased by 12 per cent, or € 14 million, compared with the year-earlier period to € 134 million. Tangible assets accounted for € 78 million of that, intangible assets for € 40 million, and leased assets for € 16 million. Group-wide, investments were made in the amount of € 146 million in the reporting period. Of that, 51 per cent (€ 74 million) went into own tangible assets. Investments in intangible assets, which largely concerned software systems, accounted for 33 per cent (€ 49 million). The rest was invested in assets for the operating leasing business.

Consolidated profit

Development of consolidated profit year-on-year

In € million	1/1-30/6/2010	Change	1/1-30/6/2009	1/1-30/6/2008
Profit from operating activities	**889**	**(17.1)%**	**1,072**	**1,031**
Provisioning for impairment losses	(560)	(42.2)%	(969)	(201)
Other results	(25)	(149.0)%	50	13
Profit before tax	**304**	**97.8%**	**154**	**843**
Income taxes	(92)	165.1%	(35)	(196)
Profit after tax	**212**	**78.2%**	**119**	**646**
Minority interests in profit	(41)	1.2%	(41)	(81)
Consolidated profit	**171**	**118.6%**	**78**	**566**

Sharp decline of net allocations to provisioning for impairment losses

Net allocations to provisioning for impairment losses (balance of allocations to and releases of loan loss provisions and direct write-downs and income received on written-down claims) decreased significantly thanks to much better economic conditions and measures to stabilize the loan portfolio in comparison with the year-earlier period. They amounted to € 560 million in the first half of 2010, which represents a decline of 42 per cent, or € 409 million, versus the first half of 2009. Of net allocations, individual provisions accounted for € 493 million (minus € 326 million), and portfolio-based provisions for € 68 million (minus € 83 million).

The largest declines of net allocations to provisioning for impairment losses were registered in the Russia segment, where they fell by € 185 million versus the first half of 2009. The restructuring measures already implemented in the course of the financial crisis and the improvement of borrowers' credit ratings due to the better economic environment positively influenced provisioning for impairment losses. At the same time, provisions had to be made for new non-performing loans. In the reporting period, net individual provisions were formed in the amount of € 93 million. Due to loan repayments and a smaller increase of retail customer loans in arrears, however, there were net releases of portfolio-based provisions amounting to € 27 million.

Net allocations also fell sharply in the CIS Other segment, by 40 per cent, or € 105 million, to € 156 million. Of net allocations, individual provisions accounted for € 124 million (of which € 115 million were attributable to Ukraine), and portfolio-based provisions for € 33 million (including Ukraine at € 34 million). Restructuring measures and renegotiation of loan terms as well as an improved recovery rate had a positive effect in Ukraine. Half of net allocations in Ukraine were for corporate customers, and half for retail customers.

Significant declines also occurred in the Southeastern Europe segment, where net allocations to provisioning for impairment losses fell by 39 per cent, or € 88 million, to € 139 million. In Romania, allocations were down by € 55 million compared with last year due to restructuring measures and sales of non-performing loans. In Bulgaria, net allocations remained almost unchanged from last year's level at € 42 million and were applied to loans to both corporate and retail customers.

Net allocations to provisioning for impairment losses were the highest in the Central Europe segment at € 198 million. The decline amounted to 14 per cent, or € 31 million, versus the year-earlier period. In Hungary, net allocations to provisioning for impairment losses were made in the amount of € 80 million and were thus € 44 million below the comparable period owing to lower default rates and sales of receivables. In the Czech Republic, € 42 million in provisioning for impairment losses was newly allocated (plus € 5 million), primarily due to an increase of non-performing loans in business with private individuals. Net allocations to provisioning for impairment losses rose in Slovakia by € 8 million to € 38 million and were made predominantly for loans and project financing in business with large corporate customers.

Risk ratios improved significantly in the first half of 2010. The risk/earnings ratio fell from 64.7 per cent to 39.2 per cent. The net provisioning ratio, which sets provisioning for impairment losses in relation to average credit risk-weighted assets, declined by 1.21 percentage points versus the comparable period to 2.15 per cent.

Other results negative

Other results turned from € 50 million in the comparable period to minus € 25 million. This development was largely determined by net income from derivatives. In the first half of 2010, derivatives business resulted in a valuation loss of € 36 million. Net income from financial investments, which mainly consists of net valuations and net proceeds from sales of securities at fair value, amounted to € 15 million after € 31 million in the year-earlier period. Their valuation resulted in an unrealized loss of € 10 million, which comprised depreciation in Hungary and Russia, on the one hand, and appreciation in Ukraine, Slovakia, and the Czech Republic on the other. Sales of fixed-income securities resulted in a gain of € 22 million, which was achieved mainly in the Romanian, Russian, and Ukrainian network units. Losses on disposals of Group assets – 40 subsidiaries were deconsolidated in the reporting period because of new materiality limits – burdened other results in the amount of € 3 million.

Tax rate 30 per cent

Income tax increased by 165 per cent, or € 57 million, versus the comparable period last year to € 92 million. The sharp rise of taxes occurred mainly in Russia and Ukraine. In the comparable period last year, effective tax expense in Russia was calculated at 20 per cent, which was raised to 26 per cent for the first half of 2010 owing to an increase of non-tax deductible expenditures. Deferred taxes formed on loss carry-forwards in the first half of 2009 in Ukraine were released in the reporting period. The more than proportionate rise of taxes in relation to profit before tax therefore caused the tax rate to climb from 22.6 per cent to 30.2 per cent.

Earnings per share more than tripled

Profit after tax amounted to € 212 million, which means an increase of 78 per cent, or € 93 million. Of net income for the period, € 41 million was allocated to minority interests.

Consolidated profit allocable to Raiffeisen International shareholders amounted to € 171 million, which represents a plus of 119 per cent, or € 93 million in the comparable period of the previous year. After deduction of a pro rata dividend for participation rights (€ 30 million), earnings per share amounted to € 0.91 (last year: € 0.31). This dividend was likewise taken into account in the calculation of ratios for the comparable period last year. Leaving compensation for participation rights out of account, earnings per share would come to € 1.11, and in the comparable period last year to € 0.51.

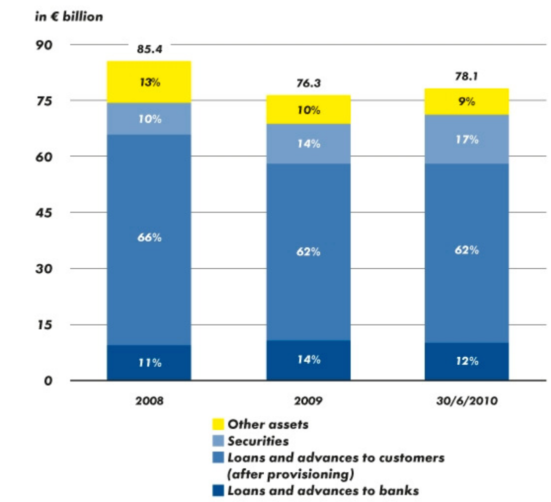
Statement of financial position

Raiffeisen International's balance sheet total rose by € 1.8 billion, or 2 per cent, compared with the end of 2009 to € 78.1 billion. On the asset side, pluses were registered in loans and advances to customers (€ 1.9 billion) and in securities investments (€ 1.8 billion), while loans and advances to banks declined by € 1.1 billion. On the liability side, small increases were found in nearly all items. As of 1 January 2010, 40 subsidiaries were deconsolidated because of new materiality limits. The change had no appreciable influence on development of the balance sheet total.

The majority of currencies in the CEE countries strengthened noticeably in the first half of 2010, after significant currency devaluation characterized the past two years. The greatest revaluations as of end of 2009 were in the following currencies: Ukrainian hryvnia (16 per cent), Russian rouble (11 per cent), and Belarusian rouble (10 per cent). On the other hand, the Serbian dinar devalued by 9 per cent, and the Hungarian forint by 6 per cent. These currency effects led to a 3 per cent increase of the balance sheet total, while organic development reduced the balance sheet total by about 1 per cent.

Assets

Structure of assets on the statement of financial position



Loans and advances to customers after deduction of provisioning for impairment losses dominated the asset side with a 62 per cent share of the consolidated balance sheet total. Total lending to customers rose by 4 per cent, or € 1.9 billion, from the end of 2009 to € 52.4 billion. Lending to corporate customers was up by € 1.3 billion, and lending to retail customers by € 0.6 billion. All segments were affected by the increases. The ratio of customer loans to customer deposits climbed by 2 percentage points versus the end of last year to 121 per cent. Total provisions for impairment losses, which predominantly concerns loans to customers, increased by 20 per cent, or € 0.6 billion, to € 3.7 billion.

Loans and advances to banks fell by 11 per cent, or € 1.1 billion, to € 9.2 billion. Lending to commercial banks declined by € 1.4 billion, while lending to central banks rose by € 0.3 billion. Their overall share of the balance sheet total decreased by 2 percentage points to 12 per cent.

Total financial investments amounted to € 12.9 billion as of 30 June 2010. Compared with the end of 2009, that means an increase of 17 per cent, or € 1.9 billion. The trend toward investing excess liquidity in securities has continued in 2010. Investments were made predominantly in debt instruments eligible for refinancing issued by public authorities. Their share of the balance sheet total rose to 17 per cent (plus 3 percentage points).

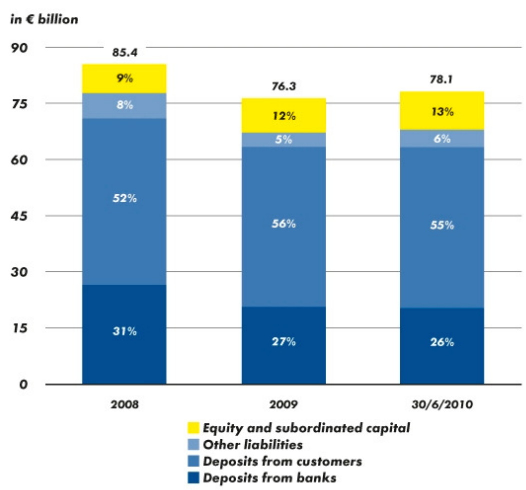
Other assets declined by 3 per cent, or € 0.2 billion, to € 7.3 billion, thus bringing their share to 9 per cent (minus 1 percentage point), mainly due to a lower cash reserve. In that regard, excess liquidity deposited at central banks was successively reduced. Intangible assets rose by 11 per cent to € 1.1 billion. The increase of goodwill was entirely currency-related. That item amounted to € 654 million (of which € 281 million at the Group unit in Russia and € 243 million at the Group unit in Ukraine).

Liabilities

The structure of liabilities showed only marginal changes compared with the end of 2009. The share of deposits from customers decreased by 1 percentage point, but continued to dominate the liability side of the balance sheet at 55 per cent. Deposits from banks fell by 1 percentage point to 26 per cent of liabilities. A slight shift occurred in equity and subordinated capital (plus 1 percentage point). The share attributable to other liabilities increased by 1 percentage point to 6 per cent.

Customer deposits amounted to € 43.3 billion and for the first time since the outbreak of the financial and economic crisis rose slightly, by 2 per cent, or € 0.7 billion. Sight deposits grew by 9 per cent, or € 1.5 billion, while time deposits declined by 4 per cent, or € 0.9 billion. The largest increases by region were registered in Russia and the CIS Other segments, supported by revaluation of currencies there.

Structure of equity and liabilities on the statement of financial position



At € 19.9 billion, deposits from banks were only 1 per cent below the year-end level in 2009. Small declines were registered mainly in deposits from central banks (minus € 0.2 billion), while deposits from commercial banks remained stable. Regional shifts occurred from Southeastern Europe (minus € 0.6 billion), Russia (minus € 0.4 billion), and other countries (minus € 0.4 billion) to Austria (plus € 1.3 billion).

Other liabilities rose by 18 per cent, or € 0.7 billion, to € 4.9 billion, which was attributable to an increase in negative market values of derivatives and transactional accounts due to booking time differences.

Equity

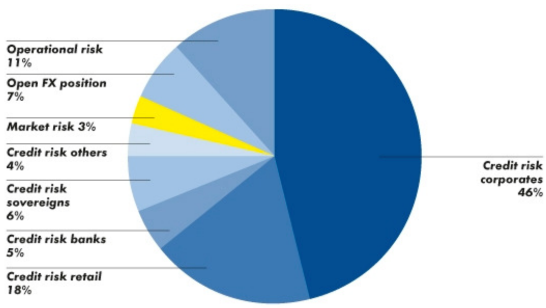
Raiffeisen International's balance sheet equity, which consists of consolidated equity, consolidated profit, and minority interests rose by 7 per cent, or € 469 million, versus the end of 2009 to € 7,469 million.

Consolidated equity, which consists of subscribed capital, participation rights, capital reserves, and retained earnings, rose by € 510 million to € 6,300 million. The increase occurred solely in retained earnings, which were mainly determined by the amounts transferred to retained earnings and by other comprehensive income. Currency differences, which constitute the largest component in other comprehensive income, amounted to € 350 million including related capital hedge measures (minus € 8 million). The dividend for the participation rights reduced consolidated equity by € 60 million, while the dividend on the capital stock first came up for distribution in July 2010. Consolidated profit amounted to € 171 million in the first half of 2010.

Minority interests (minority shares in capital) remained unchanged at €998 million. Currency effects only amounted to plus € 7 million. A profit for the period of € 41 million was allocated to minorities. Dividend payments for 2009 in the amount of € 49 million reduced minority interests.

Own funds according to the Austrian Banking Act

Composition of the own funds requirement



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

In the reporting period, consolidated own funds as defined by the BWG increased by 2 per cent, or € 193 million, to € 8,522 million. That does not include the reporting period's current profit, since Austrian law prohibits it from being taken into account yet.

Core capital (Tier 1) registered an increase of 2 per cent, or € 139 million, versus the end of 2009 and amounted to € 7,211 million at 30 June 2010. Core capital was positively influenced by revaluations of the Ukrainian hryvnia of 16 per cent, of the Russian rouble of 11 per cent, and of the Belarusian rouble of 10 per cent. A devaluation of the Serbian dinar of 9 per cent had negative effects.

Additional own funds increased by 5 per cent, or € 52 million, to € 1,154 million. Long-term subordinated own funds rose because of a Tier 2 issue floated in Romania in the amount of € 25 million and because of currency revaluations. On the other hand, additional own funds were reduced by maturing Tier 2 issues in the amount of € 25 million.

Eligible short-term subordinated capital (Tier 3) rose by 15 per cent, or € 25 million, to € 208 million due to maturing Tier 2 capital. Short-term subordinated capital was positively influenced by maturing Tier 2 capital and currency revaluations, and negatively by matured Tier 3 capital in Russia.

The own funds requirement grew by 2 per cent, or € 118 million, to € 5,235 million. Credit risk based on the standardized approach rose by € 24 million to € 2,886 million. Credit risk according to the IRB approach increased by € 95 million versus the end of last year to € 1,241 million. The own funds requirement for credit risk went up the most in absolute terms, largely due to currency revaluations. The requirement expanded by € 17 million to € 153 million for market risk, and by € 23 million to € 597 million for operational risk. Only the own funds requirement for open currency positions fell, by € 41 million to € 358 million.

Excess own funds amounted to € 3,287 million, or 62.8 per cent, as of 30 June 2010. It thus grew by € 75 million versus the end of 2009. The excess cover ratio remained unchanged. The core capital ratio based on credit risk fell by 0,2 percentage points to 13.9 per cent. The core capital ratio based on total risk amounted to 11.0 per cent and thus remained unchanged versus the end of last year. The own funds ratio amounted to 13.0 per cent. The core Tier 1 ratio (core capital less hybrid capital based on total risk) came to 9.2 per cent.

Risk management

Active risk management is a core area of expertise for Raiffeisen International as a bank holding company. To identify, assess, and manage risks effectively, Raiffeisen International established a comprehensive risk management system in the past and constantly continues to improve it. Raiffeisen International's risk management is designed to ensure deliberate dealing with and professional management of credit and country risks, market and liquidity risks as well as operational risks.

Latest risk management initiatives

The worldwide economic crisis again shaped the development of Raiffeisen International's risk management in the period under review. In view of the rising share of non-performing loans compared to total loans, workout functionality was further expanded in the reporting period.

Retail risk management intensified its focus on problem loan management and continued its support for the implementation of loan restructuring. A comprehensive restructuring concept for retail customers was already introduced in 2009 and is now being implemented in the individual countries. Agreements typically made with customers in cases of restructuring include lengthening loan terms, providing additional collateral, and temporarily reducing instalments while maintaining the loan's net present value.

The workout process for corporate customers is based on a clear definition of the risk status of each customer through an early-warning system. The assignment of a certain risk status results from a partly automated and IT-supported cause-and-effect analysis. That enables Raiffeisen International to support its customers as early as possible and to take countermeasures if necessary.

A corresponding independent unit responsible for the early-warning system has been established as a group-wide standard for the business segment Financial Institutions as well.

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

During the reporting period, Raiffeisen International's portfolio as part of RZB Group has been subject to several stress tests for the analysis of financial market stability. The analyses examine the potential impact of different economic developments. They model in particular the direct and indirect effects of certain factors (GDP growth rates, exchange rates, credit spreads, etc.) on future capital requirements, provisions for impairment losses, and income and capital components.

Furthermore, preparations have been started for fully integrating risk management of Raiffeisen International and Raiffeisen Zentralbank due to the planned merger. They apply in particular to the consolidation of the credit approval process and the filing of an application and supplementary documents to the Austrian financial market authority for the calculation of own funds requirements for credit risks according to the internal ratings based (IRB) approach.

Capital adequacy (Basel II)

Great importance is attached to the use and continuing comprehensive implementation of advanced approaches to Basel II in the entire Group. Raiffeisen International Bank-Holding is not itself subject to those rules, but their application is obligatory for several banking subsidiaries and as part of the RZB Group of Credit Institutions. Results are used for internal control and management information purposes in Raiffeisen International.

Capital requirements for credit risks according to Basel II regulations primarily are calculated using the standardized approach. The network banks in Croatia, the Czech Republic, Hungary, Romania, and Slovakia already received permission in previous years by the respective regulatory authorities to calculate credit risks of corporate customers, financial institutions, and sovereigns according to the internal ratings-based (IRB) approach. Since 1 April 2010, the IRB-approach is now also applied for the first time in the retail area, for private individuals and small and medium-sized enterprises in Slovakia. It is planned to roll out the IRB approach successively to other countries and other asset classes. This gives Raiffeisen International the advantage that credit portfolio risks can be quantified and managed more accurately.

The own funds requirements for market risk pursuant to Basel II is calculated using the standardized approach. To measure and limit the risk of interest rate changes in the banking book, a simulation is performed for regulatory purposes showing the change in the net present value given a simultaneous increase in interest rates for all maturities and currencies. The key assumptions necessary for interest rate sensitivities are made in line with regulatory rules and on the basis of internal statistics and empirical data.

Raiffeisen International's liquidity position is subject to a regular monitoring process and is included in the weekly report for RZB Group to the Austrian banking supervisor. This regulatory report shows the expected cash in- and outflows and the counterbalancing capacity in detail for different maturity bands and currencies.

For calculating own funds requirements for operational risk according to Basel II, Raiffeisen International uses the standardized approach. After an implementation phase of several years, *Raiffeisen Bank Aval* in Ukraine has been using this model since 1 January 2010 and thus all material group members apply the standardized approach.

Outlook unchanged

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

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

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

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

Segment reports

Regional segments

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

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

- ***Central Europe***

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

- ***Southeastern Europe***

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

- ***Russia***

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

- ***CIS Other***

  This segment comprises Belarus, Kazakhstan, and Ukraine.

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

Segment overview

All the regional segments of Raiffeisen International improved their results during the first six months of 2010. Year-on-year, the increase in profit before tax was primarily the result of significantly lower provisioning for impairment losses.

The Group's profitability remained largely unchanged as operating income was only 5 per cent lower than in the same period last year. The intensified measures for cutting costs and improving efficiency implemented since the financial and economic crisis in 2008 and 2009 have led to a sustained reduction in general administrative expenses, which in local currency terms were unchanged from the previous year.

The balanced increases in loans and advances to customers in the first two quarters reflected the ongoing moderate economic recovery. The effects of the recent economic crisis, however, meant that the proportion of non-performing loans continued to increase.

At € 169 million in the second quarter of 2010, Southeastern Europe once again made the largest contribution of all the segments to profit before tax. This was due to significantly lower provisioning for impairment losses. Balance sheet assets in this segment were down 4 per cent on the previous year.

At € 128 million, Central Europe generated the second-highest profit before tax. This reflected an increase in net interest income and in net fee and commission income. Balance sheet assets remained almost unchanged from a year ago.

In Russia, profit before tax jumped to € 114 million. This sharp increase compared with the previous year was due to the substantial decline in net allocations to provisions for impairment losses along with positive net trading income. Balance sheet assets in this segment increased by 4 per cent compared with the same period last year.

The CIS Other segment generated a profit before tax of € 34 million, compared to a loss in the same period last year. Lower levels of impairment loss provisioning were responsible for the year-on-year improvement in pre-tax profit. Balance sheet assets in this segment increased by 4 per cent compared with the same period last year.

There was hardly any change in the regional structure of Group assets compared with a year ago. Central Europe retained its share of 44 per cent. The second largest share of Group assets was contributed by Southeastern Europe, at 30 per cent (minus 1 percentage point), followed by Russia, at 17 per cent (plus 1 percentage point), and CIS Other at 9 per cent.

Central Europe

In € million	1/1-30/6 2010	1/1-30/6 2009	Change
Net interest income	539	464	16.2%
Provisioning for impairment losses	(198)	(229)	(13.6)%
Net interest income after provisioning	**341**	**235**	**45.1%**
Net fee and commission income	226	200	13.1%
Net trading income	29	58	(50.8)%
Net income from derivatives	(11)	5	–
Net income from financial investments	(7)	22	–
General administrative expenses	(424)	(400)	6.1%
of which staff costs	(208)	(189)	10.0%
of which other administrative expenses	(177)	(174)	1.6%
of which depreciation/amortization/write-downs	(40)	(37)	7.3%
Other net operating income	(27)	(2)	–
Net income from disposal of group assets	1	0	–
Profit before tax	**128**	**118**	**8.6%**
Income taxes	(31)	(27)	14.0%
Profit after tax	**97**	**91**	**7.0%**
Minority interests in profit	(27)	(32)	(15.5)%
Profit after minority interests	**70**	**58**	**19.4%**
Segment's contribution to profit before tax	28.8%	51.6%	(22.8) PP
Segment's contribution to profit after tax	27.7%	48.9%	(21.2) PP
Risk-weighted assets (credit risk)	21,520	21,943	(1.9)%
Total own funds requirement[1]	1,967	2,004	(1.8)%
Total assets[1]	33,598	33,615	(0.1)%
Liabilities[1]	30,990	31,243	(0.8)%
Cost/income ratio	55.3%	55.6%	(0.3) PP
Average equity	3,008	2,445	23.0%
Return on equity before tax	8.5%	9.6%	(1.1) PP
Return on equity after minority interests	6.1%	6.7%	(0.6) PP
Average number of staff	12,963	13,871	(6.5)%
Business outlets[1]	554	583	(5.0)%

[1] Reporting date values as of 30 June

In Central Europe, profit before tax was € 128 million in the reporting period, up 9 per cent or € 10 million over the previous year. Although provisioning for impairment losses fell, higher net interest income and net fee and commission income were primarily responsible for the good pre-tax profits. The segment's return on equity before tax fell by 1.1 percentage points to 8.5 per cent.

Net interest income rose by 16 per cent in the first six months of the year to € 539 million, with all the countries in the region recording growth. Growth was particularly strong in Poland, mainly due to the significantly lower interest cost for customer deposits. The Czech Republic also generated considerable growth in net interest income, thanks primarily to higher income from loans to retail customers and securities held to maturity, as well as to lower refinancing costs. Slovakia benefited from higher margins on the asset side in connection with the changes to the local interest rate curve. In Hungary, net interest income remained almost unchanged compared to the same period last year due to lower loans and advances to major corporate customers. Business in Central Europe continued to be profitable year-on-year, with a 49 basis-point increase in the net interest margin to 3.20 per cent over the first half of 2009. The segment's assets remained unchanged from a year ago. Credit risk-weighted assets fell by 2 per cent from € 21.9 billion to € 21.5 billion due to a reduction in high-weighted assets. The first-time application of the internal ratings-based approach to a large part of the loans and advances to retail customers in Slovakia, however, led to an increase of € 0.2 billion.

Impairment loss provisioning in the region fell in the reporting period by 14 per cent, or € 31 million, to € 198 million. Individual net allocations to provisions for impairment losses declined year-on-year by 23 per cent to € 133 million. The highest levels of impairment provisions arose in Hungary and Poland among corporate customers. Provisioning for portfolio impairments increased by 13 per cent year-on-year to € 65 million, primarily in the Czech Republic for retail customers and for large customers in Slovakia. The segment's non-performing loan ratio rose by 2.67 percentage points to 7.98 per cent compared with the same period last year.

Net fee and commission income grew in every country in the region with the exception of Hungary, increasing by a total of 13 per cent or € 26 million to € 226 million. The largest increase in earnings – to a total of € 32 million – was achieved by loan administration and guarantee business. This growth was mainly generated in Poland and the Czech Republic, in particular through increased guarantee volumes in the latter. Net income from foreign exchange, notes/coins and precious metals grew by 4 per cent to € 72 million. In Hungary, however, it declined due to a reduction in new foreign currency lending. Income from payment transfers and account services grew throughout the region, increasing by 8 per cent year-on-year to € 88 million. Net fee and commission income rose by € 2 million in Slovakia following the introduction of the retail product range at the end of 2009. The securities business expanded thanks to renewed customer activity – particularly in Hungary – by nearly 41 per cent year-on-year to € 13 million.

Net trading income in the Central Europe region was € 29 million, a 51 per cent decrease from the same period last year. The decline affected all the countries of the region with the exception of Hungary and Slovenia. Income from currency-related trading fell by 10 per cent from € 31 million to € 28 million, primarily as a result of lower income in Poland due to reduced currency volatility in the reporting period. Income from interest-related trading fell from € 25 million to minus € 3 million, primarily as a result of the loss of valuation gains on interest rate swaps and fixed interest bonds in Slovakia, and valuation losses on interest rate swaps in the Czech Republic. Income from equity and index-related trading doubled to € 2 million compared to the same period last year, and came almost entirely from Hungary.

Net income from derivatives was minus € 11 million due to valuation losses almost exclusively tied to hedging transactions used to adjust the currency structure in the Czech Republic and Slovenia.

Net income from financial investments was minus € 7 million. This included valuation gains on securities in the Czech Republic and Slovakia, which were more than offset by losses in Hungary.

General administrative expenses were up 6 per cent, or € 24 million, to € 424 million over the same period last year. The average number of staff fell year-on-year by 7 per cent to 12,963. Staff expenses increased compared to the same period last year by 10 per cent or € 19 million to € 208 million, primarily in Poland and Hungary due to bonus payments. Other administrative expenses rose by 2 per cent year-on-year to € 177 million. Depreciation, amortization and write-downs were up 7 per cent on the same period last year, totaling € 40 million. The number of business outlets were reduced by 5 per cent or 29 outlets year-on-year to 554. The cost/income ratio in the region fell slightly by 0.3 percentage points to 55.3 per cent.

Other net operating income in this region was minus € 27 million, mainly due to non-income related taxes of € 17 million, payable primarily in Hungary and Slovakia. Operating leases contributed € 4 million to other net operating income. A provision of € 18 million was set aside for the first six months of 2010 following the decision of the Hungarian parliament to impose a levy on banks and financial services providers based on total assets.

Due to the removal of project companies from the scope of consolidation for lack of materiality, which for the most part were domiciled in the Czech Republic and Hungary, the segment recorded a profit of € 1 million on net income from the disposal of Group assets.

Income taxes rose by 14 per cent to € 31 million compared with the same period last year. The effective tax rate in the region increased by 2 percentage points to 24 per cent. Profit after minority interests came in at € 70 million.

Southeastern Europe

In € million	1/1-30/6 2010	1/1-30/6 2009	Change
Net interest income	445	443	0.3%
of which current income from associates	(1)	0	–
Provisioning for impairment losses	(139)	(227)	(38.7)%
Net interest income after provisioning	**306**	**216**	**41.2%**
Net fee and commission income	186	200	(7.2)%
Net trading income	25	56	(55.6)%
Net income from derivatives	(9)	(3)	245.1%
Net income from financial investments	7	8	(10.3)%
General administrative expenses	(357)	(362)	(1.4)%
of which staff costs	(154)	(157)	(2.2)%
of which other administrative expenses	(152)	(157)	(2.7)%
of which depreciation/amortization/write-downs	(50)	(48)	5.3%
Other net operating income	19	14	37.9%
Net income from disposal of group assets	(7)	0	–
Profit before tax	**169**	**129**	**30.6%**
Income taxes	(24)	(22)	9.1%
Profit after tax	**145**	**108**	**34.9%**
Minority interests in profit	(10)	(2)	403.2%
Profit after minority interests	**136**	**106**	**28.2%**
Segment's contribution to profit before tax	38.0%	56.7%	(18.7) PP
Segment's contribution toprofit after tax	41.5%	58.1%	(16.6) PP
Risk-weighted assets (credit risk) [1]	15,853	17,163	(7.6)%
Total own funds requirement[1]	1,478	1,553	(4.8)%
Total assets[1]	22,989	23,937	(4.0)%
Liabilities[1]	20,242	21,202	(4.5)%
Cost/income ratio	52.9%	50.7%	2.2 PP
Average equity	2,262	1,966	15.1%
Return on equity before tax	14.9%	13.2%	1.7 PP
Return on equity after minority interests	13.4%	12.1%	1.3 PP
Average number of staff	17,162	18,918	(9.3)%
Business outlets[1]	1,173	1,206	(2.7)%

[1] Reporting date values as of 30 June

In Southeastern Europe, profit before tax was € 169 million in the reporting period, up 31 per cent or € 40 million over the previous year. Significantly lower levels of impairment loss provisioning had a positive effect on the pre-tax profit. Return on equity before tax improved by 1.7 percentage points to 14.9 per cent compared to last year.

Net interest income in the region increased slightly by 0.3 per cent or by € 2 million to € 445 million. Growth in Romania resulted primarily from the lower costs associated with customer and bank deposits. Lower costs for customer deposits also had a positive effect on net interest income in Croatia. By contrast, a sharp decline in the customer loan book in Serbia due to a drop in new business and lower margins led to lower net interest income. The net interest margin increased by 21 basis points to 3.82 per cent. Balance sheet assets declined by 4 per cent to € 23.0 billion compared to the corresponding balance sheet date in the previous year. Credit risk-weighted assets declined by 8 per cent from € 17.2 billion to € 15.9 billion. The decline in credit risk-weighted assets was due to the volume reduction in the region and to a higher collateralization level in the corporate business. The Basel II IRB approach was applied to certain asset classes in Romania from July 2009 and in Croatia from October 2009 for the first time, but this did not have any appreciable effect on the amount of risk assets.

Provisioning for impairment losses fell in the region by 39 per cent or € 88 million to € 139 million. In Romania, provisioning for impairment losses fell to around half the value of the comparable period. Net provisioning for individual impairment losses totaled € 143 million. The highest provisions were recorded in Bulgaria, predominantly for loans to corporate and private individual customers, and in Romania, for private individuals. Provisioning for portfolio losses produced a positive figure of € 3 million, which was almost entirely due to reversals in connection with private individuals in Croatia. The proportion of non-performing loans in the loan portfolio rose by 2.25 percentage points over the previous year's period to 7.46 per cent, remaining the lowest among all the regions.

Net fee and commission income declined by 7 per cent year-on-year to € 186 million. Payment transfers made the largest contribution to this of € 84 million, or 1 per cent below the previous year. Loan administration and guarantee business generated income of € 46 million, which is a year-on-year reduction of 13 per cent and was generated primarily in Romania. Net income from the foreign currency, notes/coins and precious metals business was down by 25 per cent or € 10 million to € 30 million, primarily due to developments in Croatia, where lower transaction volumes meant that results were almost halved. The securities business doubled due to the revival in client activity, and contributed a further € 4 million to net fee and commission income.

Net trading income in Southeastern Europe fell from € 56 million in the previous year to € 25 million. Currency trading fell 61 per cent year-on-year from € 41 million to € 16 million. This was primarily due to lower income from forward transactions carried out in the reporting period. Interest-related trading recorded a profit of € 9 million, almost entirely from Albania, which was the result of a revaluation of fixed-interest securities.

Net income from derivatives of minus € 9 million was almost exclusively tied to hedging transactions used to adjust the currency structure in Croatia.

Net income from financial investments fell slightly to € 7 million, from € 8 million in the same period the previous year. This result was due predominantly to revaluation gains on fixed-interest bonds in Romania in connection with the continuing fall in interest rates in this market.

General administrative expenses totaled € 357 million, or 1 per cent lower than the level of the previous year. Staff expenses fell by € 3 million to € 154 million, while the average number of staff fell by 9 per cent or 1,756 to 17,162. Other administrative expenses declined by 3 per cent to € 152 million. In Romania, the reduction in office space expenses due to the closure of several business outlets had a positive impact. Depreciation, amortization and write-downs rose by 5 per cent to € 50 million. From 1,206 at the end of the previous year's period, the number of business outlets fell by 3 per cent to 1,173. The cost/income ratio rose 2.2 percentage points to 52.9 per cent.

Other net operating income increased by 38 per cent to € 19 million in the comparable period of the previous year. This mainly comprised income from operating leases of € 14 million, generated predominantly in Croatia.

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

Income taxes grew 9 per cent over the previous year to € 24 million. The effective tax rate for the region was 14 per cent, 3 percentage points below the previous year’s level. Profit after minority interests was € 136 million.

Russia

In € million	1/1-30/6 2010	1/1-30/6 2009	Change
Net interest income	256	373	(31.3)%
Provisioning for impairment losses	(67)	(252)	(73.6)%
Net interest income after provisioning	**190**	**122**	**56.0%**
Net fee and commission income	102	99	3.5%
Net trading income	41	(20)	–
Net income from derivatives	(15)	17	–
Net income from financial investments	0	2	(84.2)%
General administrative expenses	(198)	(192)	3.1%
of which staff costs	(97)	(91)	6.6%
of which other administrative expenses	(78)	(86)	(9.3)%
of which depreciation/amortization/write-downs	(24)	(16)	50.5%
Other net operating income	(10)	2	–
Net income from disposal of group assets	3	0	–
Profit before tax	**114**	**29**	**288.2%**
Income taxes	(29)	(6)	389.3%
Profit after tax	**84**	**23**	**262.2%**
Minority interests in profit	0	(2)	(94.5)%
Profit after minority interests	**84**	**21**	**295.4%**
Segment's contribution to profit before tax	25.6%	12.8%	12.8 PP
Segment's contribution to profit after tax	24.1%	12.6%	11.5 PP
Risk-weighted assets (credit risk)[1]	8,540	9,014	(5.3)%
Total own funds requirement[1]	890	839	6.0%
Total assets[1]	13,016	12,476	4.3%
Liabilities[1]	11,133	10,999	1.2%
Cost/income ratio	50.8%	42.4%	8.4 PP
Average equity	1,089	1,086	0.2%
Return on equity before tax	20.9%	5.4%	15.5 PP
Return on equity after minority interests	15.6%	3.9%	11.7 PP
Average number of staff	8,412	9,799	(14.2)%
Business outlets[1]	201	229	(12.2)%

[1] Reporting date values as of 30 June

Profit before tax rose in the first half of 2010 by € 85 million to € 114 million. The main reason for this was the comparatively low provisioning for impairment losses. In addition, net trading income was easily in the black, in contrast to the loss in the previous year. Accordingly, the return on equity before tax grew by 15.5 percentage points to 20.9 per cent.

Net interest income fell by 31 per cent or € 117 million to € 256 million. The decrease was due largely to a reduction in the credit portfolio for corporate and retail customers, while the investment of surplus liquidity with the National Bank and other banks – which is less profitable compared to the core business – increased. The selective approach to new lending also reduced income. The net interest margin in the region decreased by 1.24 percentage points to 4.15 per cent in the first half of 2010. Compared to the first quarter of 2010, the quarterly net interest margin improved from 3.97 per cent to 4.33 per cent. Balance sheet assets increased year-on-year by 4 per cent or € 0.5 billion to € 13.0 billion. Credit risk-weighted assets fell sharply by 5 per cent to € 8.5 billion, mainly due to the continuing rise in the hedging ratio for financial institutions and corporate customers and the reduction in volume for sovereigns.

Provisioning for impairment losses fell significantly from € 252 million in the comparable period of the previous year to € 67 million. The main factors in this decline were individual impairment losses and portfolio-based provisioning. Individual impairment loss provisioning totaled € 93 million, 56 per cent less than in the first half of 2009. The improvement in the rating structure, additional collateral and the general improvement in the credit environment led to lower net provisioning in the reporting period. Net provisioning for portfolio impairment losses generated income of € 27 million due to the reduction in the credit portfolio and resultant release of portfolio provisions. The non-performing loan ratio in the credit portfolio rose by 4.02 percentage points over the previous year to 11.22 per cent.

Net fee and commission income rose by 4 per cent or € 3 million to € 102 million. Due to the increase in transaction volume, net income from payment transfers rose by 21 per cent to € 42 million, making the largest contribution to net fee and commission income. Due to the increased volume of guarantees, net income from loan administration and guarantee business increased year-on-year by 17 per cent or € 2 million to € 17 million. Income from the securities business also rose in the reporting period, totalling € 6 million. By contrast, income from the foreign currency, notes/coins and precious metals business was down by 29 per cent to € 24 million due to the decrease in foreign currency transactions.

Net trading income turned from minus € 20 million in the first half of 2009 to € 41 million in the reporting period. Net income from interest-related trading doubled to almost € 43 million; the valuation gains were due mainly to the continuing decrease in interest rates on fixed-interest bonds and the growth in the trading portfolio. After the loss of € 42 million in the first half of 2009, the net loss from currency trading totaled € 2 million, primarily due to the revaluation of currency forwards due to movements in forward rates and the revaluation of currency swaps.

Net income from derivatives generated a loss of € 15 million in the reporting period, due mainly to the valuation losses on interest rate swaps entered into to reduce yield curve risk.

General administrative expenses increased moderately by 3 per cent to € 198 million. Staff expenses were up 7 per cent or € 6 million over the same period to € 97 million. The average number of staff fell 14 per cent year-on-year to 8,412, with most of the downsizing being in the bank's branches, although this had little effect on staff expenses. Other administrative expenses dropped by 9 per cent or € 8 million to € 78 million. Depreciation, amortization and write-downs rose € 8 million to

€ 24 million due to write-offs already made on current investments in various conversion projects. The number of business outlets fell 12 per cent or by 28 branches on the previous year to 201, while the cost/income ratio in the region rose 8.4 percentage points to 50.8 per cent due to the contraction in operating income.

Other net operating income in this segment was minus € 10 million. The main reasons for this were other provisions, predominantly for a lawsuit in connection with the closure of a branch, and expenses on non-income related taxes.

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

Income taxes rose by € 23 million year-on-year to € 29 million. Due to the significant increase in the tax burden resulting from increased non-deductible expenses, the effective tax rate increased by 5 percentage points to 26 per cent. Profit after minority interests rose € 63 million to € 84 million.

CIS Other

In € million	1/1-30/6 2010	1/1-30/6 2009	Change
Net interest income	245	249	(1.4)%
Provisioning for impairment losses	(156)	(261)	(40.1)%
Net interest income after provisioning	**89**	**(12)**	**–**
Net fee and commission income	82	83	(1.4)%
Net trading income	16	24	(31.3)%
Net income from derivatives	(1)	1	–
Net income from financial investments	15	12	25.9%
General administrative expenses	(163)	(155)	4.9%
of which staff costs	(83)	(83)	(0.1)%
of which other administrative expenses	(60)	(54)	11.4%
of which depreciation/amortization/write-downs	(19)	(18)	7.8%
Other net operating income	(4)	1	–
Net income from disposal of group assets	0	0	–
Profit/loss before tax	**34**	**(48)**	**–**
Income taxes	(10)	12	–
Profit/loss after tax	**24**	**(36)**	**–**
Minority interests in profit	(3)	(1)	204.6%
Profit/loss after minority interests	**20**	**(37)**	**–**
Segment's contribution to profit before tax	7.6%	(21.2)%	28.8 PP
Segment's contribution to profit after tax	6.8%	(19.5)%	26.3 PP
Risk-weighted assets (credit risk)[1]	5,438	6,738	(19.3)%
Total own funds requirement[1]	530	605	(12.4)%
Total assets[1]	7,287	7,001	4.1%
Liabilities[1]	6,241	6,100	2.3%
Cost/income ratio	48.0%	43.7%	4.3 PP
Average equity	740	764	(3.3)%
Return on equity before tax	9.2%	–	21.8 PP
Return on equity after minority interests	5.9%	–	16.2 PP
Average number of staff	17,363	19,038	(8.8)%
Number of business outlets[1]	1,030	1,149	(10.4)%

[1] Reporting date values as of 30 June

Profit before tax for the segment CIS Other rose by € 82 million to € 34 million in the reporting period. This was due to the significantly lower impairment loss provisioning. As a result the segment's return on equity before tax was 9.2 per cent.

Net interest income for the segment fell by 1 per cent or € 4 million overall to € 245 million. In Ukraine, the portfolio reduction, the selective approach to new business, and credit restructuring measures all reduced earnings. In Belarus, by contrast, a shift in refinancing from banks to more favorable customer deposits led to an increase in net interest income. Balance sheet assets increased year-on-year by 4 per cent or € 0.3 billion to € 7.3 billion. The net interest margin rose by 72 basis points to 7.28 per cent, while credit risk-weighted assets shrank by 19 per cent to € 5.4 billion. Although total sovereign lending increased, the improved country rating for Ukraine led to a lower weighting. In addition, there was an increase in collateral levels.

Provisioning for impairment losses fell by 40 per cent overall from € 261 million to € 156 million. In Ukraine, these were significantly lower year-on-year due to lower growth in non-performing loans and restructuring measures, although they remained at a relatively high level. In Belarus, however, provisioning for impairment losses fell slightly in the first two quarters of 2010 to € 7 million. For the region as a whole, individual impairment loss provisioning totaled € 124 million, predominantly for retail loans in Ukraine. Portfolio-based provisioning for impairment losses increased year-on-year to € 33 million; this growth was due entirely to loans to major corporate customers in Ukraine. The non-performing loan ratio in the credit portfolio rose year-on-year by 9.03 percentage points to 24.52 per cent, ranging from 3.96 per cent in Belarus to 29.14 per cent in Ukraine.

Net fee and commission income fell slightly year-on-year by 1 per cent or € 1 million to € 82 million. Income from payment transfers, which increased in all the countries in the region, rose by a total of 5 per cent or € 3 million to € 57 million, making the biggest contribution to net fee and commission income. By contrast, income from the foreign currency, notes/coins and precious metals business fell year-on-year by 25 per cent to € 19 million due to the halt in foreign currency lending to private individuals in Ukraine.

Net income from trading fell from € 24 million to € 16 million, predominantly in connection with the reduction in currency trading. Due to opposite movements in the Belarusian rouble exchange rate compared to the previous year, valuation gains on a strategic currency position to hedge equity in Belarus fell from € 19 million in the previous year to a loss of € 1 million. The income from interest-related trading, generated entirely in Ukraine, doubled to € 7 million. Write-ups on fixed-interest bonds and securities were partly due to the improvement in Ukraine's credit rating.

Net income from financial investments came to € 15 million. A positive factor here was the valuation gains under a mark-to-market approach for holdings of fixed-interest securities in Ukraine.

General administrative expenses were up 5 per cent or € 8 million over the same period in the previous year to € 163 million. By contrast, staff expenses were unchanged at € 83 million. The average number of staff in the region fell by 9 per cent or 1,675 to 17,363. The number of business outlets in Ukraine and Belarus was optimized by 10 per cent or 119 branches to 1,030. Other administrative expenses rose 11 per cent or € 6 million to € 60 million, predominantly due to the increase in IT expenses in Ukraine. Depreciation, amortization and write-downs totaled € 19 million, up slightly year-on-year. As a result of the reduction in operating income, the cost/income ratio in the region rose by 4.3 percentage points to 48.0 per cent.

Other net operating income in this segment was minus € 4 million. This comprised a number of smaller income and expense items, together with lower reversals of other provisions, mostly for current legal cases in Ukraine.

Income taxes totaled € 10 million. Following the loss a year earlier, the profit for the period after minority interests amounted to € 20 million.

Business divisions

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

- Corporate customers
- Retail customers
- Treasury
- Participations and Other

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

Business division overview

1/1-30/6/2010 In € million	Corporate Customers	Retail Customers	Treasury	Participations and Other	Total
Net interest income	459	824	64	83	1,430
Provisioning for impairment losses	(219)	(341)	1	(1)	(560)
Net interest income after provisioning	**240**	**483**	**65**	**82**	**870**
Net fee and commission income	198	396	0	5	599
Net trading income	4	0	92	(2)	94
Net income from derivatives	0	(1)	(36)	0	(36)
Net income from financial investments	(17)	0	32	0	15
General administrative expenses	(247)	(828)	(45)	(87)	(1,207)
Other net operating income	18	9	0	(54)	(27)
Net income from disposal of group assets	0	0	0	(3)	(3)
Profit/loss before tax	**196**	**59**	**108**	**(59)**	**304**
Risk-weighted assets (credit risk)[1]	26,553	16,048	5,472	3,513	51,585
Total own funds requirement[1]	2,316	1,630	993	295	5,235
Average number of staff	9,254	43,906	1,364	1,768	56,291
Cost/income ratio	36.3%	67.4%	29.0%	–	57.6%
Average equity	3,598	2,281	776	436	7,091
Return on equity before tax	**10.9%**	**5.2%**	**28.0%**	**–**	**8.6%**

1/1-30/6/2009 In € million	Corporate Customers	Retail Customers	Treasury	Participations and Other	Total
Net interest income	521	868	(9)	116	1,496
Provisioning for impairment losses	(386)	(579)	(1)	(3)	(969)
Net interest income after provisioning	**136**	**288**	**(10)**	**113**	**527**
Net fee and commission income	191	388	1	4	585
Net trading income	(8)	0	126	0	119
Net income from derivatives	6	0	13	0	19
Net income from financial investments	(1)	0	27	5	31
General administrative expenses	(220)	(813)	(43)	(67)	(1,143)
Other net operating income	21	7	0	(12)	16
Net income from disposal of group assets	0	0	0	0	0
Profit/loss before tax	**126**	**(130)**	**115**	**42**	**154**
Risk-weighted assets (credit risk)[1]	27,704	17,337	5,920	3,740	54,701
Total own funds requirement[1]	2,380	1,661	995	309	5,345
Average number of staff	9,825	48,488	1,480	2,176	61,969
Cost/income ratio	30.2%	64.4%	36.3%	62.5%	51.6%
Average equity	3,207	1,956	687	395	6,245
Return on equity before tax	**7.8%**	**–**	**33.6%**	**21.4%**	**4.9%**

[1] Reporting date values as of 30 June

Corporate Customers

The corporate customer division registered a sharp earnings increase in the reporting period. Profit before tax grew by 56 per cent to € 196 million. The main factor responsible for that was a decline of net allocations to provisioning for impairment losses by 43 per cent, or € 167 million, to € 219 million.

Operating income fell from € 726 million to € 679 million and thus remained 6 per cent below the comparable period of the previous year. The decline of net interest income was primarily due to business with large corporate customers in Russia and Poland. On the other hand, net fee and commission income rose by 4 per cent to € 198 million. The increase was connected with higher commission income in the case of large customers, likewise in Russia and Poland.

Net income from financial investments was negative in the amount of € 17 million. That resulted from mark-to-market securities of municipal corporations in Hungary that exhibit credit-like characteristics.

General administrative expenses rose to € 247 million despite a reduction in the number of employees by 13 per cent mainly due to increases in Central Europe, which were partly attributable to currency revaluations. On the other hand, since operating income fell, the cost/income ratio went up by 6.1 percentage points to 36.3 per cent.

Other net operating income fell by 15 per cent to € 18 million, which derives primarily from the business area of operating leasing, and especially from the Croatian leasing unit.

Credit risk-weighted assets amounted to € 26.6 billion. That represents a mainly volume-related decline of 4 per cent versus the comparable period last year.

The corporate customer division's return on equity before tax rose by 3.1 percentage points to 10.9 per cent due to the increase of net income.

Retail Customers

The retail customer division's profit before tax amounted to € 59 million in the reporting period, after a loss of € 130 million was shown in the comparable period last year. The positive development was attributable to lower allocations to provisioning for impairment losses.

At € 1,229 million, the division's operating income was down by 3 per cent on the previous year's period. Net interest income fell by 5 per cent to € 824 million. That particularly affected the units in Ukraine and Romania, where interest income in this customer segment declined sharply under volume influences. However, net interest income grew in Hungary and the Czech Republic primarily due to lower refinancing costs. On the other hand, net fee and commission income showed positive development and increased by 2 per cent to € 396 million, particularly thanks to income improvement in business with private individuals and in affluent banking.

The division's general administrative expenses rose by only 2 per cent in the reporting period to € 828 million. Set against cost savings achieved by significantly reducing the number of employees in the branch network (minus 9 per cent), were currency effects that increased expenses. The cost/income ratio climbed by 3.0 percentage points to 67.4 per cent for that reason and because of the decline in operating income.

Other net operating income rose by € 2 million above the comparable period last year to € 9 million. The operating leasing business made the largest contribution to that in the amount of € 5 million.

The retail customer division's credit risk-weighted assets fell by 7 per cent in the reporting period to € 16.0 billion due to more restrictive lending.

The return on equity before tax was positive at 5.2 per cent in contrast to the comparable period last year.

Treasury

The treasury division achieved profit before tax of € 108 million in the reporting period and thus registered a moderate decline of 6 per cent versus the comparable period last year. In detail, however, significant shifts occurred in the earnings structure.

The division's operating income rose by 31 per cent year-on-year to € 156 million. Net interest income increased from minus € 9 million in the comparable period to € 64 million. The factors mainly responsible for that were lower refinancing costs thanks to an improved liquidity situation primarily in Poland, Romania, and Ukraine as well as an improved maturity transformation result owing to the changed interest rate level in the CEE countries.

Net trading income amounted to € 92 million (minus 27 per cent), and appreciation of the securities portfolio in Russia and Hungary was the main positive influence.

Net income from derivatives came to minus € 36 million (last year: € 13 million) and was primarily based on valuation losses on interest rate swaps in Russia and Croatia.

Net income from financial investments amounted to € 32 million and thus increased by 19 per cent on the comparable period. That largely resulted from valuation gains on fixed-income securities in Romania and Ukraine.

Despite a decline in the number of employees by 8 per cent, general administrative expenses rose by 4 per cent year-on-year to € 45 million, which was primarily due to currency effects. Altogether, operating income rose by 31 per cent to € 156 million. That resulted in improvement of the cost/income ratio by 7.3 percentage points to 29.0 per cent.

The total own funds requirement remained almost unchanged year-on-year and amounted to € 993 million. The increase of the trading portfolio was offset by a reduction of open foreign currency positions and of credit risk.

The division's return on equity before tax fell by 5.6 percentage points to 28.0 per cent.

Participations and Other

The participations and other division registered a loss before tax of € 59 million in the period under review. Net interest income fell by 29 per cent versus the comparable period last year to € 83 million. The result year-on-year was negative mainly because it includes the computational results from the investment of equity, which decreased sharply due to the lower interest rate level in Ukraine in the reporting period.

In addition to net income from participations and non-banking activities, this division includes the costs of central Group management, which remained stable in comparison to the same period of the previous year. Such costs remain within the division in accordance with internal guidelines and are not apportioned among the other divisions.

Interim consolidated financial statements

(Interim report as of 30 June 2010)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/6/2010	1/1-30/6/2009	Change
Interest income		2,407.8	2,969.5	(18.9)%
Current income from associates		(0.9)	0.5	–
Interest expenses		(976.8)	(1,474.2)	(33.7)%
Net interest income	**(2)**	**1,430.1**	**1,495.8**	**(4.4)%**
Provisioning for impairment losses	(3)	(559.9)	(968.5)	(42.2)%
Net interest income after provisioning		**870.2**	**527.3**	**65.1%**
Fee and commission income		705.1	694.2	1.6%
Fee and commission expense		(106.6)	(109.4)	(2.6)%
Net fee and commission income	**(4)**	**598.5**	**584.8**	**2.3%**
Net trading income	(5)	94.0	118.9	(21.0)%
Net income from derivatives	(6)	(36.4)	19.0	–
Net income from financial investments	(7)	14.7	31.3	(53.0)%
General administrative expenses	(8)	(1,207.3)	(1,143.1)	5.6%
Other net operating income	(9)	(26.7)	15.5	–
Net income from disposal of group assets		(3.0)	0.1	–
Profit before tax		**304.0**	**153.8**	**97.8%**
Income taxes		(91.9)	(34.7)	165.1%
Profit after tax		**212.1**	**119.1**	**78.2%**
Minority interests in profit		(41.5)	(41.0)	1.2%
Consolidated profit		**170.6**	**78.1**	**118.6%**

Transition to total comprehensive income

In € million	Group equity 1/1-30/6/2010	Group equity 1/1-30/6/2009	Minority interests 1/1-30/6/2010	Minority interests 1/1-30/6/2009
Consolidated profit	**171**	**78**	**41**	**41**
Exchange differences	358	(232)	7	6
Capital hedge	(8)	(18)	0	0
Cash flow hedge	5	9	0	0
Fair value reserve (available-for-sale financial assets)	(26)	3	0	0
Deferred taxes on income and expenses directly recognized in equity	1	(2)	0	0
Other comprehensive income	**330**	**(240)**	**7**	**6**
Total comprehensive income	**501**	**(162)**	**48**	**47**

Earnings per share

In €	1/1-30/6/2010	1/1-30/6/2009	Change
Earnings per share	0.91	0.31	0.60

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

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

Profit development

Quarterly results

In € million	Q3/2009	Q4/2009	Q1/2010	Q2/2010
Net interest income	728.7	712.1	689.9	740.2
Provisioning for impairment losses	(396.5)	(372.9)	(294.8)	(265.1)
Net interest income after provisioning	**332.2**	**339.2**	**395.1**	**475.1**
Net fee and commission income	321.6	316.7	282.5	316.0
Net trading income	27.8	39.7	57.6	36.4
Net income from derivatives	(13.5)	2.7	(18.6)	(17.8)
Net income from financial investments	12.2	(2.2)	54.6	(39.9)
General administrative expenses	(534.9)	(591.7)	(584.6)	(622.7)
Other net operating income	(12.6)	(23.3)	(17.3)	(9.4)
Net income from disposal of group assets	0	0	(3.1)	0.1
Profit before tax	**132.8**	**81.1**	**166.2**	**137.8**
Income taxes	(36.3)	(9.5)	(42.1)	(49.8)
Profit after tax	**96.6**	**71.4**	**124.0**	**88.1**
Minority interests in profit	(19)	(14.9)	(24.1)	(17.4)
Consolidated profit	**77.6**	**56.6**	**99.9**	**70.7**

In € million	Q3/2008	Q4/2008	Q1/2009	Q2/2009
Net interest income	844.1	890.3	767.1	728.6
Provisioning for impairment losses	(164.2)	(414.8)	(445.2)	(523.4)
Net interest income after provisioning	**679.9**	**475.5**	**321.9**	**205.2**
Net fee and commission income	394.9	398.6	293.7	291.0
Net trading income	35.2	40.3	45.6	73.3
Net income from derivatives	(6.3)	(21.0)	(4.9)	23.9
Net income from financial investments	10.8	(35.8)	(2.9)	34.2
General administrative expenses	(689.6)	(693.4)	(573.6)	(569.5)
Other net operating income	(6.4)	1.8	3.7	11.9
Net income from disposal of group assets	(0.2)	2.2	0.1	0.0
Profit before tax	**418.3**	**168.2**	**83.6**	**70.0**
Income taxes	(99.3)	(55.3)	(19.9)	(14.8)
Profit after tax	**319.0**	**112.9**	**63.7**	**55.3**
Minority interests in profit	(23.2)	7.7	(7.5)	(33.5)
Consolidated profit	**295.8**	**120.6**	**56.2**	**21.8**

Statement of financial position

Assets In € million	**Notes**	**30/6/2010**	**31/12/2009**	**Change**
Cash reserve		3,607	4,180	(13.7)%
Loans and advances to banks	(11,30)	9,217	10,310	(10.6)%
Loans and advances to customers	(12,30)	52,370	50,515	3.7%
Impairment losses on loans and advances	(13)	(3,685)	(3,084)	19.5%
Trading assets	(14,30)	3,764	3,709	1.5%
Derivatives	(15,30)	266	333	(20.2)%
Financial investments	(16,30)	9,109	7,271	25.3%
Investments in associates	(30)	5	5	(12.3)%
Intangible fixed assets	(17)	1,077	972	10.8%
Tangible fixed assets	(18)	1,291	1,244	3.8%
Other assets	(19,30)	1,094	820	33.4%
Total assets		**78,115**	**76,275**	**2.4%**

Equity and liabilities In € million	**Notes**	**30/6/2010**	**31/12/2009**	**Change**
Deposits from banks	(20,30)	19,946	20,110	(0.8)%
Deposits from customers	(21,30)	43,255	42,578	1.6%
Debt securities issued	(22,30)	2,434	2,527	(3.7)%
Provisions for liabilities and charges	(23,30)	366	312	17.5%
Trading liabilities	(24,30)	602	514	17.1%
Derivatives	(25,30)	562	259	116.6%
Other liabilities	(26,30)	910	505	80.2%
Subordinated capital	(27,30)	2,571	2,470	4.1%
Equity	(28)	7,469	7,000	6.7%
Consolidated equity		6,300	5,790	8.8%
Consolidated profit		171	212	(19.6)%
Minority interests		998	998	0.0%
Total equity and liabilities		**78,115**	**76,275**	**2.4%**

Statement of changes in equity

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2009	**469**	**0**	**2,568**	**1,577**	**982**	**923**	**6,518**
Transferred to retained earnings	0	0	0	839	(839)	0	0
Dividend payments	0	0	0	0	(143)	(42)	(185)
Total comprehensive income	0	0	0	(240)	78	47	(115)
Own shares/share incentive program	0	0	(1)	0	0	0	(1)
Other changes	0	0	0	(33)	0	31	(2)
Equity as of 30/6/2009	**469**	**0**	**2,567**	**2,143**	**78**	**959**	**6,215**

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2010	**469**	**600**	**2,569**	**2,152**	**212**	**998**	**7,000**
Capital increases	0	0	0	0	0	4	4
Transferred to retained earnings	0	60	0	152	(212)	0	0
Dividend payments	0	(60)	0	0	0	(49)	(109)
Total comprehensive income	0	0	0	330	171	48	549
Own shares/share incentive program	0	0	(1)	0	0	0	(1)
Other changes	0	0	0	29	0	(3)	26
Equity as of 30/6/2010	**469**	**600**	**2,568**	**2,663**	**171**	**998**	**7,469**

Statement of cash flows

In € million	1/1-30/6/2010	1/1-30/6/2009
Cash and cash equivalents at the end of previous period	**4,180**	**7,130**
Net cash from operating activities	330	(7)
Net cash from investing activities	(963)	(492)
Net cash from financing activities	(5)	(98)
Effect of exchange rate changes	66	(306)
Cash and cash equivalents at the end of period	**3,607**	**6,227**

Segment reporting

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

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

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

Russia

CIS Other
Belarus, Kazakhstan, and Ukraine

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

1/1-30/6/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	539.2	444.7	256.4	245.1	(55.3)	1,430.1
of which current income from associates	0.0	(0.9)	0.0	0.0	0.0	(0.9)
Provisioning for impairment losses	(197.8)	(139.2)	(66.5)	(156.4)	0.0	(559.9)
Net interest income after provisioning	**341.4**	**305.5**	**189.9**	**88.7**	**(55.3)**	**870.2**
Net fee and commission income	226.4	185.9	102.5	81.5	2.3	598.5
Net trading income	28.7	24.7	41.1	16.4	(16.9)	94.0
Net income from derivatives	(11.4)	(9.2)	(14.9)	(0.8)	(0.2)	(36.4)
Net income from financial investments	(7.1)	6.8	0.3	14.7	0.0	14.7
General administrative expenses	(424.4)	(356.6)	(198.3)	(162.9)	(65.1)	(1,207.3)
of which staff expenses	(207.7)	(154.0)	(96.7)	(83.1)	(24.7)	(566.1)
of which other administrative expenses	(177.2)	(152.3)	(78.1)	(60.4)	(39.5)	(507.5)
of which depreciation	(39.6)	(50.2)	(23.5)	(19.4)	(1.0)	(133.7)
Other net operating income	(27.1)	19.1	(9.7)	(3.7)	(5.4)	(26.7)
Net income from disposal of group assets	1.4	(7.2)	2.8	0.0	0.0	(3.0)
Profit/loss before tax	**127.9**	**169.0**	**113.7**	**34.0**	**(140.5)**	**304.0**
Income taxes	(31.0)	(23.7)	(29.3)	(10.2)	2.2	(91.9)
Profit/loss after tax	**96.9**	**145.3**	**84.3**	**23.8**	**(138.3)**	**212.1**
Minority interests in profit	(27.3)	(9.8)	(0.1)	(3.4)	(0.9)	(41.5)
Consolidated profit/loss	**69.7**	**135.5**	**84.2**	**20.4**	**(139.2)**	**170.6**
Share of profit before tax	28.8%	38.0%	25.6%	7.6%	–	100.0%
Share of profit after tax	27.7%	41.5%	24.1%	6.8%	–	100.0%
Risk-weighted assets (credit risk)[1]	21,520	15,853	8,540	5,438	234	51,585
Total own funds requirement[1]	1,967	1,478	890	530	371	5,235
Total assets[1]	33,598	22,989	13,016	7,287	1,225	78,115
Liabilities[1]	30,990	20,242	11,133	6,241	2,039	70,645
Cost/income ratio	55.3%	52.9%	50.8%	48.0%	–	57.6%
Average equity	3,008	2,262	1,089	740	(7)	7,091
Return on equity before tax	8.5%	14.9%	20.9%	9.2%	–	8.6%
Consolidated return on equity (after minorities)	6.1%	13.4%	15.6%	5.9%	–	5.6%
Average number of staff	12,963	17,162	8,412	17,363	391	56,291
Number of business outlets[1]	554	1,173	201	1,030	1	2,959

[1] Reporting date values as of 30 June

1/1-30/6/2009 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	464.2	443.2	373.5	248.5	(33.7)	1,495.8
of which current income from associates	0.0	0.5	0.0	0.0	0.0	0.5
Provisioning for impairment losses	(228.8)	(226.9)	(251.7)	(261.0)	0.0	(968.5)
Net interest income after provisioning	**235.3**	**216.3**	**121.8**	**(12.5)**	**(33.7)**	**527.3**
Net fee and commission income	200.2	200.3	99.0	82.7	2.6	584.8
Net trading income	58.3	55.7	(19.7)	23.9	0.8	118.9
Net income from derivatives	4.6	(2.7)	17.5	0.8	(1.2)	19.0
Net income from financial investments	21.8	7.6	1.7	11.7	(11.5)	31.3
General administrative expenses	(400.2)	(361.7)	(192.4)	(155.4)	(33.5)	(1,143.1)
of which staff expenses	(188.9)	(157.4)	(90.7)	(83.1)	(23.7)	(543.8)
of which other administrative expenses	(174.4)	(156.6)	(86.1)	(54.2)	(8.4)	(479.8)
of which depreciation	(36.9)	(47.7)	(15.6)	(18.0)	(1.4)	(119.6)
Other net operating income	(2.3)	13.9	1.5	0.5	2.1	15.5
Net income from disposal of group assets	0.1	0.0	0.0	0.0	0.0	0.1
Profit/loss before tax	**117.8**	**129.3**	**29.3**	**(48.3)**	**(74.5)**	**153.8**
Income taxes	(27.2)	(21.7)	(6.0)	12.1	8.1	(34.7)
Profit/loss after tax	**90.6**	**107.7**	**23.3**	**(36.2)**	**(66.4)**	**119.1**
Minority interests in profit	(32.3)	(1.9)	(2.0)	(1.1)	(3.7)	(41.0)
Consolidated profit/loss	**58.4**	**105.7**	**21.3**	**(37.3)**	**(70.1)**	**78.1**
Share of profit before tax	51.6%	56.7%	12.8%	(21.2)%	–	100.0%
Share of profit after tax	48.9%	58.1%	12.6%	(19.5)%	–	100.0%
Risk-weighted assets (credit risk)[1]	21,943	17,163	9,014	6,738	(156)	54,701
Total own funds requirement[1]	2,004	1,553	839	605	344	5,345
Total assets[1]	33,615	23,937	12,476	7,001	833	77,862
Liabilities[1]	31,243	21,202	10,999	6,100	2,104	71,648
Cost/income ratio	55.6%	50.7%	42.4%	43.7%	–	51.6%
Average equity	2,445	1,966	1,086	764	(17)	6,245
Return on equity before tax	9.6%	13.2%	5.4%	–	–	4.9%
Consolidated return on equity (after minorities)	6.7%	12.1%	3.9%	–	–	2.9%
Average number of staff	13,871	18,918	9,799	19,038	343	61,969
Number of business outlets[1]	583	1,206	229	1,149	–	3,167

[1] Reporting date values as of 30 June

Notes

Recognition and measurement principles

The consolidated financial statements of Raiffeisen International are prepared in accordance with the *International Financial Reporting Standards* (*IFRS*) published by the *International Accounting Standards Board* (*IASB*) and the international accounting standards 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 interim report as of 30 June 2010 is prepared in accordance with IAS 34. In the interim reporting, the same accounting and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements of 2009. Standards and Interpretations to be applied in the EU as of 1 January 2010 were applied in the interim report.

In March 2010, the EU adopted IFRIC 16 (Hedges of a Net Investment in a Foreign Operation). IFRIC 16 is to be applied for the business years beginning on or after 30 June 2009. Raiffeisen International adopted IFRIC 16 for the business year 2010 for the first time. The Interpretation provides guidance on identifying the risk of a net investment in a foreign operation and on where, within a Group, hedging instruments can be held to minimize the risk. In the interim report, measurement result shown in other comprehensive income amounted to minus € 1 million.

The interim report for the first half year 2010 of Raiffeisen International Bank-Holding AG did not undergo a complete audit, neither did it undergo an audit inspection carried out by a certified auditor.

Changes in consolidated group

	Fully consolidated		*Equity method*	
Number of units	*30/6/2010*	*31/12/2009*	*30/6/2010*	*31/12/2009*
As of beginning of period	*135*	*131*	*1*	*1*
Included for the first time in the financial period	*1*	*8*	*0*	*0*
Merged in the financial period	*0*	*(3)*	*0*	*0*
Excluded in the financial period	*(40)*	*(1)*	*0*	*0*
As of end of period	***96***	***135***	***1***	***1***

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

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

In the reporting period, 40 subsidiaries were excluded from the group due to changed materiality limits.

Notes to the income statement

(1) Income statement according to measurement categories

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

In € million	1/1-30/6/2010	1/1-30/6/2009
Net income from financial assets and liabilities held-for-trading	(86.4)	299.1
Net income from financial assets and liabilities at fair value through profit or loss	122.0	141.9
Net income from financial assets available-for-sale	6.3	5.0
Net income from loans and advances	1,591.1	1,693.6
Net income from financial assets held-to-maturity	104.2	86.2
Net income from financial liabilities measured at acquisition cost	(976.6)	(1,463.6)
Net income from derivatives (hedging)	(7.6)	3.2
Net revaluations from exchange differences	190.4	(69.5)
Other operating income/expenses	(639.3)	(542.2)
Total profit before tax from continuing operations	**304.1**	**153.8**

(2) Net interest income

In € million	1/1-30/6/2010	1/1-30/6/2009
Interest and interest-like income, total	**2,407.8**	**2,969.5**
Interest income	2,399.1	2,963.4
from balances at central banks	32.6	62.5
from loans and advances to banks	51.1	67.8
from loans and advances to customers	1,951.6	2,393.6
from financial investments	212.5	199.3
from leasing claims	112.5	145.2
from derivative financial instruments (non-trading), net	38.8	94.9
Current income	5.3	2.5
Interest-like income	3.4	3.6
Current income from associates	**(0.9)**	**0.5**
Interest expenses and interest-like expenses, total	**(976.8)**	**(1,474.2)**
Interest expenses	(974.9)	(1,471.4)
on deposits from central banks	(0.2)	(10.6)
on deposits from banks	(267.9)	(489.3)
on deposits from customers	(582.4)	(861.7)
on debt securities issued	(62.3)	(67.5)
on subordinated capital	(62.1)	(42.3)
Interest-like expenses	(1.9)	(2.9)
Net interest income	**1,430.1**	**1,495.8**

(3) Provisioning for impairment losses

In € million	1/1-30/6/2010	1/1-30/6/2009
Individual loan loss provisions	**(492.6)**	**(819.2)**
Allocation to provisions for impairment losses	(806.6)	(967.9)
Release of provisions for impairment losses	327.8	163.6
Direct write-downs	(28.2)	(25.6)
Income received on written-down claims	14.4	10.7
Portfolio-based loan loss provisions	**(68.5)**	**(151.0)**
Allocation to provisions for impairment losses	(273.2)	(309.0)
Release of provisions for impairment losses	204.7	158.1
Gains from the sales of loans	**1.2**	**1.7**
Total	**(559.9)**	**(968.5)**

(4) Net fee and commission income

In € million	1/1-30/6/2010	1/1-30/6/2009
Payment transfer business	273.5	257.0
Loan administration and guarantee business	100.6	95.5
Securities business	23.3	15.8
Foreign currency, notes/coins, and precious-metals business	145.3	167.3
Management of investment and pension funds	11.4	11.4
Agency services for own and third-party products	20.5	13.7
Credit derivatives business	(0.2)	(0.8)
Other banking services	24.1	24.9
Total	**598.5**	**584.8**

(5) Net trading income

In € million	1/1-30/6/2010	1/1-30/6/2009
Interest-based transactions	56.9	65.4
Currency-based transactions	34.2	51.7
Equity-/index-based transactions	2.2	1.3
Other transactions	0.6	0.4
Total	**94.0**	**118.9**

(6) Net income from derivatives

In € million	1/1-30/6/2010	1/1-30/6/2009
Net income from hedge accounting	0.9	3.6
Net income from credit derivatives	(0.2)	(1.1)
Net income from other derivatives	(37.1)	16.4
Total	**(36.4)**	**19.0**

(7) Income from financial investments

In € million	1/1-30/6/2010	1/1-30/6/2009
Net income from financial investments held-to-maturity	**2.3**	**(1.5)**
Net valuations of finanical investments held-to-maturity	1.7	(1.5)
Net proceeds from sales of financial investments held-to-maturity	0.6	0.0
Net income from equity participations	**1.0**	**2.7**
Net valuations of equity participations	0.0	(0.1)
Net proceeds from sales of equity participations	1.0	2.8
Net income from securities at fair value through profit and loss	**11.5**	**30.1**
Net valuations of securities at fair value through profit and loss	(10.2)	29.8
Net proceeds from sales of securities at fair value through profit and loss	21.7	0.3
Total	**14.7**	**31.3**

(8) General administrative expenses

In € million	1/1-30/6/2010	1/1-30/6/2009
Staff expenses	(566.1)	(543.8)
Other administrative expenses	(507.5)	(479.8)
Depreciation on tangible and intangible fixed assets	(133.7)	(119.5)
Total	**(1,207.3)**	**(1,143.1)**

(9) Other net operating income

In € million	1/1-30/6/2010	1/1-30/6/2009
Sales revenues from non-banking activities	21.3	67.0
Expenses arising from non-banking activities	(17.2)	(63.7)
Net income from additional leasing services	1.8	1.0
Net rental income from operating lease (vehicles and equipment)	18.6	21.6
Rental income from investment property incl. operating lease (real estate)	4.2	1.5
Net proceeds from disposal of tangible and intangible fixed assets	(1.8)	(2.3)
Other taxes	(43.7)	(26.3)
Income from release of negative goodwill	0.0	0.0
Net expense from allocation and release of other provisions	(6.4)	6.3
Sundry operating income	12.4	24.4
Sundry operating expenses	(15.9)	(14.0)
Total	**(26.7)**	**15.5**

Notes to the statement of financial position

(10) Statement of financial position according to measurement categories

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

Assets according to measurement categories In € million	30/6/2010	31/12/2009
Trading assets	4,003	4,021
Financial assets at fair value through profit or loss	4,200	3,234
Financial assets available-for-sale	142	119
Investments in associates	5	5
Loans and advances	62,571	62,709
Financial assets held-to-maturity	4,800	3,950
Derivatives (hedging)	27	22
Other assets	2,368	2,215
Total assets	**78,115**	**76,275**

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

Equity and liabilities according to measurement categories In € million	30/6/2010	31/12/2009
Trading liabilities	1,121	723
Financial liabilities at amortized cost	69,116	68,190
Derivatives (hedging)	43	50
Provisions for liabilities and charges	366	312
Equity	7,469	7,000
Total equity and liabilities	**78,115**	**76,275**

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

(11) Loans and advances to banks

In € million	30/6/2010	31/12/2009
Giro and clearing business	2,057	2,125
Money market business	6,996	7,904
Loans to banks	162	278
Leasing claims	1	2
Claims evidenced by paper	1	1
Total	**9,217**	**10,310**

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

In € million	30/6/2010	31/12/2009
Central Europe	679	1,007
Southeastern Europe	1,031	1,148
Russia	1,070	559
CIS Other	568	466
Austria	4,673	5,673
Other countries	1,196	1,457
Total	**9,217**	**10,310**

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

In € million	30/6/2010	31/12/2009
Central banks	2,214	1,951
Commercial banks	6,982	8,336
Multilateral development banks (MDB)	21	23
Total	**9,217**	**10,310**

(12) Loans and advances to customers

In € million	30/6/2010	31/12/2009
Credit business	29,201	26,724
Money market business	2,448	2,148
Mortgage loans	17,072	17,875
Purchased loans	559	499
Leasing claims	3,088	3,267
Claims evidenced by paper	2	2
Total	**52,370**	**50,515**

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

In € million	30/6/2010	31/12/2009
Sovereigns	1,205	1,158
Corporate customers – large	26,405	25,372
Corporate customers – small business	3,993	3,815
Retail customers – private individuals	18,336	17,790
Retail customers – small and medium-sized entities	2,392	2,352
Other	39	28
Total	**52,370**	**50,515**

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

In € million	30/6/2010	31/12/2009
Central Europe	24,200	23,379
Southeastern Europe	12,598	12,320
Russia	6,628	6,112
CIS Other	5,927	5,403
Austria	28	32
Other countries	2,989	3,269
Total	**52,370**	**50,515**

(13) Impairment losses on loans and advances

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

In € million	30/6/2010	31/12/2009
Sovereigns	3	3
Banks	3	3
Corporate customers – large	1,629	1,365
Corporate customers – small business	398	333
Retail customers – private individuals	1,419	1,170
Retail customers – small and medium-sized entities	233	210
Total	**3,685**	**3,084**

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

In € million	As of 1/1/2010	Change in consolidated group	Allocation[1]	Release	Usage[2]	Exchange differences	As of 30/6/2010
Individual loan loss provisions	**2,383**	**(1)**	**820**	**(328)**	**(168)**	**185**	**2,891**
Central Europe	759	(1)	289	(156)	(60)	(1)	830
Southeastern Europe	485	0	230	(87)	(59)	2	571
Russia	482	0	174	(82)	(37)	64	601
CIS Other	657	0	127	(3)	(12)	120	889
Portfolio-based loan loss provisions	**771**	**0**	**273**	**(205)**	**0**	**42**	**881**
Central Europe	274	0	125	(60)	0	0	339
Southeastern Europe	199	0	37	(39)	0	5	202
Russia	137	0	35	(62)	0	16	126
CIS Other	161	0	76	(44)	0	21	214
Total	**3,154**	**(1)**	**1,093**	**(533)**	**(168)**	**227**	**3,772**

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

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

30/6/2010 In € million	Carrying amount	Individual loan loss provisions	Portfolio - based provisions	Net carrying amount	Individually impaired assets	Fair value
Banks	9,217	3	0	9,214	104	9,206
Sovereigns	1,205	3	0	1,202	50	1,199
Corporate customers – large	26,405	1,337	291	24,777	2,867	25,375
Corporate customers – small business	3,993	350	48	3,595	661	3,784
Retail customers – private individuals	18,336	985	433	16,918	1,448	18,065
Retail customers – small and medium-sized entities	2,392	183	51	2,158	304	2,192
Other	39	0	0	39	1	39
Total	**61,587**	**2,861**	**823**	**57,903**	**5,435**	**59,860**

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

(14) Trading assets

In € million	30/6/2010	31/12/2009
Bonds, notes and other fixed-interest securities	3,179	3,152
Shares and other variable-yield securities	16	11
Positive fair values of derivative financial instruments	569	546
Total	**3,764**	**3,709**

(15) Derivatives

In € million	30/6/2010	31/12/2009
Positive fair values of derivatives in fair value hedges (IAS 39)	26	22
Positive fair values of derivatives cash flow hedges (IAS 39)	1	0
Positive fair values of other derivatives	239	311
Total	**266**	**333**

(16) Financial investments

In € million	30/6/2010	31/12/2009
Bonds, notes and other fixed-interest securities	8,807	6,955
Shares and other variable-yield securities	160	197
Equity participations	142	119
Total	**9,109**	**7,271**

(17) Intangible fixed assets

In € million	30/6/2010	31/12/2009
Goodwill	654	581
Software	288	275
Other intangible fixed assets	135	116
Total	**1,077**	**972**

(18) Tangible fixed assets

In € million	30/6/2010	31/12/2009
Land and buildings used by the Group for own purpose	550	526
Other land and buildings (investment property)	48	27
Office furniture and equipment as well as other tangible fixed assets	481	479
Leased assets (operating lease)	212	212
Total	**1,291**	**1,244**

(19) Other assets

In € million	30/6/2010	31/12/2009
Tax assets	254	229
Receivables arising from non-banking activities	22	27
Prepayments and other deferrals	234	221
Clearing claims from securities and payment transfer business	336	96
Lease in progress	104	141
Assets held for sale (IFRS 5)	2	2
Inventories	34	30
Any other business	108	74
Total	**1,094**	**820**

(20) Deposits from banks

In € million	30/6/2010	31/12/2009
Giro and clearing business	858	733
Money market business	2,904	3,145
Long-term refinancing	16,184	16,232
Total	**19,946**	**20,110**

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

In € million	30/6/2010	31/12/2009
Central Europe	1,618	1,671
Southeastern Europe	853	1,456
Russia	10	406
CIS Other	48	38
Austria	14,070	12,736
Other countries	3,347	3,803
Total	**19,946**	**20,110**

The deposits break down into the following bank segments:

In € million	30/6/2010	31/12/2009
Central banks	310	490
Commercial banks	18,811	18,773
Multilateral development banks (MDB)	825	847
Total	**19,946**	**20,110**

(21) Deposits from customers

In € million	30/6/2010	31/12/2009
Sight deposits	18,656	17,140
Time deposits	23,172	24,045
Savings deposits	1,427	1,393
Total	**43,255**	**42,578**

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

In € million	30/6/2010	31/12/2009
Sovereigns	1,473	1,559
Corporate customers – large	14,408	14,181
Corporate customers – small business	2,345	2,331
Retail customers – private individuals	21,520	21,104
Retail customers – small and medium-sized entities	3,098	3,129
Other	411	274
Total	**43,255**	**42,578**

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

In € million	30/6/2010	31/12/2009
Central Europe	19,159	19,448
Southeastern Europe	12,568	12,249
Russia	6,208	5,496
CIS Other	3,407	2,890
Austria	270	405
Other countries	1,643	2,090
Total	**43,255**	**42,578**

(22) Debt securities issued

In € million	30/6/2010	31/12/2009
Bonds and notes issued	1,874	1,925
Other debt securities issued	560	602
Total	**2,434**	**2,527**

(23) Provisions for liabilities and charges

In € million	30/6/2010	31/12/2009
Severance payments	10	9
Retirement benefits	5	5
Taxes	30	26
Contingent liabilities and commitments	87	70
Pending legal issues	47	40
Overdue vacation	34	29
Bonus payments	82	92
Restructuring	8	3
Other	63	38
Total	**366**	**312**

(24) Trading liabilities

In € million	30/6/2010	31/12/2009
Negative fair values of derivative financial instruments	599	510
Short-selling of trading assets	3	4
Total	**602**	**514**

(25) Derivatives

In € million	30/6/2010	31/12/2009
Negative fair values of derivatives in fair value hedges (IAS 39)	7	5
Negative fair values of derivatives in cash flow hedges (IAS 39)	36	45
Negative fair values of derivative financial instruments	519	209
Total	**562**	**259**

(26) Other liabilities

In € million	30/6/2010	31/12/2009
Liabilities from non-banking activities	56	62
Accruals and deferred items	141	111
Liabilities from dividends	61	1
Clearing claims from securities and payment transfer business	437	169
Any other business	215	162
Total	**910**	**505**

(27) Subordinated capital

In € million	30/6/2010	31/12/2009
Hybrid tier 1 capital	1,201	1,169
Subordinated liabilities	1,279	1,210
Supplementary capital	91	91
Total	**2,571**	**2,470**

(28) Equity and minorities

In € million	30/6/2010	31/12/2009
Consolidated equity	6,300	5,790
Subscribed capital	469	469
Participation rights	600	600
Capital reserves	2,568	2,569
Retained earnings	2,663	2,152
Consolidated profit	171	212
Minority interests	998	998
Total	**7,469**	**7,000**

Additional notes

(29) Contingent liabilities and commitments

In € million	30/6/2010	31/12/2009
Contingent liabilities	4,970	4,668
Commitments (irrevocable credit lines)	5,902	5,395

Moreover, revocable credit lines were granted to an amount of € 4,541 million (31/12/2009: € 4,646 million) which currently bear no credit risk.

(30) Related parties

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

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

30/6/2010 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	4,214	18	0	26
Loans and advances to customers	0	266	0	31
Trading assets	82	1	0	0
Financial investments	0	86	0	58
Investments in associates	0	0	5	0
Other assets including derivatives	161	3	0	0
Deposits from banks	12,960	770	0	100
Deposits from customers	0	43	0	5
Debt securities issued	16	0	0	0
Provisions for liabilities and charges	6	0	0	0
Trading liabilities	120	0	0	2
Other liabilities including derivatives	352	13	0	0
Subordinated capital	1,593	588	0	0
Guarantees given	265	3	0	0
Guarantees received	91	21	0	1

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

(31) Regulatory own funds

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

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

In € million	30/6/2010	31/12/2009
Paid-in capital	3,637	3,638
Earned capital	1,693	1,512
Minority interests	1,034	1,062
Hybrid tier 1 capital	1,150	1,150
Intangible fixed assets	(304)	(289)
Core capital (tier 1 capital)	**7,211**	**7,072**
Deductions from core capital	(25)	(13)
Eligible core capital (after deductions)	**7,186**	**7,059**
Additional own funds according to Section 23 (1) 5 BWG	91	91
Provision excess of internal rating approach positions	0	8
Long-term subordinated own funds	1,063	1,003
Additional own funds (tier 2 capital)	**1,154**	**1,102**
Deduction items: participations, securitizations	(25)	(13)
Eligible additional own funds (after deductions)	**1,129**	**1,089**
Deduction items: insurances	(1)	(1)
Tier 2 capital available to be redesignated as tier 3 capital	208	182
Total own funds	**8,522**	**8,328**
Total own funds requirement	**5,235**	**5,117**
Excess own funds	3,287	3,212
Excess cover ratio	62.8%	62.8%
Core tier 1 ratio (without hybrid capital), total	9.2%	9.2%
Core capital ratio (tier 1), credit risk	13.9%	14.1%
Core capital ratio (tier 1), total	11.0%	11.0%
Own funds ratio	13.0%	13.0%

The total own funds requirement is as follows:

In € million	*30/6/2010*	*31/12/2009*
Risk-weighted assets according to Section 22 BWG	***51,585***	***50,090***
of which 8 per cent minimum own funds for the credit risk		
according to Sections 22a to 22 h BWG	*4,127*	*4,007*
Standardized approach	*2,886*	*2,862*
Internal rating approach	*1,241*	*1,146*
Own funds requirement for position risk in bonds, equities and commodities	*153*	*136*
Own funds requirement for open currency positions	*358*	*399*
Own funds requirement for operational risk	*597*	*574*
Total own funds requirement	***5,235***	***5,117***

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

In € million	*30/6/2010*	*31/12/2009*
Risk-weighted assets according to Section 22 BWG on standardized approach	***36,075***	***35,771***
Central governments and central banks	*3,187*	*2,605*
Regional governments	*92*	*127*
Public administration and non-profit organizations	*40*	*38*
Multilateral development banks (MDB)	*0*	*0*
Banks	*1,398*	*1,684*
Corporates	*18,357*	*17,546*
Retail (including small and medium-sized entities)	*10,665*	*11,451*
Mutual funds	*115*	*123*
Securitization position	*1*	*3*
Other positions	*2,220*	*2,195*
Risk-weighted assets on internal rating approach	***15,510***	***14,319***
Central governments and central banks	*781*	*680*
Banks	*1,579*	*1,670*
Corporates	*11,844*	*11,817*
Retail (including small and medium-sized entities)	*1,155*	*0*
Equity exposures	*151*	*152*
Total	***51,585***	***50,090***

(32) Average number of staff

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

Full-time equivalents	1/1-30/6/2010	1/1-30/6/2009
Central Europe	12,963	13,871
Southeastern Europe	17,162	18,918
Russia	8,412	9,799
CIS Other	17,363	19,038
Austria	386	340
Other countries	5	3
Total	**56,291**	**61,969**

(33) Subsequent events

The Annual General Meeting of Raiffeisen International Bank-Holding AG held on 8 July 2010 approved the merger of Raiffeisen International and Cembra Beteiligungs AG with a clear majority. The transferring company Cembra consists essentially of the corporate customer business, together with the associated shareholdings, spun off from Raiffeisen Zentralbank Österreich AG (RZB). Raiffeisen International Bank-Holding AG would obtain a banking licence as a result of the merger and would be renamed to Raiffeisen Bank International AG after registration in the company register which is expected to take place in the fourth quarter of 2010. The shares of Raiffeisen Bank International AG will continue to be listed on the Vienna Stock Exchange as the shares of Raiffeisen International Bank-Holding AG.

(34) Statement of all legal representatives

We confirm to the best of our knowledge that the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related-party transactions.

The Managing Board

Herbert Stepic Chairman, CEO	Martin Grüll CFO/CRO	Aris Bogdaneris Member
Rainer Franz Member	Peter Lennkh Member	Heinz Wiedner Member

Financial calendar for 2010 and 2011

15 November 2010	*Start of the quiet period*
29 November 2010	*Third Quarter Report, Conference Call*

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

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We have exercised the utmost diligence in preparing this report and have checked the data contained therein. However, rounding, transmission, and printing errors cannot be ruled out. The present English version is a translation of the report that the company originally prepared in the German language. The company only recognizes the German version as the authentic version.

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