First Quarter Report 2010

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of key data

Raiffeisen International Group Monetary values in € million	2010	Change	2009
Income statement	**1/1-31/3**		**1/1-31/3**
Net interest income	690	(10.1)%	767
Provisioning for impairment losses	(295)	(33.8)%	(445)
Net fee and commission income	282	(3.9)%	294
Net trading income	58	26.4%	46
General administrative expenses	(585)	1.9%	(574)
Profit before tax	166	98.8%	84
Profit after tax	124	94.7%	64
Consolidated profit (after minorities)	100	77.8%	56
Statement of financial position	**31/3**		**31/12**
Loans and advances to banks	9,723	(5.7)%	10,310
Loans and advances to customers	51,230	1.4%	50,515
Deposits from banks	20,132	0.1%	20,110
Deposits from customers	42,553	(0.1)%	42,578
Equity (including minorities and profit)	7,367	5.2%	7,000
Total assets	77,190	1.2%	76,275
Key ratios	**1/1-31/3**		**1/1-31/3**
Return on equity before tax	9.6%	4.3 PP	5.3%
Return on equity after tax	7.1%	3.0 PP	4.1%
Consolidated return on equity (after minorities)	6.7%	2.5 PP	4.2%
Cost/income ratio	57.7%	6.0 PP	51.7%
Return on equity before tax	0.87%	0.47 PP	0.40%
Net provisioning ratio (average risk-weighted assets, credit risk)	2.24%	(0.77) PP	3.01%
Bank-specific information[1]	**31/3**		**31/12**
Risk-weighted assets (credit risk)	50,584	1.0%	50,090
Total own funds	8,533	2.5%	8,328
Total own funds requirement	5,150	(0.6)%	5,117
Excess cover ratio	65.7%	2.9 PP	62.8%
Core capital ratio (tier 1), credit risk	14.3%	0.2 PP	14.1%
Core capital ratio (tier 1), total	11.2%	0.2 PP	11.0%
Core tier 1 ratio (excl. hybrid capital), total	9.4%	0.2 PP	9.2%
Own funds ratio	13.3%	0.3 PP	13.0%
Stock data	**31/3**		**31/3**
Earnings per share in €[2]	0.55	0.28	0.27
Price in €	35.20	66.0%	21.21
High (closing prices) in €	42.75	71.0%	25.00
Low (closing prices) in €	30.52	134.8%	13.00
Number of shares in million	154.67	–	154.67
Market capitalization in € million	5,444	66.0%	3,280
Resources	**31/3**		**31/12**
Number of employees as of reporting date	56,072	(0.8)%	56,530
Business outlets	2,977	(1.4)%	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 € 0.65.

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 31 March 2010, Raiffeisen International had over 56,000 employees serving more than 15 million customers at almost 3,000 business outlets.

Raiffeisen International's markets

Data as of 31 March 2010	Total assets in € million	Change[1]	Business outlets	Number of staff
Albania	1,891	2.7%	104	1,340
Belarus	1,242	1.4%	96	2,158
Bosnia and Herzegovina	2,326	0.0%	101	1,655
Bulgaria	4,026	0.7%	197	3,269
Croatia	5,870	(0.5)%	84	2,204
Czech Republic	7,694	(0.6)%	111	2,623
Hungary	8,995	2.5%	144	3,164
Kazakhstan	75	1.7%	1	10
Kosovo	672	0.0%	52	680
Poland	6,408	2.7%	126	3,028
Romania (incl. Moldova)	5,864	(4.9)%	542	6,039
Russia	12,343	5.7%	210	8,386
Serbia	2,733	(1.1)%	98	1,963
Slovakia	9,131	(2.1)%	156	3,621
Slovenia	1,603	1.3%	17	368
Ukraine	5,333	7.0%	938	15,176
Subtotal	**76,206**	**1.2%**	**2,977**	**55,684**
Other/consolidation	984	–	–	388
Total, Raiffeisen International	**77,190**	**1.2%**	**2,977**	**56,072**

[1] Change of total assets 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 € 148 billion as of 31 December 2009, 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.

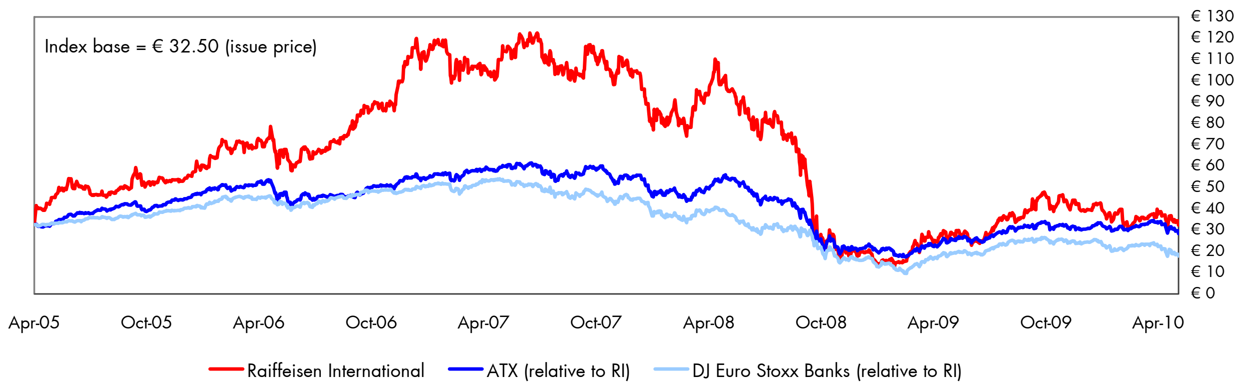
Raiffeisen International stock

Price rally continues after consolidation

After ending the past year on a positive note, international stock markets started 2010 in a comparatively subdued manner. Although some European stock indices still managed to post relatively small gains in the first few trading days, the sentiment quickly turned. Economic indicators below expectations, both from the United States and from Europe, prompted a consolidation. Added to that were market participants' concerns about the solvency of Greece and other Southern European countries and possible negative effects of that on the common European currency.

Since the beginning of March, however, attention has shifted to good corporate data, significant growth of demand worldwide, and continuing low interest rates, and the stock markets have resumed their upward trend. Numerous international stock indices have hit new highs in the ongoing ascent that began about a year ago.

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

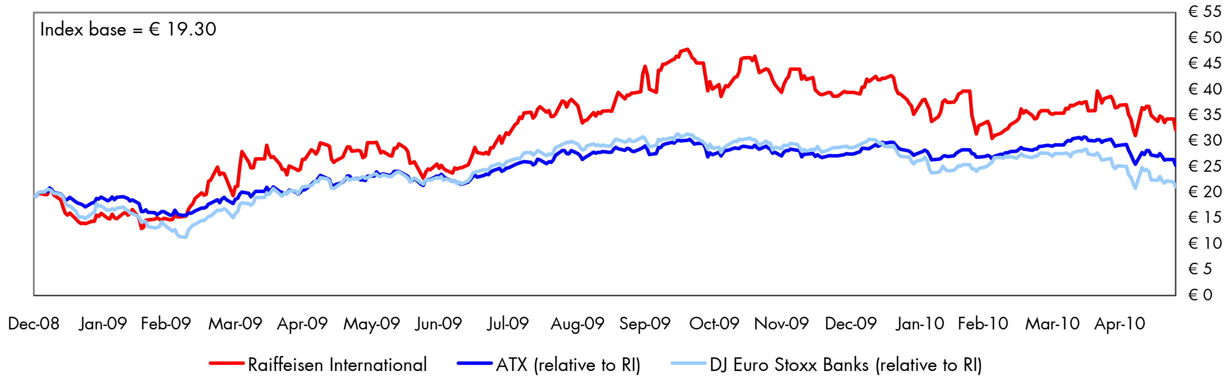


Raiffeisen International: high volatility due to merger plans

The price of Raiffeisen International stock was very volatile during the first quarter. It developed largely in line with the Austrian Traded Index (ATX) of stocks until mid-February and reached its highest level in the first quarter at € 42.75 on 18 January. However, due to the announcement of deliberations regarding a possible merger between Raiffeisen International and RZB, the stock lost significant ground relative to the index and hit its low in the first quarter at € 30.52 on 4 March.

Raiffeisen International's business figures for 2009, which surpassed average expectations of analysts, and a buoyant stock market environment gradually served as a positive catalyst, causing the price of Raiffeisen International stock to rally significantly from its interim low by 15 per cent to € 35.20 on 31 March 2010. As of the editorial deadline for this report on 30 May 2010, the price of the stock was volatile due to the uncertainties surrounding the further development of the Euro. In particular the publication of further details about the merger on 19 April led to two-digit percentage gains in the share price, which led to a compensation for the losses that had been made in the meantime. The DJ Euro Stoxx Banks, the important comparative index for European banks, showed a minus of 6 per cent in the first quarter and the Raiffeisen International stock declined in the same period by about 11 per cent.

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



Lively capital market interest

Raiffeisen International constantly strives to develop its activities in communication with the capital market. For that reason, presentations in the framework of conference calls and online as webcasts have been made available since the beginning of 2010. They may be downloaded any time at www.ri.co.at → Investor Relations → Financial Reports & Figures → Presentations.

Communication with analysts and investors in the first quarter was significantly shaped by deliberations concerning a merger between Raiffeisen International and RZB. On 22 February 2010, the market was informed for the first time – along with the announcement of preliminary business figures for 2009 – about these strategic plans. In a subsequent short conference call with over 260 participants, further background information was given regarding the status of the deliberations. Upon the publication of Raiffeisen International's final business figures for 2009 on 23 March 2010, preliminary pro-forma figures for the combined bank were presented for the first time in addition to further details about the planned transaction. The analyst conference in Vienna and the subsequent conference call was met with great interest from international analysts and investors.

Directly after the publication of the 2009 business figures, the company presented itself to about 250 participants at one of the world's most important banking conferences in London. The evening before that, Raiffeisen International invited analysts to a meeting, and a majority of those who observe the company attended. At the subsequent roadshow in London, the Managing Board presented the company in numerous individual and group talks.

Subsequent to the publication of further details about the planned merger on 19 April 2010, a telephone conference was held. Furthermore, a roadshow was planned which had to be cancelled at short notice due to the interference of European air travel at the time. Instead, numerous telephone and video-conferences were held.

Stock data

Price on 31 March 2010	*€ 35.20*
High/low (closing prices) in Q1 2010	*€ 42.75 / € 30.52*
Earnings per share from 1 January to 31 March 2010	*€ 0.55*
Adjusted for computational compensation for participation rights	*€ 0.65*
Market capitalization as of 31 March 2010	*€ 5.44 billion*
Avg. daily trading volume (single counting) in first quarter 2010	*525,603 shares*
Stock exchange turnover (single counting) in first quarter 2010	*€ 1,169 million*
Free float as of 31 March 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 31 March 2010	*154,667,500*

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Raiffeisen International and RZB plan merger

Milestone in company history

The first quarter of 2010 will most probably go down as a milestone in the history of Raiffeisen International. On February 22, the public was informed for the first time about the strategic plan of a possible merger between Raiffeisen International and RZB.

By the time of the copy deadline for this report, significant developments had been made regarding these plans. On 19 April 2010, the Management Boards of both companies resolved to go ahead with the planned merger. The final company valuations, and invitations to the Annual General Meeting, including documents required for passing a resolution will be published within the statutory period. Although the Annual General Meetings of both companies and the regulatory authorities have not yet approved the merger, it is becoming increasingly palpable.

Raiffeisen Bank International AG is born

At present, RZB holds 72.8 per cent of shares in Raiffeisen International via two intermediaries, the fully owned holding companies Raiffeisen International Beteiligungs GmbH (RI Beteiligung) and Cembra Beteiligungs AG (Cembra). In step one, the aim is to split the commercial customer business and investments connected with the operating commercial customer business from RZB with retroactive effect from 31 December 2009, and to integrate these business units in Cembra. Any functions of RZB connected with its position as the top company of Raiffeisen Banking Group Austria and all connected business units and RZB investments remain with the company. Shortly afterwards, in step two, Cembra and all its assets will be merged with Raiffeisen International as the incorporating company, which is to be renamed Raiffeisen Bank International AG (RBI). The shareholder of Cembra receives Raiffeisen International shares in return. These new shares were created as a result of RI increasing its share capital in order to carry out the merger. RBI is to receive an Austrian banking license after the merger and, like RI, is to take the form of a listed company.

The valuation ratios of the units included in the merger have been determined in the meantime; the underlying results are confirmed by reports from two renowned auditing companies, which were appointed as independent experts by both parties. On this basis, 21.5 per cent of Raiffeisen International shares will be in free float after the transaction has been completed (until now: 27.2 per cent; both figures include own shares held by Raiffeisen International). In turn, the merger would increase earnings per share in the first quarter of 2010 attributable to the hitherto existing Raiffeisen International shareholders from an actual € 0.55 to € 1.45 per share (based on a pro forma calculation).

The audit companies involved were appointed by the Management Boards of Raiffeisen International and RZB/Cembra to carry out company valuations on the basis of capitalized earnings value (calculated on the basis of a dividend discount model). The valuation method pursuant to the requirements for company valuations by the Board of Experts on Business Management and Organization (Fachsenat für Betriebswirtschaftslehre und Organisation) KFS BW1 therefore complies with widely recognized standards so as to take into consideration the interests of all shareholders in a transparent and fair process. In addition, an independent merger expert appointed by the court – and likewise an audit company – will confirm the appropriateness of the exchange ratio on the basis of Austrian merger law.

The Management Board of Raiffeisen Bank International AG will comprise the following members: Herbert Stepic (CEO), Karl Sevelda (Deputy CEO, Corporate Banking), Martin Grüll (CFO), Johann Strobl (CRO), Aris Bogdaneris (Retail Banking), Patrick Butler (Global Markets), Peter Lennkh (Network Management) and Heinz Wiedner (COO). This would provide a high degree of continuity in personnel and provide the new management team with a host of diverse experience from different sectors.

Good reasons for a merger

The business of RZB, which is to be integrated into Raiffeisen International's own, focuses on growth markets and is going to be an excellent addition to Raiffeisen International's business and income profile. By merging the two companies, the competitive position and financial situation of Raiffeisen in Central and Eastern Europe, including Austria, will improve significantly once the economic crisis has passed. It will also secure the future of the company in the long term. By building on a strong brand and a leading market position, the conditions are ideal for using all available growth opportunities.

All in all, the Management Board of Raiffeisen International sees many good reasons for a merger:

- To gain full capital market access across all capital market products
- To create a fully integrated corporate and retail banking group across Central and Eastern Europe (including top 1000 companies in Austria)
- To combine product offering and strong client access across the retail and corporate customer universe throughout the core region
- To selectively reallocate resources to the most attractive market opportunities
- To fully integrate risk management and operational services resulting in long-term efficiency gains
- Attractive financials of the Combined Bank

Prospective further developments

First steps and preparations for the merger were well under way in the first quarter. Important questions on strategy, organization, corporate law and other legal matters were answered. The business units included in the merger were valued and the results will be published on 30 May 2010. In the coming weeks, operations for the merger are going to be prepared and pushed forward. The Annual General Meeting of Raiffeisen International, with the vote on the merger being one point on the agenda, will take place on 8 July 2010. Once the necessary resolutions have been passed by both Annual General Meetings and approval has been obtained from the regulatory authorities, the merger will be legally executed and entered in the commercial register. This last step is unlikely to be implemented prior to the fourth quarter.

Business development

General economic environment

Modest recovery

The second half of 2009 was shaped by the onset of economic recovery in Europe. After declines of real GDP by 2.4 per cent in the first quarter and 0.3 per cent in the second quarter of 2009 (each in comparison with the preceding quarter), the European economy (average of the EU-27) achieved small increases in the third and fourth quarters of 2009 by 0.3 per cent and 0.1 per cent, respectively. Overall, the real GDP of the EU-27 thus contracted in 2009 by 4.2 per cent year-on-year.

The national economies of Central and Eastern Europe (CEE) have held up to different extents in this very difficult world economic environment. Poland, for example, did not register a single quarterly decline in 2009 and was thus the only EU country to achieve positive real GDP growth last year. Slovakia and Slovenia resumed positive quarterly growth in the second quarter of 2009, and the Czech Republic did so in the third. By contrast, Hungary and Romania still showed quarterly declines of real GDP in the fourth quarter of 2009.

Viewed regionally, the decline of real GDP in the CEE countries was lowest in the new EU member states of Central Europe (CE) in 2009 at 1.7 per cent year-on-year. By contrast, the Southeastern European countries (SEE) including EU member states Romania and Bulgaria saw a decline of real GDP by 5.6 per cent. The European countries of the Commonwealth of Independent States (CIS) suffered a large drop of 8.3 per cent year-on-year. Overall, the real GDP of the CEE countries thus contracted in 2009 by 5.9 per cent on average.

The stabilization and recovery of the CEE national economies is likely to have continued in the first quarter of 2010. While development of private consumption was weak due to increased unemployment rates and lower demand for credit, the recovery of industrial production was bolstered by improved export demand. In addition, the base effect of the extremely low production levels in the first quarter of 2009 had a positive influence in year-on-year comparison.

Effects on the financial sector

The difficult conditions of the real economy led to a sharp rise of non-performing loans and an increase of provisioning for impairment losses in the financial sector last year. Rapid and extensive assistance from the International Monetary Fund (IMF) together with EU support measures and the resources made available by the World Bank, European Bank for Reconstruction and Development (EBRD), and European Investment Bank (EIB) resulted in a stabilization from the beginning of the second quarter and in a recovery of currencies and significant reduction of risk premiums in the second half of 2009. Toward the end of the year, the latter returned to levels from before the collapse of Lehman Brothers. The positive trend also continued on the financial markets in the first quarter of 2010. The region’s currencies all posted gains, risk premiums declined further, and the international capital market showed renewed interest in issues from Central and Eastern Europe.

Performance and financials

After a challenging year in 2009, in which the financial crisis led to a reduction of business volumes and sharply increased provisioning for impairment losses at Raiffeisen International, there were signs of a mild recovery at the beginning of 2010. On the currency side, almost all CEE currencies have appreciated in the period under review, in some cases strongly.

Against this background, Raiffeisen International achieved consolidated earnings after tax and minority interests of € 100 million. That is an improvement of 78 per cent, or € 44 million, compared with the same quarter of the previous year. Despite declining profit from operating activities due to lower business volume, a 34 per cent reduction of net allocations to provisions for impairment losses and valuation gains on marketable securities were the main positive influences.

Profit from operating activities down

Profit from operating activities fell in the first three months of 2010 by 20 per cent, or € 108 million, on the comparable period last year to € 428 million. The main reason was a decline of business volume by about 8 per cent year-on-year due to the economic crisis and selective lending.

Net interest income on a euro basis decreased by 10 per cent to € 690 million under volume influences and because of higher costs for long-term institutional refinancing. Net fee and commission income fell by only 4 per cent, with a slight slowing of the downward movement after a much steeper decline of 18 per cent in the preceding year as a whole, at the peak of the crisis. A lower volume of foreign exchange transactions, foreign currency loans, and domestic and foreign payment transfers in the first quarter of 2010 was also responsible for the moderate decline. However, a significantly improved income situation emerged in securities business and agency services. Net trading income continued to develop well, increasing by 26 per cent primarily due to interest-related transactions, while the appreciation of CEE currencies had a negative effect on the foreign exchange result in the first quarter. Other net operating income fell by € 20 million, resulting in a loss of € 17 million, mainly due to lower revenues from non-banking activities.

General administrative expenses rose by 2 per cent on the comparable period last year to € 585 million. That increase of € 11 million was in part due to revaluation of CEE currencies, but was also caused by higher depreciation on tangible and intangible fixed assets. The slight rise of general administrative expenses accompanied by 9 per cent lower operating income led to an increase of the cost/income ratio by 6.0 percentage points to 57.7 per cent.

The number of employees (expressed in full-time equivalents) fell versus the end of 2009 by 1 per cent, or 458 persons, to 56,072. This reduction mainly occurred in Russia (222) and Romania (196).

Provisioning for impairment losses one-third lower

Net allocations to provisions for impairment losses decreased in the first quarter of 2010 by one-third, or € 150 million, on the preceding year to € 295 million. This significant reduction stems primarily from Russia (€ 57 million due to improvement of the economic situation of some borrowers, but also to a smaller increase of loans to retail customers in arrears) and from Ukraine (€ 51 million, due to the improved non-performing loan situation). The reduction divides into € 88 million from portfolio-related provisions and € 63 million from individual provisions. Of provisioning for impairment losses in the first quarter, 55 per cent was due to retail customers, while their share still amounted to 66 per cent in the comparable period last year.

The non-performing loan ratio (non-performing loans relative to total loans to customers) rose compared with the end of 2009 by 1.0 percentage points to 9.8 per cent. Currency revaluations accounted for € 185 million of the € 596 million increase. The remaining amount of new non-performing loans derived primarily from Central Europe (€ 145 million) and the CIS Other segment (€ 135 million). The ratio of non-performing loans to total lending (loans and advances, securities, and off-balance-sheet items) was 5.7 per cent (after 5.1 per cent at the end of 2009).

Return on equity before tax just under 10 per cent

While a 20 per cent lower operating result weighed on Raiffeisen International's profit and hence on its rates of return, the significantly better situation in respect to provisioning for impairment losses and the positive net income from financial investments brought an improvement of return on equity before tax. At the end of the first three months, it amounted to 9.6 per cent and was thus 4.3 percentage points higher than in the comparable period of 2009 (5.3 per cent). Average equity underlying the calculation rose by 11 per cent on the comparable period to € 7.0 billion as a result of participation rights and positive currency differences.

The consolidated return on equity (after minorities) rose from 4.2 per cent to 6.7 per cent. Earnings per share grew by € 0.28 to € 0.55 for the first three months of 2010.

Moderate increase of the balance sheet total

In the year to date, Raiffeisen International's balance sheet total grew by 1 per cent, or € 0.9 billion, to € 77.2 billion. Set against the organic decline of the balance sheet total of about 1 per cent were currency effects that increased the balance sheet total by about 2 per cent.

On the asset side, there were slight shifts in favor of financial investments, which rose by € 1.7 billion to € 9.0 billion. On the other hand, the cash reserve and loans and advances to banks were reduced. Under currency influences, however, loans and advances to customers hardly changed. Less provisioning for impairment losses, they rose by € 0.4 billion to € 47.8 billion.

On the liability side, there were hardly any changes compared with the end of last year. The largest increase was in equity, which rose by € 0.4 billion to € 7.4 billion under currency and earnings influences. Deposits from customers, the item relevant for refinancing, remained unchanged at € 42.6 billion. The loan/deposit ratio increased only negligibly from the end of the year, by 1 percentage point to 120 per cent.

Rise of equity

Raiffeisen International's equity including minority interests rose by 5 per cent, or € 367 million, compared with the beginning of the year to € 7,367 million. That includes profit after tax of € 124 million.

The material changes in equity resulted from revaluation of local currencies in the CEE region, which, together with relevant hedging measures, led to valuation gains in equity of € 303 million. Capital was reduced by the expected € 60 million dividend payment for participation rights.

Detailed review of items in the income statement

In the reporting period, 40 subsidiaries were deconsolidated due to changed materiality limits. Comparability with the previous 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, showed the following development: The Polish zloty appreciated by 11 per cent, the Hungarian forint by 8 per cent, the Russian rouble by 7 per cent, and the Czech koruna by 6 per cent. On the other hand, the Belarusian rouble depreciated by 15 per cent, and the Ukrainian hryvnia by 8 per cent.

Profit from operating activities year-on-year

In € million	*1/1-31/3 2010*	*Change*	*1/1-31/3 2009*	*1/1-31/3 2008*
Net interest income	*690*	*(10.1)%*	*767*	*711*
Net fee and commission income	*282*	*(3.8)%*	*294*	*331*
Net trading income	*58*	*26.3%*	*46*	*38*
Other net operating income	*(17)*	*–*	*3*	*6*
Operating income	***1,013***	***(8.8)%***	***1,110***	***1,086***
Staff costs	*(279)*	*1.6%*	*(275)*	*(294)*
Other administrative expenses	*(241)*	*0.9%*	*(238)*	*(234)*
Depreciation on intangible and tangible fixed assets	*(65)*	*7.2%*	*(61)*	*(57)*
General administrative expenses	***(585)***	***1.9%***	***(574)***	***(585)***
Profit from operating activities	***428***	***(20.2)%***	***536***	***501***

Operating income

Operating income fell by 9 per cent, or € 97 million, under volume influences to € 1,013 million. Viewed regionally, the Central Europe segment achieved the highest operating income. At € 367 million (plus € 3 million), it was slightly above the previous year's level. The Southeastern Europe segment had operating income of € 337 million, which means a decline of € 11 million. Lower operating income was shown by the Russia segment (minus € 35 million) and the CIS Other segment (minus € 31 million).

Among the business divisions, a decline of € 56 million to € 329 million was registered by the corporate customer division. Net interest income, which was down by 19 per cent, or € 53 million, was mainly responsible for that. Operating income in the retail customer division fell by € 29 million, with both net interest income and net fee and commission income turning out lower. Net interest income and net trading income developed positively in the treasury division, which led to an increase of operating income by 39 per cent, or € 22 million, to € 79 million.

Net interest income burdened by Russia segment

The most important income component at 68 per cent was net interest income, which fell by € 77 million, or 10 per cent, on the comparable period last year to € 690 million. The decline of net interest income was thus greater than that of the average balance sheet total, which dropped by 8 per cent. Overall, interest income fell by 23 per cent, or € 353 million, to € 1,193 million. The decisive factor here was interest income from loans and advances to customers, which declined by € 282 million to € 963 million due to lower volume and decreased market interest rates. Interest expenses were down by 35 per cent, or € 276 million, to € 502 million. Interest expenses for deposits from customers and banks declined most sharply by € 140 million and € 135 million, respectively.

In Central Europe, net interest income rose by 13 per cent, or € 30 million, on the comparable period last year to € 261 million. The increase took place in Poland (plus € 14 million) due to lower funding costs and currency revaluation, in the Czech Republic (plus € 10 million) because of better conditions in dealings with private individuals, and in Slovakia (plus € 9 million) as a result of higher customer margins. In Hungary, on the other hand, there was a decline of € 8 million due to reduced credit volume and because of lower interest income from derivative financial instruments.

In Southeastern Europe, net interest income improved by 2 per cent, or € 5 million, compared with the previous year's period to € 222 million. Most of that came from reduced funding costs at banks and from lower interest expenses for customer deposits. Romania prominently contributed to this development.

Net interest income fell in Russia by 43 per cent, or € 90 million, to € 119 million and thus contributed decisively to the decline of total net interest income. This was due to a narrowing interest margin and decreased volumes of business with private individuals and corporate customers caused by low levels of new business.

In the CIS Other segment, net interest income declined by 9 per cent, or € 11 million, on the comparable period last year to € 115 million. The devaluation of the Ukrainian hryvnia, the decline of the customer portfolio, and lower margins on restructured loans were responsible for that.

The net interest margin, i.e., the ratio of net interest income to the average balance sheet total, amounted to 3.62 per cent. Compared with the previous year's period, that represents a decline of 9 basis points. For the full year of 2009, the net interest margin came to 3.73 per cent.

Net fee and commission income down 4 per cent

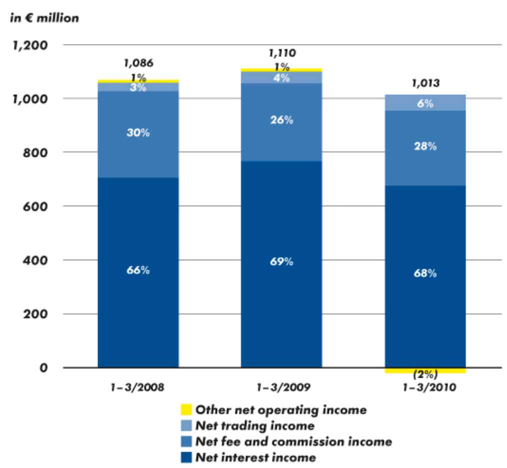
Net fee and commission income fell by 4 per cent, or € 11 million, on the comparable period last year to € 282 million. Income from payment transfers contributed € 129 million, or 46 per cent, and grew by € 3 million. Net income from foreign currency and precious-metals business declined in the first quarter of 2010 by € 26 million to € 66 million. Because of the reduced transaction volume, foreign currency and precious-metals business in Russia fell the most by € 10 million. The CIS Other and Southeastern Europe segments each registered a decline of € 7 million.

Income from securities business doubled to € 12 million. The Central Europe segment grew the most at plus € 3 million, which was mainly achieved in Hungary thanks to higher fee and commission income on municipal bonds. Income from agencies services in connection with own and third-party products rose by € 3 million to € 9 million due to increased insurance activities in Southeastern Europe.

Net trading income improved by 26 per cent

Net trading income came to € 58 million and was thus 26 per cent, or € 12 million, higher than in the comparable period last year. The decisive reason for that was net income from interest-related business, which grew by € 19 million to € 55 million. Russia registered the largest increase at € 16 million, which derived primarily from securities. Also in Ukraine, there was a plus from the market valuation of Ukrainian government bonds due to a better country rating.

Structure of operating income



Net income from currency-related business developed in the opposite direction, declining by € 10 million. At the segment level, different developments emerged. While net income from currency-related business fell in the Central Europe, Southeastern Europe, and CIS Other segments, it grew strongly in Russia. The increase was due to valuation gains on foreign exchange transactions for hedging measures in the Russian network bank.

Other net operating income negative

Other net operating income changed from € 3 million in the first quarter of 2009 to minus € 17 million in the first quarter of 2010. Net proceeds from non-banking activities fell in the first three months of 2010 by € 5 million compared with the previous year's period. Allocations to other provisions resulted in expenses of € 6 million, which were caused among other things by the formation of provisions for ongoing litigation in Russia and Hungary.

General administrative expenses

General administrative expenses rose by 2 per cent, or € 11 million, compared with the previous year's period to € 585 million. This increase was primarily due to currency revaluations in the CEE countries.

Because of a decline of operating income by 9 per cent and increased general administrative expenses, the cost/income ratio worsened. It rose by 6.0 percentage points compared with the previous year's period to 57.7 per cent.

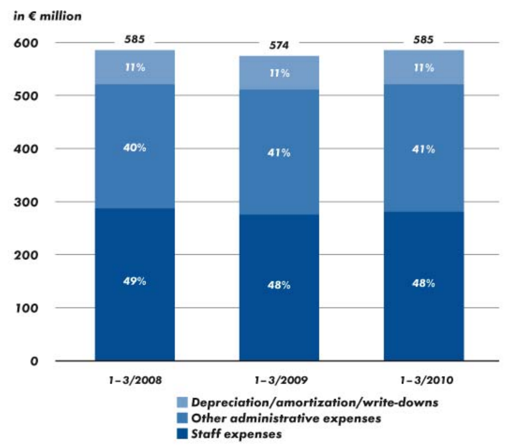
Staff costs increased by 2 per cent, or € 4 million, on the comparable period last year to € 279 million. With a share of 48 per cent, this is the largest item in general administrative expenses. Measures such as personnel reduction, and natural turnover led to cost decreases, which were partly offset by the appreciation of most CEE currencies.

The average number of employees came to 56,294 and was thus 6,586 below the comparable figure for the previous year's period. It fell in the CIS Other segment by 10 per cent, or 1,929 employees, in Southeastern Europe by 10 per cent, or 1,915 employees, in Russia by 16 per cent, or 1,631 employees, and in Central Europe by 8 per cent, or 1,185 employees. In Austria, there was an increase of 24 per cent, or 74 employees.

The number of employees stood at 56,072 as of 31 March 2010, which represents a decline of 1 per cent, or 458 employees, compared with the end of 2009. Viewed by segments, the number declined in Russia by 3 per cent, or 222 employees, and in Southeastern Europe by 1 per cent, or 223 employees. The number of employees remained nearly constant as of the reporting date in the CIS Other segment (minus 39 employees) and in Central Europe (plus 9 employees). Austria registered an increase of 5 per cent, or 17 employees.

At € 241 million, other administrative expenses remained nearly constant compared with the level of the previous year's period. Office space expenses, the largest item among other administrative expenses, amounted to € 74 million. That represents a reduction of 8 per cent due to the closing of business outlets in Russia and Ukraine and despite currency appreciation in some countries. Further savings were achieved in advertising, public relations, and promotional expenses (minus 7 per cent) and in travel and training expenses (minus 41 per cent and 33 per cent, respectively). Expenses increased in the area of legal, advisory, and consulting services (plus 5 per cent).

Structure of general administrative expenses



The number of business outlets was reduced by 231 to 2,977 compared with 31 March 2009. Due to location optimization measures, the number of business outlets in the CIS Other segment declined on the comparable period last year by 153 (thereof 149 in Ukraine), and in the Russia segment by 27. The number of business outlets in Central Europe fell by 30, and in Southeastern Europe by 21.

Depreciation on intangible and tangible fixed assets rose in comparison with the preceding year's period by 7 per cent, or € 4 million, to € 65 million. Tangible assets accounted for € 38 million of that, intangible assets for € 19 million, and leased assets for € 8 million. Group-wide investments amounted to € 63 million in the reporting period. Of that, 46 per cent (€ 29 million) flowed into own tangible assets. Investments in intangible assets, which predominantly concerned software systems, accounted for 34 per cent (€ 22 million). The rest was invested in assets for the operating leasing business.

Consolidated profit

Development of consolidated profit year-on-year

In € million	1/1-31/3 2010	Change	1/1-31/3 2009	1/1-31/3 2008
Profit from operating activities	**428**	**(20.2)%**	**536**	**501**
Provisioning for impairment losses	(295)	(33.8)%	(445)	(93)
Sundry profit/loss	33	–	(8)	(38)
Profit before tax	**166**	**98.8%**	**84**	**370**
Income taxes	(42)	112.1%	(20)	(90)
Profit after tax	**124**	**94.7%**	**64**	**279**
Minority interests in profit	(24)	220.0%	(8)	(25)
Consolidated profit	**100**	**77.8%**	**56**	**254**

Net allocation to provisions for impairment losses significantly lower

Net allocations to provisions for impairment losses amounted to € 295 million and were thus significantly below the comparable period's level. In the first quarter of 2009, provisions had been formed in the amount of € 445 million. The decline of net allocations to provisions for impairment losses thus came to 34 per cent, or € 150 million. Of net allocations, individual provisions accounted for € 239 million, and portfolio-based provisions for € 58 million. From a quarterly perspective, that represents the lowest net allocations since the third quarter of 2008.

The highest net allocations to provisions for impairment losses were formed in the Central Europe segment in the amount of € 111 million, which constitutes an increase of € 6 million, or 5 per cent, on the comparable period last year. In Hungary, net allocations came to € 40 million and were thus € 19 million less than in the preceding year. Provisioning for impairment losses in Slovakia were increased by € 8 million to € 22 million and were formed predominantly for loans and project financing in the area of large corporate customers. Provisions were made in the Czech Republic in the amount of € 25 million (first quarter 2009: € 17 million), which was largely due to increased allocations for private individuals.

In the CIS Other segment, net allocations to provisions for impairment losses were made in the amount of € 78 million in the first quarter of 2010. Down by € 40 million, this amount is due to a much better situation in respect to the volume of non-performing loans compared with the previous year's period. Of total allocations in the segment, Ukraine accounted for € 73 million, which represents a decline of € 45 million.

In the Southeastern Europe segment, net allocations to provisions for impairment losses fell by € 44 million, or 39 per cent, to € 69 million. The largest declines were registered in Romania and Croatia. The highest net allocations were made in Bulgaria in the amount of € 18 million and for the most part concerned loans to corporate customers.

In the Russia segment, net allocations to provisions for impairment losses were reduced significantly. They were € 110 million in the first quarter of 2009, but only € 37 million were newly allocated in the same period of 2010. Due to loan repayments and a smaller increase of loans to retail customers in arrears, there were on balance releases of portfolio-based provisions in the amount of € 22 million. In the first quarter of 2009, on the other hand, € 59 million in portfolio-based provisions had been newly allocated.

The net provisioning ratio, i.e., provisioning for impairment losses in relation to average credit risk-weighted assets, fell on the comparable period by 0.77 percentage points to 2.24 per cent.

Sundry profit/loss significantly on the plus side due to positive market valuations

Sundry profit/loss changed from minus € 8 million in the comparable period last year to € 33 million. The net income from financial investments included in this item rose to € 55 million (plus € 58 million). That resulted from appreciation of securities in Romania, Ukraine, and Hungary, caused by the lower interest rate level in those markets. Losses from derivative financial instruments of € 19 million and losses from disposals of Group assets of € 3 million burdened the item of other profit/loss.

Tax rate of 25 per cent

Income taxes amounted to € 42 million, after € 20 million in the comparable period last year. They thus climbed more sharply than profit before tax, which led to an increase of the tax rate from 23.8 per cent to 25.4 per cent.

Earnings per share doubled

Profit after tax rose from € 64 million in the comparable period last year to € 124 million. That represents an increase of 95 per cent, or € 60 million. Because of the better income situation of some Group units with minority shareholders, minority interests in profit went up by € 17 million to € 24 million.

Consolidated profit allocable to Raiffeisen International shareholders rose to € 100 million from € 56 million in the comparable period last year. Earnings per share therefore amounted to € 0.55 (previous year: € 0.27). A pro rata dividend of € 15 million was set for the participation rights. That was likewise taken into account in the ratio calculation for the comparable period. Without taking compensation for the participation rights into account, earnings per share would come to € 0.65, and in the comparable period last year to € 0.37.

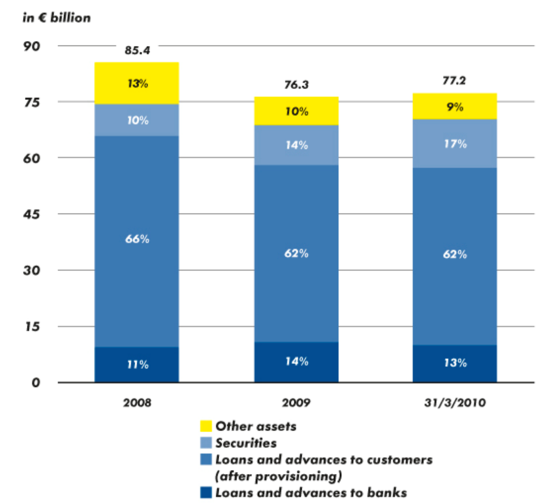
Balance sheet development

The consolidated balance sheet total amounted to € 77.2 billion as of 31 March 2010 and was thus higher than at the end of 2009 by € 0.9 billion, or 1 per cent. Set against increases of securities investments of € 1.7 billion and loans and advances to customers of € 0.7 billion were decreases of loans and advances to banks of € 0.6 billion and the cash reserve of € 0.8 billion. Forty subsidiaries were deconsolidated as of 1 January 2010, and the change had no appreciable influence on the development of the balance sheet total.

After the devaluations of the past two years, the majority of the currencies in CEE countries gained appreciably in strength. The Russian rouble rose by 8 per cent, the Ukrainian hryvnia by 7 per cent, the Polish zloty by 6 per cent, and the Czech koruna by 4 per cent. These currency effects brought about an increase of the balance sheet total of 2 per cent, while the organic development counteracted that and the balance sheet total decreased overall by about 1 per cent.

Assets

Structure of assets on the statement of financial position



On the asset side, loans and advances to customers after deduction of provisioning for impairment losses are the dominant component in the consolidated balance sheet total with a share of 62 per cent. They rose by € 0.7 billion, or 1 per cent, compared with the end of last year. Corporate customers accounted for two-thirds of the increase, and retail customers for one-third. Viewed regionally, the Central Europe segment showed an increase in loans and advances to customers of € 1.0 billion, or 4 per cent. Lending was constant or marginally declined in all other segments. The ratio of customer loans to customer deposits amounted to 120 per cent (plus 1 percentage point compared with the end of last year). Provisions for impairment losses were increased by € 0.3 billion, or 11 per cent, to € 3.4 billion. That almost exclusively concerned loans to customers.

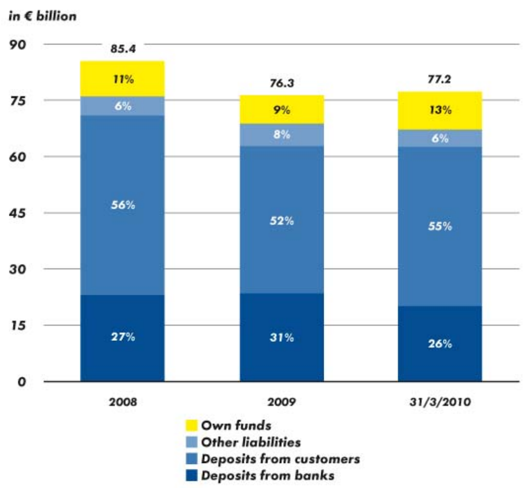
Loans and advances to banks fell by 6 per cent, or € 0.6 billion, to € 9.7 billion. Their share of the balance sheet total decreased by 2 percentage points to 12 per cent. The decline is mainly from loans to central banks (minus € 0.5 billion).

Since the beginning of 2009, surplus liquidity has been invested to a greater extent in securities, and that trend continued in the first quarter of 2010. The total amount of financial investments as of 31 March 2010 stood at € 12.9 billion. That means an additional investment of € 1.9 billion, or 17 per cent, compared with the end of last year. The share of the balance sheet total thus increased by 3 percentage points to 17 per cent. Securities investments were predominantly made in debt instruments of public authorities eligible for refinancing.

Other assets decreased by 10 per cent, or € 0.8 billion, to € 6.8 billion. Their share fell by 1 percentage point to 9 per cent. The decline is mainly due to the reduction of the cash reserve and in that respect particularly to the credit balances with central banks (minus € 0.8 billion). Intangible assets remained constant compared with the end of 2009 at € 1.0 billion, they include € 619 million in goodwill (including € 270 million in Russia and € 219 million in Ukraine).

Liabilities

Structure of equity and liabilities on the statement of financial position



The structure of liabilities remained nearly unchanged compared with the end of 2009. Deposits from customers decreased by 1 percentage point, but continued to dominate the liability side of the statement of financial position with a share of 55 per cent. Deposits from banks were 1 percentage point below last year's level with a share of 26 per cent. Equity and subordinated capital increased by 1 percentage point to 13 per cent, and other liabilities rose by 1 percentage point to 6 per cent.

Deposits from customers amounted to € 42.6 billion and were thus at their year-end level in 2009. There was little change from a segment perspective. The Russia and CIS Other segments showed slight increases, but those were based on the revaluation of currencies. Small declines were registered in Central Europe (minus € 0.3 billion), while deposits remained constant in Southeastern Europe. Deposits from corporate customers increased slightly to € 16.5 billion, and deposits from retail customers decreased slightly to € 24.3 billion. Here, a shift occurred from time deposits (minus € 0.7 billion) to sight deposits.

Deposits from banks also remained constant compared with the end of 2009 at € 20.1 billion. The slight declines in money market business and in giro and clearing business (minus € 0.3 billion) were offset by increases in long-term funding transactions (plus € 0.3 billion). Viewed regionally, a shift occurred from Southeastern Europe (minus € 0.7 billion) and Russia (minus € 0.4 billion) to Austria (plus € 0.9 billion). The decrease of deposits from central banks was offset by a slight increase on the part of commercial banks.

Debt securities issued on the capital market for funding purposes amounted to € 2.6 billion as of 31 March 2010 and thus remained unchanged in comparison with the end of 2009.

The share of own funds rose by 1 percentage point to 13 per cent. Equity increased by € 0.4 billion and was thus 5 per cent above its year-end level. Subordinated capital rose by 2 per cent to € 2.5 billion.

Equity

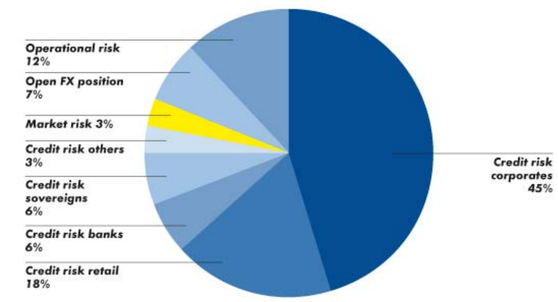
Raiffeisen International's balance sheet equity, which consists of consolidated equity, consolidated profit, and minority interests, increased by 5 per cent, or € 367 million, compared with the end of 2009. As of 31 March 2010, it amounted to € 7,367 million.

Consolidated equity, consisting of subscribed capital, participation rights, capital reserves, and retained earnings, rose by € 442 million to € 6,232 million. The increase was in retained earnings, which were largely determined by amounts transferred to retained earnings and other comprehensive income. Currency differences constitute the largest component by amount in the item other comprehensive income. A majority of the CEE currencies revalued again in 2010, which led to a positive currency effect (including capital hedge) of € 286 million. Compensation for participation rights reduced equity by € 60 million.

Consolidated profit amounted to € 100 million. Minority interests in capital rose by € 37 million to € 1,035 million, with net income for the period and currency differences also being the decisive factors here.

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 therefore is not itself subject to the regulatory provisions for banks as a consolidated group. Credit risk and market risk are calculated generally according to the standardized approach pursuant to Section 22 of the BWG, but the 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, Czech Republic, Hungary, Romania, and Slovakia. The consolidated figures presented below have been calculated pursuant to the provisions of the BWG and are accounted for within the scope of the RZB-Kreditinstitutsgruppe.

Consolidated own funds according to the BWG rose by € 205 million in the reporting period to € 8,533 million. That does not include the period's current profit, since Austrian law prohibits that from being taken into account yet.

Core capital (Tier 1) rose in the first quarter by € 175 million and amounted to € 7,247 million. Currency revaluations since the beginning of the year, particularly of the Russian rouble (plus 8 per cent), the Ukrainian hryvnia (plus 7 per cent), and the Polish zloty (plus 6 per cent), in the amount of € 162 million were mainly responsible for the increase.

The own funds requirement (Tier 2) rose by € 4 million to € 1,106 million. On the one hand, maturing Tier 2 issues led to a reduction of additional own funds, which were offset, on the other hand, by the currency revaluations.

Eligible short-term subordinated capital (Tier 3) rose by € 30 million to € 212 million due to maturing Tier 2 capital.

Set against available own funds was an own funds requirement that increased by € 33 million to € 5,150 million. The own funds requirement for credit risk accounted for the largest part of that at 79 per cent.

The items that make up the own funds requirement exhibited varying development. The own funds requirement for credit risk rose by € 40 million to € 4,047 million, and the requirement for market risk by € 7 million to € 144 million. The requirement for operational risk increased by € 25 million to € 599 million, but the requirement for open foreign exchange positions fell by € 39 million to € 360 million.

That results in own funds excess cover of € 3,383 million, or 65.7 per cent. In comparison with the end of 2009, that represents an improvement of € 172 million, or 5 per cent.

The core capital ratio based on credit risk came to 14.3 per cent (plus 0.2 percentage points). The core capital ratio based on total risk likewise improved by 0.2 percentage points and thus amounted to 11.2 per cent. The own funds ratio rose by 0.3 percentage points to 13.3 per cent. The core Tier 1 ratio (core capital less hybrid capital based on total risk) came to 9.4 per cent.

Risk management

Active risk management is a core area of expertise for Raiffeisen International as a bank holding company. To recognize, assess, and manage risks effectively, Raiffeisen International established a comprehensive risk management system in the past and constantly continues to develop 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, and operational risks.

Ongoing risk management initiatives

The economic crisis certainly shaped the development of Raiffeisen International's risk management in the period under review. Retail risk management intensified its focus on stepping up activities in collections, supporting the implementation of loan restructuring, increasing stress testing and scenario analyses at the portfolio level. In risk management for most business divsions the focus was on the expansion of the early-warning system, expediting workout management, and more stress tests were conducted for individual industries and regions.

The workout process is based on a clear definition of the risk status of each customer. The assignment of a certain risk status is made by way of an early-warning system that consists of a partially automated, IT-supported cause-and-effect analysis. Most of the input factors that flow into this analysis are standardized at the Group level. However, they can be adapted and supplemented with further factors to meet specific local conditions. Early detection of potential problem cases in lending business thus follows a structured process. That enables Raiffeisen International to support its customers as early as possible and, if necessary, take countermeasures. In the framework of expanding the workout process, personnel capacities were significantly increased in this area.

A comprehensive restructuring concept for retail customers was formulated in 2009 and is now being gradually implemented in the individual countries. Agreements typically made with customers in cases of restructuring concern lengthening loan terms, providing additional collateral, and temporarily reducing installments while maintaining the loan's net present value. Successful restructuring efforts present Raiffeisen International with both advantages and disadvantages. On the one hand, collectability of loans improved, thereby making it possible to reduce future risk costs. On the other, delays of interest income and the high expense of carrying out restructuring measures have a negative impact. Last but not least, the findings from these activities have an effect on the instruments of credit assessment, which has a long-term effect on the structure of new business acquisitions.

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.

Capital adequacy (Basel II)

Great importance is assigned to the use and continuing Group-wide 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 subsidiary institutions. In the Raiffeisen International Group, the results are used for internal control and management information purposes.

The "standardized approach" is primarily used to calculate capital requirements for credit risks under the Basel II rules. The network banks in Slovakia, the Czech Republic, Hungary, Romania, and Croatia were already given permission in the past years by the respective regulatory authorities to calculate the credit risk of corporate customers and banks as well as that of the public sector according to the internal ratings-based (IRB) approach. It is planned to apply the IRB approach successively to other countries and to other asset classes. This gives Raiffeisen International the advantage that portfolio risks can be quantified more accurately and managed more efficiently.

The own funds requirement 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 of the change of present value in the banking book on the assumption of a simultaneous interest rate increase for all maturities and currencies. The key assumptions necessary for interest rate pegging are made in accordance with regulatory specifications and on the basis of internal statistics and empirical data.

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

Raiffeisen International currently calculates capital requirements for operational risks according to the Basel II framework by using the standardized approach. After an implementation phase of several years, *Raiffeisen Bank Aval* in Ukraine has also been using this model since 1 January 2010, so now all material group units are oriented to the standardized approach.

The discussion paper on measure to strengthen the banking sector published by the Basel Committee on Banking Supervision at the end of 2009 (also known as Basel III) is being reviewed by Raiffeisen International and evaluated in regards to its implications. The management of Raiffeisen International assumes that up until the point that the respective measures are implemented, that there may be considerable deviations from the suggestions currently submitted for consideration.

Outlook

The financial and economic crisis again had a big hand in shaping the past business year. The recession continued to dominate in the first few months, causing severe fluctuations of currency exchange rates in some of our target markets and affecting our business trend and actions in the entire year through higher provisioning for impairment losses and cost-cutting programs.

Fortunately, however, economic development turned appreciably upward in the course of the year. Our business model, geared to universal bank services with a transparent product range strictly oriented to customer needs, consistently proved itself. As the financial crisis ebbed, the problems of procuring liquidity in the banking sector were also overcome. Nevertheless, the consequences of the economic crisis will continue to be felt for some time.

The broad diversification of our bank network in 15 countries again proved very advantageous in the crisis, because individual countries were affected quite differently. We remain committed to that and will expand our presence and business where we see appropriate growth potential. We hope to gain impetus from the expected economic recovery in the CEE region.

We further developed and considerably expanded our risk management in the past year and took extensive precautions for possible risks. We expect the rise of non-performing loans to continue in 2010, but their upward momentum appears to have broken with the onset of the economic recovery. The strict cost management introduced in the period under review will continue 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.

Business with corporate customers proved to be the backbone of the Group in 2009. We aim to intensify lending business in this area selectively 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.

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 31 March 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

Each of the regional segments in Raiffeisen International registered higher profits in the first quarter of 2010, reflecting continued moderate recovery in the economy as a whole. Significantly lower levels of provisioning for impairment losses as well as positive revaluations of securities and bonds contributed to the improvement in profit before tax over the same period in the previous year.

The effects of the financial crisis on earlier periods continued to lead to a rising share of non-performing loans and falling net interest income due to portfolio reductions. Through a combination of cost-cutting and efficiency-enhancing measures, the conditions were put in place for a long-term recovery in Group earnings. Due to the development of local currencies, as well as an optimization of the branch networks, there was a marked decrease in administrative expenses across all segments.

Southeastern Europe contributed € 98 million to profit before tax in the first quarter, the largest share among all the segments. This was also based on significantly lower net allocations to provisions for impairment losses as well as firm growth in net income from financial investments. Balance sheet assets in this segment were 5 per cent down year-on-year.

At € 63 million, Central Europe was the second-highest contributor to profit before tax. An increase in net interest income as well as net income from financial investments had a positive effect on pre-tax profits. Balance sheet assets rose by 3 per cent compared with the previous year.

In Russia, profit before tax amounted to € 58 million. The sharp increase over the comparable period of the previous year was due to a substantial decline in net allocations to provisions for impairment losses along with positive net trading income. Balance sheet assets in this segment were down 13 per cent on the previous year.

The CIS Other segment reported a pre-tax profit of € 17 million. Lower net allocations to provisions for impairment losses were primarily responsible for the year-on-year improvement in profit before tax. Balance sheet assets in this segment were down 14 per cent on the previous year.

The regional structure of Group assets changed slightly over the previous year. Central Europe's share increased by 3 percentage points to 44 per cent. The second largest share of Group assets was contributed by Southeastern Europe at 31 per cent, followed by Russia at 16 per cent, and CIS Other at 9 per cent.

Central Europe

In € million	1/1-31/3 2010	1/1-31/3 2009	Change
Net interest income	261	231	12.7 %
Provisioning for impairment losses	(111)	(105)	5.4 %
Net interest income after provisioning	**150**	**126**	**18.8 %**
Net fee and commission income	107	100	7.8 %
Net trading income	4	32	(88.5 %)
Net income from derivatives	(4)	1	–
Net income from financial investments	21	(10)	–
General administrative expenses	(214)	(203)	5.3 %
of which staff expenses	(103)	(97)	5.3 %
of which other administrative expenses	(92)	(86)	6.3 %
of which depreciation/amortization/write-offs	(19)	(19)	1.0 %
Other net operating income	(5)	1	–
Net income from disposal of group assets	4	0	>500.0 %
Profit before tax	**63**	**46**	**35.0 %**
Income taxes	(14)	(11)	27.5 %
Profit after tax	**49**	**35**	**37.3 %**
Minority interests in profit	(17)	(13)	34.4 %
Profit after minority interests	**32**	**23**	**38.9 %**
Segment's contribution to profit before tax	26.5 %	37.6 %	(11.1 PP)
Segment's contribution to profit after tax	25.7 %	37.2 %	(11.5 PP)
Risk-weighted assets (credit risk)[1]	21,565	22,322	(3.4 %)
Total own funds requirement[1]	1,985	2,025	(2.0 %)
Assets[1]	33,819	32,805	3.1 %
Liabilities[1]	31,066	30,523	1.8 %
Cost/income ratio	58.3 %	55.7 %	2.6 PP
Average equity	2,968	2,434	21.9 %
Return on equity before tax	8.4 %	7.6 %	0.8 PP
Return on equity after minority interests	5.7 %	5.2 %	0.5 PP
Average number of staff	12,894	14,079	(8.4 %)
Business outlets[1]	554	584	(5.1 %)

[1] Data as at 31 March

In Central Europe, profit before tax was € 63 million in the first quarter of 2010, up 35 per cent or € 17 million over the previous year's level. Although net allocations to provisions for impairment losses increased slightly, higher net interest income and net income from financial investments were primarily responsible for raising pre-tax profits. The segment's return on equity before tax rose by 0.8 percentage points to 8.4 per cent.

Net interest income in the region rose by 13 per cent in the first quarter to € 261 million. Poland registered the largest increase, driven both by improved asset-side margins on loans as well as lower interest cost for customer deposits in the context of a gradual easing of conditions on the money market. The Czech Republic also generated considerable growth in net interest income, primarily due to loans for retail customers and decreasing interest costs for customer deposits. Slovakia benefited from higher margins on the asset side. In Hungary, however, reduced lending to large customers over the past fiscal year had a dampening effect on profits. Business in the Central Europe segment became more profitable year-on-year with a 41 basis-point increase in the net interest margin over the first quarter of 2009, to 3.09 per cent. Group assets increased by 3 per cent. Credit risk-weighted assets dropped 3 per cent year-on-year from € 22.3 billion to € 21.6 billion, primarily as a consequence of reduced volume in off-balance sheet items in nearly all countries across the region. Higher collateral levels – particularly for new business – had a positive impact on credit risk-weighted assets.

Net allocations to provisions for impairment losses in the region rose by 5 per cent or € 6 million in the first quarter 2010 to € 111 million. Individual provisions declined year-on-year by 26 per cent to € 60 million. The highest levels of impairment provisions arose in Poland and Slovakia among corporate customers. Net allocations to portfolio-related provisions doubled year-on-year to € 51 million, primarily in Hungary and the Czech Republic. The provisions for impairment losses were mostly for retail lending. The non-performing loan ratio in the credit portfolio rose 3.7 percentage points to 7.6 per cent.

Net fee and commission income grew in every country in the region, increasing by a total of 8 per cent or € 7 million to € 107 million. The largest increase came in the Czech Republic, thanks to the pricing policy introduced in the previous year. Profit from the foreign exchange and notes and coins business fell by 7 per cent to € 33 million, primarily due to the decline in new foreign currency lending, especially in Hungary. Income from payment transfers and account services grew throughout the region, increasing by 5 per cent year-on-year to € 42 million. The securities business expanded thanks to renewed customer activity – particularly in Hungary – by nearly 59 per cent year-on-year to € 8 million.

Net trading income in the Central Europe region was € 4 million, an 89 per cent decrease from the same period in 2009. The decline affected nearly every country in the region. Currency-related trading shrank to minus € 2 million (from € 20 million during the same period the previous year), mainly as a result of lower revenues in Hungary. Income from interest-related trading in the region declined, primarily as a result of the shortfall in valuation gains on interest rate swaps and fixed interest bonds in Slovakia, from € 13 million to € 3 million. Equity and index-related trading recorded a profit of € 3 million, which came almost entirely from Hungary.

Net income from derivatives of minus € 4 million was almost exclusively tied to hedging transactions used to adjust the currency structure in Hungary and the Czech Republic. Losses in the Czech Republic were not fully offset by valuation gains in Hungary.

Net income from financial investments came to € 21 million. This figure contains valuation gains on securities from all Group units in the region, although the highest gains were posted in Hungary and the Czech Republic.

General administrative expenses were up 5 per cent or € 11 million over the comparable period in the preceding year to € 214 million. However, average staff numbers declined 8 per cent year-on-year to 12,894. Staff expenses were up 5 per cent or € 6 million over the same period to € 103 million. Other administrative expenses rose by 6 per cent year-on-year to € 92 million. Depreciation/amortization/write-offs held steady from the previous year at € 19 million. The number of business outlets was reduced by 5 per cent (30 outlets) year-on-year to 554 outlets. The cost/income ratio in the region rose by 2.6 percentage points to 58.3 per cent.

Other operating income in the region amounted to minus € 5 million and for the most part comprised non-income related tax expenses, the bulk of which related to Group units in Hungary and Slovakia. Operating leases made a positive contribution of € 2 million.

Due to the removal of project companies, domiciled for the most part in the Czech Republic and Hungary, from the scope of consolidation for lack of materiality, the segment recorded a profit of € 4 million on net income from disposal of Group assets.

Income taxes fell by 28 per cent compared with the same period of the previous year to € 14 million. The effective tax rate in the region decreased slightly, down 1 percentage point to 22 per cent. Profit after minority interests came to € 32 million.

Southeastern Europe

In € million	1/1-31/3 2010	1/1-31/3 2009	Change
Net interest income	222	217	2.1 %
Provisioning for impairment losses	(69)	(112)	(38.9 %)
Net interest income after provisioning	**153**	**105**	**46.0 %**
Net fee and commission income	90	100	(9.6 %)
Net trading income	14	24	(38.7 %)
Net income from derivatives	(6)	(3)	111.5 %
Net income from financial investments	22	2	>500.0 %
General administrative expenses	(178)	(180)	(0.8 %)
of which staff expenses	(77)	(79)	(2.8 %)
of which other administrative expenses	(76)	(76)	(0.3 %)
of which depreciation/amortization/write-offs	(25)	(24)	3.7 %
Other net operating income	10	8	36.8 %
Net income from disposal of group assets	(10)	0	–
Profit before tax	**98**	**56**	**75.0 %**
Income taxes	(13)	(10)	27.2 %
Profit after tax	**84**	**45**	**85.9 %**
Minority interests in profit	(5)	2	–
Profit after minority interests	**79**	**47**	**66.9 %**
Segment's contribution to profit before tax	41.4 %	45.3 %	(3.9 PP)
Segment's contribution to profit after tax	44.7 %	47.8 %	(3.1 PP)
Risk-weighted assets (credit risk)[1]	16,276	18,410	(11.6 %)
Total own funds requirement[1]	1,514	1,653	(8.4 %)
Assets[1]	23,300	24,421	(4.6 %)
Liabilities[1]	20,497	21,726	(5.7 %)
Cost/income ratio	52.9 %	51.6 %	1.3 PP
Average equity	2,270	1,982	14.5 %
Return on equity before tax	17.2 %	11.3 %	5.9 PP
Return on equity after minority interests	15.5 %	10.8 %	4.7 PP
Average number of staff	17,208	19,123	(10.0 %)
Business outlets[1]	1,179	1,200	(1.8 %)

[1] Data as at 31 March

In Southeastern Europe, profit before tax in the first quarter of 2010 rose by 75 per cent or € 42 million year-on-year to € 98 million. A significant decrease in net allocations to provisions for impairment losses along with positive net income from financial investments improved pre-tax profits as compared to the previous year's period. The segment's return on equity before tax rose by 5.9 percentage points to 17.2 per cent.

Net interest income in the region grew 2 per cent or € 5 million to € 222 million. The largest increase was registered in Romania, primarily due to lower funding costs for customer deposits, but also a reduction in exposure to inter-bank loans. By contrast, a strong decline in the customer loan book in Serbia due to a drop in new business led to lower net interest income. Balance sheet assets in the region fell by 5 per cent year-on-year to € 23.3 billion. The net interest margin increased by 29 basis points to 3.79 per cent. Credit risk-weighted assets declined by 12.0 per cent from € 18.4 billion to € 16.3 billion. The steeper decline in credit risk-weighted assets than in the balance sheet total was due to a reduction in off-balance sheet items, primarily in Serbia. 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, although this did not have any significant effect on risk assets.

Net allocations to provisions for impairment losses fell by € 43 million or 39 per cent to € 69 million. Net allocations to individual provisions for impairment totaled € 73 million. The highest provisions were recorded in Bulgaria, predominantly for loans to corporate customers, and Croatia, relating to private individual customers. Portfolio-related provisioning yielded a positive contribution of € 4 million, with the level of provisioning being reduced in almost all Group units in the region. The proportion of non-performing loans in the loan portfolio rose by 2.9 percentage points over the previous year's period to 7.0 per cent, remaining the lowest level among all the regions.

Net fee and commission income declined by 10 per cent year-on-year to € 90 million. Payment transfers contributed € 40 million to this result, 11 per cent above the previous year. The largest contribution was € 20 million from the Group unit in Romania, which continued to show the highest net fee and commission income. Net income from foreign currency and precious-metals business fell by 32 per cent to € 14 million. The loan and guarantee business generated € 17 million, almost entirely in Romania.

Net trading income in Southeastern Europe fell from € 24 million in the previous year to € 14 million. Currency trading generated € 4 million, again predominantly in Romania. A profit of € 14 million was earned on interest-related trading, distributed evenly across all the countries in the region.

Net income from financial investments rose to € 22 million, from only € 2 million in the comparable period in the previous year. This change was due particularly to valuation gains from fixed-interest bonds in Romania and Croatia, as a result of the lower interest levels in these markets.

General administrative expenses were € 178 million, or 1 per cent below the level of the first quarter of 2009. Staff expenses fell by € 2 million to € 77 million, while the average number of staff fell 10 per cent or 1,915 to 17,208. Other administrative expenses were unchanged at € 76 million. Depreciation/amortization/write-offs, which mainly related to investments in the branch network, increased by 4 per cent to € 25 million. From 1,200 at the end of the previous year's period, the number of business outlets fell by 2 per cent to 1,179. The cost/income ratio rose 1.3 percentage points to 52.9 per cent.

Other operating income was virtually unchanged from the previous year at € 10 million. Apart from minor expense items, this comprised primarily income from operating leases of € 9 million, 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 disposal of group assets of € 10 million.

Income taxes grew 27 per cent over the previous year to € 13 million. The effective tax rate for the region was 13 per cent, five percentage points below the previous year's level. Profit after minority interests was € 79 million.

Russia

In € million	1/1-31/3 2010	1/1-31/3 2009	Change
Net interest income	119	209	(43.1 %)
Provisioning for impairment losses	(37)	(110)	(66.3 %)
Net interest income after provisioning	**82**	**100**	**(17.4 %)**
Net fee and commission income	47	51	(6.9 %)
Net trading income	34	(28)	–
Net income from derivatives	(9)	(4)	141.7 %
Net income from financial investments	0	2	–
General administrative expenses	(96)	(100)	(4.2 %)
of which staff expenses	(49)	(44)	13.1 %
of which other administrative expenses	(35)	(48)	(26.9 %)
of which depreciation, amortization and write-offs	(11)	(8)	39.7 %
Other net operating income	(3)	(1)	385.7 %
Net income from disposal of group assets	3	0	–
Profit before tax	**58**	**20**	**192.9 %**
Income taxes	(14)	(6)	123.8 %
Profit after tax	**44**	**13**	**225.4 %**
Minority interests in profit	0	0	–
Profit after minority interests	**44**	**14**	**222.2 %**
Segment's contribution to profit before tax	24.6 %	16.2 %	8.4 PP
Segment's contribution to profit after tax	23.2 %	14.2 %	9.0 PP
Risk-weighted assets (credit risk)[1]	7,535	10,003	(24.7 %)
Total own funds requirement[1]	798	906	(11.9 %)
Total assets[1]	12,343	14,126	(12.6 %)
Liabilities[1]	10,535	12,676	(16.9 %)
Cost/income ratio	48.6 %	43.1 %	5.5 PP
Average equity	1,008	1,038	(2.9 %)
Return on equity before tax	23.0 %	7.7 %	15.3 PP
Return on equity after minority interests	17.4 %	5.3 %	12.1 PP
Average number of staff	8,460	10,091	(16.2 %)
Business outlets[1]	209	236	(11.4 %)

[1] Data as at 31 March

Profit before tax rose in the first quarter by 193 per cent or € 38 million to € 58 million. The main reason for this was the comparatively low net allocations to provisions for impairment losses. In addition, net trading income was significantly positive, in contrast to the loss in the previous year. The segment's return on equity before tax thus increased by 15.3 percentage points to 23.0 per cent.

The sharp decrease of 43 per cent or € 90 million in net interest income to € 119 million was largely due to a reduction in the loan portfolio for corporate and retail customers. The selectivity in new lending and less profitable investment of surplus liquidity compared with the core business both depressed earnings. The net interest margin in the region decreased by 1.79 percentage points to 3.97 per cent. Balance sheet assets fell 13 per cent or € 1.8 billion compared to the same period of the previous year to € 12.3 billion. Credit risk-weighted assets fell 25 per cent to € 7.5 billion, primarily due to the reduced exposure for corporate customers.

Net allocations to provisions for impairment losses fell significantly from € 110 million in the previous year to € 37 million. This was mainly due to the release of provisions for portfolio impairment losses. Net allocations to individual impairment loss provisions totaled € 59 million, 16 per cent more than in the first quarter of 2009. The improvement in the rating structure and additional collateral resulted in higher releases during the reporting period. On balance, the reduction in the loan portfolio resulted in the release of portfolio provisions totaling € 22 million. The non-performing loan ratio in the loan portfolio rose by 8.5 percentage points over the previous year to 11.9 per cent.

Net fee and commission income fell 7 per cent or € 4 million to € 47 million, primarily as a result of income from the foreign exchange and notes and coins business, which fell 47 per cent year-on-year to € 11 million. Net income from payment transfers rose 9 per cent to € 20 million, making the largest contribution to net fee and commission income. In the loan and guarantee business, net income was unchanged from the previous year at € 8 million. Profit from the securities business increased to € 2 million in the period under review.

Net income from trading showed a turnaround in the period under review from minus € 28 million to € 34 million. Net income from interest-related trading doubled to almost € 35 million, with valuation gains on fixed-interest bonds due mainly to the continuing decrease in interest rates. A loss of € 2 million on currency trading was due primarily to the valuation of currency forward transactions caused by movements in forward rates.

In the period under review, net income from derivatives generated a loss of € 9 million, due mainly to the valuation losses on interest rate swaps entered into to reduce yield curve risk.

General administrative expenses fell overall by 4 per cent to € 96 million. By contrast, staff expenses rose 13 per cent or € 5 million to € 49 million as a result of salary adjustments. The average number of staff fell 16 per cent year-on-year to 8,460, mainly due to staff reductions at the bank's branches. Other administrative expenses fell 27 per cent or € 13 million to € 35 million, while depreciation, amortization and write-offs rose € 3 million to € 11 million. The number of business outlets fell 11 per cent or 27 locations on the previous year to 209, while the cost/income ratio in the region rose 5.5 percentage points to 48.6 per cent.

Other net operating income in this segment was minus € 3 million, mainly as a result of expense of € 2 million 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 showed a positive result of € 3 million for net income from disposal of group assets.

Income taxes grew 8 per cent year-on-year to € 14 million. The effective tax rate fell 8 percentage points to 24 per cent. Profit after minority interests rose to € 44 million.

CIS Other

In € million	1/1-31/3 2010	1/1-31/3 2009	Change
Net interest income	115	126	(8.6 %)
Provisioning for impairment losses	(78)	(118)	(33.6 %)
Net interest income after provisioning	**37**	**8**	**363.3 %**
Net fee and commission income	37	43	(14.1 %)
Net trading income	12	23	(48.9 %)
Net income from derivatives	0	0	–
Net income from financial investments	12	4	227.0 %
General administrative expenses	(78)	(78)	0.4 %
of which staff expenses	(40)	(43)	(7.4 %)
of which other administrative expenses	(29)	(26)	12.7 %
of which depreciation, amortization and write-offs	(9)	(9)	2.2 %
Other net operating income	(2)	1	–
Net income from disposal of group assets	0	0	–
Profit/loss before tax	**17**	**1**	**>500.0 %**
Income taxes	(5)	0	>500.0 %
Profit/loss after tax	**12**	**1**	**>500.0 %**
Minority interests in profit	(2)	(4)	(60.0 %)
Profit/loss after minority interests	**10**	**(3)**	**–**
Segment's contribution to profit before tax	7.4 %	0.9 %	6.5 PP
Segment's contribution to profit after tax	6.4 %	0.8 %	5.6 PP
Risk-weighted assets (credit risk)[1]	5,374	7,500	(28.3 %)
Total own funds requirement[1]	515	668	(22.9 %)
Total assets[1]	6,650	7,715	(13.8 %)
Liabilities[1]	5,711	6,724	(15.1 %)
Cost/income ratio	48.3 %	40.4 %	7.9 PP
Average equity	700	850	(17.6 %)
Return on equity before tax	10.0 %	0.5 %	9.5 PP
Return on equity after minority interests	5.9 %		7.5 PP
Average number of staff	17,350	19,279	(10.0 %)
Business outlets[1]	1,035	1,188	(12.9 %)

[1] Data as of 31 March

Profit before tax for the segment CIS Other rose by € 16 million to € 17 million in the period under review. The positive result before tax was achieved through a relatively significant decrease in net allocations to provisions for impairment losses and strong net income from financial investments. The segment's return on equity before tax rose accordingly by 9.5 percentage points to 10.0 per cent.

Net interest income for the segment fell 9 per cent or € 11 million overall to € 115 million. In Ukraine, the portfolio reduction, limited new business and credit restructuring measures all reduced earnings. In Belarus, by contrast, lower refinancing costs led to an increase in net interest income. Balance sheet assets fell 14 per cent or € 1.1 billion year-on-year to € 6.7 billion. The net interest margin rose accordingly by 72 basis points to 7.1 per cent. As a result of the reduction in business volume, credit risk-weighted assets also fell 28 per cent to € 5.4 billion.

Net allocations to provisions for impairment losses fell 34 per cent overall from € 118 million to € 78 million. At the Ukraine Group units, they were significantly lower year-on-year, but remained at a relatively high level. In Belarus, net allocations to provisions for impairment losses increased from € 1 million to € 4 million in the first quarter of 2010. For the region as a whole, they totaled € 46 million, predominantly for retail loans in Ukraine. Net allocations to portfolio-related provisions totaled € 32 million, relating primarily to loans to major corporate customers in Ukraine. The non-performing loan ratio in the credit portfolio rose overall by 12.5 percentage points to 23.0 per cent, ranging from 4.0 per cent in Belarus to 27.2 per cent in Ukraine. However, growth in non-performing loans slowed over the 12-month period.

Net fee and commission income fell year-on-year by 14 per cent or € 6 million to € 37 million. Payment transfers again generated € 27 million, representing the largest contribution to net fee and commission income. Income from the foreign exchange and notes and coins business halved from the comparable period 2009 to € 9 million.

Net income from trading fell from € 23 million to € 12 million, predominantly in connection with the reduction in currency trading. Due to the movement in the exchange rate for the Belarusian rouble, valuation gains on a strategic currency position to hedge equity in Belarus fell from € 20 million in the previous year to € 1 million. Interest-related trading generated earnings of € 6 million, earned entirely in Ukraine. Revaluations on fixed-interest bonds and securities were partly due to the improvement in Ukraine's credit rating.

Net income from financial investments came to € 12 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 unchanged from the previous year at € 78 million. By contrast, staff expenses fell 7 per cent or € 3 million to € 40 million. The average number of staff in the region fell by 10 per cent or 1,929 to 17,350. In the course of the ongoing adjustment to the local presence, the number of business outlets was reduced by 13 per cent or 153 branches to 1,035. Other administrative expenses rose 13 per cent or € 3 million to € 29 million. Depreciation, amortization and write-offs totaled € 9 million, unchanged from the previous year. As a result of the decrease in operating income, the cost/income ratio in the region rose by 7.9 percentage points to 48.3 per cent.

Other net operating income in this segment was minus € 2 million, involving a number of smaller income and expense items.

Income taxes totaled € 5 million. Following the loss a year earlier, profit for the period after minority interests was € 10 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

1/1-31/3/2010 In € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	222	404	23	42	690
Provisioning for impairment losses	(134)	(161)	1	(1)	(295)
Net interest income after provisioning	**88**	**243**	**24**	**41**	**395**
Net fee and commission income	97	185	0	0	282
Net trading income	1	0	56	1	58
Net income from derivatives	0	0	(19)	0	(19)
Net income from financial investments	0	0	55	0	55
General administrative expenses	(120)	(408)	(23)	(33)	(585)
Other net operating income	9	5	0	(32)	(17)
Net income from disposal of Group assets	0	0	0	(3)	(3)
Profit/loss before tax	**75**	**25**	**93**	**(26)**	**166**
Risk-weighted assets (credit risk)[1]	24,615	17,040	5,697	3,232	50,584
Total own funds requirement[1]	2,163	1,715	1,006	265	5,150
Average number of employees	9,211	43,959	1,397	1,727	56,294
Cost/income ratio	36.7%	68.7%	28.8%	–	57.7%
Average equity	3,618	2,202	760	371	6,951
Return on equity before tax	**8.2%**	**4.7%**	**48.8%**	**--**	**9.6%**

1/1-31/3/2009 In € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	275	428	10	54	767
Provisioning for impairment losses	(151)	(295)	0	1	(445)
Net interest income after provisioning	**124**	**133**	**10**	**55**	**322**
Net fee and commission income	99	192	0	3	294
Net trading income	0	0	47	(1)	46
Net income from derivatives	0	0	(5)	0	(5)
Net income from financial investments	(1)	0	(2)	0	(3)
General administrative expenses	(113)	(409)	(23)	(29)	(574)
Other net operating income	11	3	0	(10)	4
Net income from disposal of Group assets	0	0	0	0	0
Profit/loss before tax	**120**	**(81)**	**27**	**18**	**84**
Risk-weighted assets (credit risk)[1]	30,098	17,828	6,240	3,902	58,068
Total own funds requirement[1]	2,573	1,692	986	331	5,582
Average number of employees	9,881	49,223	1,586	2,190	62,880
Cost/income ratio	29.2%	65.6%	39.8%	66.7%	51.7%
Average equity	3,249	1,958	696	384	6,287
Return on equity before tax	**14.9%**	**--**	**15.8%**	**16.0%**	**5.3%**

[1] Reporting date values as of 31 March

Corporate Customers

The corporate customer division registered a decline in earnings in the period under review. Profit before tax fell by 38 per cent to € 75 million. The main reason for that was a decrease of net interest income by almost one-fifth to € 222 million, while net allocations to provisions for impairment losses decreased by 11 per cent to € 134 million.

Operating income fell from € 385 million to € 329 million and thus remained 15 per cent below the comparable period's level. The decline of net interest income is primarily attributable to business with large corporate customers in Russia. Net fee and commission income was down only slightly, by 2 per cent to € 97 million. The decline of net fee and commission income in connection with large customers was mostly offset by income increases in business with medium-sized enterprises in the Czech Republic and Russia.

General administrative expenses increased by 6 per cent to € 120 million, and the cost/income ratio therefore rose by 7.5 percentage points to 36.7 per cent.

Other net operating income was down by 18 per cent to € 9 million. Operating leasing business in Croatia continued to make the largest contribution in the amount of € 5 million.

Credit risk-weighted assets came to € 24.6 billion. That means a decline of 18 per cent on the comparable period's level primarily due to volume influences.

The corporate customer division's return on equity before tax fell by 6.7 percentage points to 8.2 per cent due to the decline of net income.

Retail Customers

The retail customer division achieved a profit before tax of € 25 million in the reporting period, after showing a loss before tax of € 81 million in the comparable period last year. That was due to the improved credit risk situation.

The division's operating income was down by 5 per cent on the comparable period at € 594 million. Net interest income fell by 6 per cent to € 404 million. That particularly affected the Group units in Ukraine, Romania, and Hungary, where interest income from this customer group decreased by half. Net fee and commission income also fell, by 4 per cent to € 185 million, primarily due to lower business with private individuals in the Ukrainian units.

The division's general administrative expenses remained almost unchanged in the reporting period at € 408 million. Because of the decline of operating income, the cost/income ratio increased by 3.1 percentage points to 68.7 per cent.

Other net operating income rose by € 2 million on the preceding year's period and amounted to € 5 million. Operating leasing business in Croatia made the largest contribution in the amount of € 3 million.

The credit risk-weighted assets of the retail customer division fell year-on-year by 4 per cent to € 17.0 billion. In contrast to the comparable period, the return on equity before tax was positive in the reporting period at 4.7 per cent.

Treasury

The treasury division achieved profit before tax of € 93 million in the reporting period and thus registered a sharp increase on the comparable period. This growth was the result of improved net income from financial investments and higher net trading income.

Net interest income rose from € 10 million in the comparable period to € 23 million. The main reason for that was lower funding costs in almost all Group units.

Net trading income amounted to € 56 million and was positively influenced to a large extent by appreciation of the securities portfolio in Russia.

Net income from derivatives was negative in the amount of € 19 million primarily due to valuation losses on interest rate swaps in Russia and Croatia.

In contrast to the comparable period, net income from financial investments was significantly positive at € 55 million. It resulted largely from valuation gains of fixed-income securities in Romania and Ukraine.

General administrative expenses remained unchanged in comparison with the previous year's period at € 23 million. Operating income rose overall by 39 per cent to € 79 million. That resulted in an improvement of the cost/income ratio of 11.0 percentage points to 28.8 per cent.

Credit risk-weighted assets declined by 9 per cent to € 5.7 billion due to reallocations in the portfolios.

The division's return on equity before tax rose by 33.0 percentage points to 48.8 per cent.

Participations and Other

The participations and other division registered a loss before tax of € 26 million in the period under review. Net interest income fell by 22 per cent on the comparable period to € 42 million. The result was negative in comparison with the previous year's period mainly because it includes computational results from the investment of equity, which decreased sharply mainly 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 with the previous year's period. Such costs remain in the division in accordance with internal guidelines and are not distributed among the other divisions.

Consolidated financial statements

(Interim report as of 31 March 2010)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-31/3 2010	1/1-31/3 2009	Change
Interest income		1,193.2	1,546.0	(22.8)%
Current income from associates		0.0	0.3	(84.5)%
Interest expenses		(503.3)	(779.2)	(35.4)%
Net interest income	**(2)**	**689.9**	**767.1**	**(10.1)%**
Provisioning for impairment losses	(3)	(294.8)	(445.2)	(33.8)%
Net interest income after provisioning		**395.1**	**321.9**	**22.7%**
Fee and commission income		333.3	348.4	(4.3)%
Fee and commission expense		(50.9)	(54.7)	(6.9)%
Net fee and commission income	**(4)**	**282.4**	**293.7**	**(3.9)%**
Net trading income	(5)	57.6	45.6	26.4%
Net income from derivatives	(6)	(18.6)	(4.9)	278.4%
Net income from financial investments	(7)	54.6	(2.9)	–
General administrative expenses	(8)	(584.6)	(573.6)	1.9%
Other net operating income	(9)	(17.3)	3.7	–
Net income from disposal of group assets		(3.1)	0.1	–
Profit before tax		**166.2**	**83.6**	**98.8%**
Income taxes		(42.2)	(19.9)	112.1%
Profit after tax		**124.0**	**63.7**	**94.7%**
Minority interests in profit		(24.1)	(7.5)	220.0%
Consolidated profit		**99.9**	**56.2**	**77.8%**

Transition to total comprehensive income

In € million	Group equity 1/1-31/3/2010	Group equity 1/1-31/3/2009	Minority interests 1/1-31/3/2010	Minority interests 1/1-31/3/2009
Consolidated profit	**100**	**56**	**24**	**8**
Exchange differences	294	(337)	17	(32)
Capital hedge	(8)	(1)	0	0
Cash flow hedge	3	(2)	0	0
Fair value reserve (available-for-sale financial assets)	3	2	0	0
Other comprehensive income	**292**	**(338)**	**17**	**(32)**
Total comprehensive income	**392**	**(282)**	**41**	**(24)**

Earnings per share

In €	1/1-31/3/2010	1/1-31/3/2009	Change
Earnings per share	**0.55**	**0.27**	**0.28**
Earnings per share before computational compensation for participation rights	**0.65**	**0.37**	**0.28**

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 31 March 2010, the number of common shares outstanding was 153.7 million compared with 153.6 million as of 31 March 2009.

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	Q2/2009	Q3/2009	Q4/2009	Q1/2010
Net interest income	728.6	728.7	712.1	689.9
Provisioning for impairment losses	(523.4)	(396.5)	(372.9)	(294.8)
Net interest income after provisioning	**205.2**	**332.2**	**339.2**	**395.1**
Net fee and commission income	291	321.6	316.7	282.4
Net trading income	73.3	27.8	39.7	57.6
Net income from derivatives	23.9	(13.5)	2.7	(18.6)
Net income from financial investments	34.2	12.2	(2.2)	54.6
General administrative expenses	(569.5)	(534.9)	(591.7)	(584.6)
Other net operating income	11.9	(12.6)	(23.3)	(17.3)
Net income from disposal of group assets	0	0	0	(3.1)
Profit before tax	**70.0**	**132.8**	**81.1**	**166.2**
Income taxes	(14.8)	(36.3)	(9.5)	(42.2)
Profit after tax	**55.3**	**96.6**	**71.4**	**124.0**
Minority interests in profit	(33.5)	(19)	(14.9)	(24.1)
Consolidated profit	**21.8**	**77.6**	**56.6**	**99.9**

In € million	Q2/2008	Q3/2008	Q4/2008	Q1/2009
Net interest income	786.5	844.1	890.3	767.1
Provisioning for impairment losses	(108.3)	(164.2)	(414.8)	(445.2)
Net interest income after provisioning	**678.2**	**679.9**	**475.5**	**321.9**
Net fee and commission income	372.0	394.9	398.6	293.7
Net trading income	54.6	35.2	40.3	45.6
Net income from derivatives	44.1	(6.3)	(21.0)	(4.9)
Net income from financial investments	0.9	10.8	(35.8)	(2.9)
General administrative expenses	(665.5)	(689.6)	(693.4)	(573.6)
Other net operating income	(17.0)	(6.4)	1.8	3.7
Net income from disposal of group assets	5.8	(0.2)	2.2	0.1
Profit before tax	**473.1**	**418.3**	**168.2**	**83.6**
Income taxes	(106.0)	(99.3)	(55.3)	(19.9)
Profit after tax	**367.1**	**319.0**	**112.9**	**63.7**
Minority interests in profit	(55.8)	(23.2)	7.7	(7.5)
Consolidated profit	**311.3**	**295.8**	**120.6**	**56.2**

Statement of financial position

Assets In € million	Notes	31/3/2010	31/12/2009	Change
Cash reserve		3,336	4,180	(20.2)%
Loans and advances to banks	(11,30)	9,723	10,310	(5.7)%
Loans and advances to customers	(12,30)	51,230	50,515	1.4%
Impairment losses on loans and advances	(13)	(3,432)	(3,084)	11.3%
Trading assets	(14,30)	3,854	3,709	3.9%
Derivatives	(15,30)	289	333	(13.3)%
Financial investments	(16,30)	9,019	7,271	24.0%
Investments in associates	(30)	6	5	4.3%
Intangible fixed assets	(17)	1,030	972	5.9%
Tangible fixed assets	(18)	1,267	1,244	1.8%
Other assets	(19,30)	868	820	5.9%
Total assets		**77,190**	**76,275**	**1.2%**

Equity and liabilities In € million	Notes	31/3/2010	31/12/2009	Change
Deposits from banks	(20,30)	20,132	20,110	0.1%
Deposits from customers	(21,30)	42,553	42,578	(0.1)%
Debt securities issued	(22,30)	2,562	2,527	1.4%
Provisions for liabilities and charges	(23,30)	355	312	14.0%
Trading liabilities	(24,30)	538	514	4.6%
Derivatives	(25,30)	348	259	34.0%
Other liabilities	(26,30)	820	505	62.8%
Subordinated capital	(27,30)	2,515	2,470	1.8%
Equity	(28)	7,367	7,000	5.2%
Consolidated equity		6,232	5,790	7.6%
Consolidated profit		100	212	(52.9)%
Minority interest		1,035	998	3.7%
Total equity and liabilities		**77,190**	**76,275**	**1.2%**

Statement of changes in equity

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consoli-dated profit	Minority interests	Total
Equity as of 1/1/2009	**469**	**0**	**2,568**	**1,577**	**982**	**923**	**6,518**
Capital increases	0	0	0	0	0	0	0
Transferred to retained earnings	0	0	0	982	(982)	0	0
Dividend payments	0	0	0	0	0	(2)	(2)
Total comprehensive income	0	0	0	(338)	56	(24)	(306)
Own shares/share incentive program	0	0	(1)	0	0	0	(1)
Other changes	0	0	0	7	0	0	534
Equity as of 31/3/2009	**469**	**0**	**2,567**	**2,227**	**56**	**897**	**6,216**

In € million	Subscribed capital	Participation rights	Capital reserves	Retained earnings	Consoli-dated 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	3	3
Transferred to retained earnings	0	60	0	152	(212)	0	0
Dividend payments	0	(60)	0	0	0	(3)	(63)
Total comprehensive income	0	0	0	292	100	41	433
Own shares/share incentive program	0	0	(2)	0	0	0	(2)
Other changes	0	0	0	1	0	(4)	(4)
Equity as of 31/3/2010	**469**	**600**	**2,567**	**2,596**	**100**	**1,035**	**7,367**

Statement of cash flows

In € million	1/1-31/3 2010	1/1-31/3 2009
Cash and cash equivalents at the end of previous period	**4,180**	**7,130**
Net cash from operating activities	(606)	(521)
Net cash from investing activities	(313)	282
Net cash from financing activities	(16)	33
Effect of exchange rate changes	91	(417)
Cash and cash equivalents at the end of period	**3,336**	**6,507**

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 contains 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.

1/1-31/3/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	260.8	222.0	119.2	114.7	(26.8)	689.9
Provisioning for impairment losses	(111.1)	(68.6)	(37.0)	(78.1)	–	(294.8)
Net interest income (loss) after provisioning	**149.7**	**153.4**	**82.2**	**36.6**	**(26.8)**	**395.1**
Net fee and commission income	107.4	90.0	47.0	37.2	0.8	282.4
Net trading income	3.7	14.4	33.8	11.9	(6.2)	57.6
Net income from derivatives	(3.7)	(5.5)	(8.7)	(0.4)	(0.3)	(18.6)
Net income from financial investments	20.5	22.4	(0.4)	12.1	0.0	54.6
General administrative expenses	(213.5)	(178.1)	(95.5)	(78.3)	(19.2)	(584.6)
of which staff expenses	(102.6)	(76.9)	(49.2)	(39.8)	(10.5)	(279.0)
of which other administrative expenses	(91.6)	(76.1)	(35.4)	(29.3)	(8.1)	(240.5)
of which depreciation	(19.3)	(25.1)	(10.9)	(9.2)	(0.5)	(65.0)
Other net operating income	(5.3)	10.4	(3.4)	(1.7)	(17.3)	(17.3)
Net income from disposal of group assets	3.7	(9.5)	2.7	0.0	–	(3.1)
Profit/loss before taxes	**62.5**	**97.5**	**57.7**	**17.4**	**(68.9)**	**166.2**
Income taxes	(13.9)	(13.1)	(14.1)	(5.4)	4.4	(42.1)
Profit/loss after taxes	**48.6**	**84.4**	**43.6**	**12.0**	**(64.5)**	**124.0**
Minority interests in profit	(16.8)	(5.3)	(0.1)	(1.6)	(0.3)	(24.1)
Consolidated profit/loss	**31.8**	**79.1**	**43.5**	**10.4**	**(64.8)**	**99.9**
Share of profit before tax	26.5%	41.4%	24.6%	7.4%	–	100.0%
Share of profit after tax	25.7%	44.7%	23.2%	6.4%	–	100.0%
Risk-weighted assets (credit risk)[1]	21,565	16,276	7,535	5,374	(166)	50,584
Total own funds requirement[1]	1,985	1,514	798	515	338	5,150
Total assets[1]	33,819	23,300	12,343	6,650	1,078	77,190
Liabilities[1]	31,066	20,497	10,535	5,711	2,014	69,823
Cost/income ratio	58.3%	52.9%	48.6%	48.3%	–	57.7%
Average equity	2,987	2,285	1,014	704	(39)	6,951
Return on equity before tax	8.4%	17.1%	22.8%	9.9%	–	9.6%
Consolidated return on equity (after minorities)	5.6%	15.4%	17.3%	5.9%	–	6.7%
Average number of staff	12,894	17,208	8,460	17,350	382	56,294
Number of business outlets[1]	554	1,179	209	1,035	–	2,977

[1] Reporting date values as of 31 March

1/1-31/3/2009 In € million	Central Europe	Southeastern Europe	Russia	CIS Other	Reconciliation	Total
Net interest income	231.4	217.4	209.4	125.5	(16.7)	767.1
Provisioning for impairment losses	(105.4)	(112.3)	(109.9)	(117.7)	–	(445.2)
Net interest income (loss) after provisioning	**126.1**	**105.2**	**99.5**	**7.8**	**(16.7)**	**321.9**
Net fee and commission income	99.6	99.6	50.5	43.3	0.7	293.7
Net trading income	32.1	23.5	(27.9)	23.3	(5.5)	45.6
Net income from derivatives	0.6	(2.6)	(3.6)	0.1	0.6	(4.9)
Net income from financial investments	(10.3)	2.1	1.6	3.7	0.0	(2.9)
General administrative expenses	(202.7)	(179.6)	(99.7)	(77.9)	(13.8)	(573.6)
of which staff expenses	(97.4)	(79.1)	(43.5)	(43.0)	(11.7)	(274.6)
of which other administrative expenses	(86.2)	(76.3)	(48.4)	(26.0)	(1.4)	(238.3)
of which depreciation	(19.1)	(24.2)	(7.8)	(9.0)	(0.7)	(60.7)
Other net operating income	0.9	7.6	(0.7)	0.8	(4.8)	3.7
Net income from disposal of group assets	0.1	0.0	0.0	0.0	–	0.1
Profit/loss before taxes	**46.3**	**55.8**	**19.9**	**1.1**	**(39.5)**	**83.6**
Income taxes	(10.9)	(10.3)	(6.3)	(0.3)	7.9	(19.9)
Profit/loss after taxes	**35.4**	**45.5**	**13.6**	**0.7**	**(31.5)**	**63.7**
Minority interests in profit	(12.5)	2.0	0.1	(4.0)	6.8	(7.5)
Consolidated profit/loss	**23.0**	**47.5**	**13.7**	**(3.3)**	**(24.7)**	**56.2**
Share of profit before tax	37.6%	45.3%	16.2%	0.9%	–	100.0%
Share of profit after tax	37.2%	47.8%	14.2%	0.8%	–	100.0%
Risk-weighted assets (credit risk)[1]	22,322	18,410	10,003	7,500	(166)	58,068
Total own funds requirement	2,025	1,653	906	668	330	5,582
Total assets[1]	32,805	24,421	14,126	7,715	817	79,883
Liabilities[1]	30,523	21,726	12,676	6,724	2,018	73,667
Cost/income ratio	55.7%	51.6%	43.1%	40.4%	0.0%	51.7%
Average equity	2,434	1,982	1,038	850	(17)	6,287
Return on equity before tax	7.6%	11.3%	7.7%	0.5%	–	5.3%
Consolidated return on equity (after minorities)	5.2%	10.8%	5.3%	–	–	4.2%
Average number of staff	14,079	19,123	10,091	19,279	308	62,880
Number of business outlets[1]	584	1,200	236	1,188	–	3,208

[1] Reporting date values as of 31 March

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 31 March 2010 is prepared in accordance with IAS 34. In the interim reporting, the same recognition 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 results shown in other comprehensive income amounted to € 1 million.

The interim report for the first quarter 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 (framework prime market, page 9).

Changes in consolidated group

	Fully consolidated		Equity method	
Number of units	*31/3/2010*	*31/12/2009*	*31/3/2010*	*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*

As of 1 January 2010, 40 subsidiaries were excluded from the group due 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	1/1-31/3 2010	1/1-31/3 2009
Net income from financial assets and liabilities held-for-trading	(11.0)	256.4
Net income from financial assets and liabilities at fair value through profit or loss	107.3	52.8
Net income from financial assets available-for-sale	3.3	0.3
Net income from loans and advances	770.6	950.9
Net income from financial assets held-to-maturity	49.4	42.2
Net income from financial liabilities measured at acquisition cost	(503.2)	(772.1)
Net income from derivatives (hedging)	(3.6)	2.9
Net revaluations from exchange differences	76.0	(173.7)
Other operating income/expenses	(322.6)	(276.1)
Total profit before tax from continuing operations	**166.2**	**83.6**

(2) Net interest income

In € million	1/1-31/3 2010	1/1-31/3 2009
Interest and interest-like income, total	**1,193.2**	**1,546.0**
Interest income	1,188.0	1,543.1
from balances at central banks	17.6	33.9
from loans and advances to banks	25.0	42.8
from loans and advances to customers	963.2	1,245.4
from financial investments	101.7	98.0
from leasing claims	58.3	78.2
from derivative financial instruments (non-trading), net	22.3	44.9
Current income	3.7	(0.1)
Interest-like income	1.5	3.0
Current income from associates	**0.0**	**0.3**
Interest expenses and interest-like expenses, total	**(503.3)**	**(779.2)**
Interest expenses	(502.0)	(777.8)
on deposits from central banks	(0.1)	(7.1)
on deposits from banks	(137.0)	(272.1)
on deposits from customers	(303.3)	(443.4)
on debt securities issued	(30.8)	(32.4)
on subordinated capital	(30.8)	(22.8)
Interest-like expenses	(1.3)	(1.4)
Net interest income	**689.9**	**767.1**

(3) Provisioning for impairment losses

In € million	1/1-31/3 2010	1/1-31/3 2009
Individual loan loss provisions	**(237.5)**	**(300.1)**
Allocation to provisions for impairment losses	(425.7)	(396.5)
Release of provisions for impairment losses	198.0	102.9
Direct write-downs	(16.5)	(11.6)
Income received on written-down claims	6.7	5.1
Portfolio-based loan loss provisions	**(57.5)**	**(145.1)**
Allocation to provisions for impairment losses	(180.2)	(199.6)
Release of provisions for impairment losses	122.7	54.5
Gains from the sales of loans	**0.2**	**0.0**
Total	**(294.8)**	**(445.2)**

(4) Net fee and commission income

In € million	1/1-31/3 2010	1/1-31/3 2009
Payment transfer business	128.8	125.8
Loan administration and guarantee business	48.2	46.3
Securities business	12.1	6.1
Foreign currency, notes/coins, and precious-metals business	66.3	92.0
Management of investment and pension funds	5.6	5.1
Agency services for own and third party products	9.3	6.0
Credit derivatives business	(0.2)	(0.6)
Other banking services	12.2	13.0
Total	**282.4**	**293.7**

(5) Net trading income

In € million	1/1-31/3 2010	1/1-31/3 2009
Interest-based transactions	54.8	36.0
Currency-based transactions	0.2	10.5
Equity-/index-based transactions	2.5	(1.0)
Other transactions	0.2	0.1
Total	**57.6**	**45.6**

(6) Net income from derivatives

In € million	1/1-31/3 2010	1/1-31/3 2009
Net income from hedge accounting	0.4	3.1
Net income from credit derivatives	(0.2)	0.3
Net income from other derivatives	(18.8)	(8.3)
Total	**(18.6)**	**(4.9)**

(7) Income from financial investments

In € million	1/1-31/3 2010	1/1-31/3 2009
Net income from financial investments held-to-maturity	**0.1**	**(1.5)**
Net proceeds from sales of financial investments held-to-maturity	0.1	(1.5)
Net income from securities at fair value through profit and loss	**54.5**	**(1.4)**
Net valuations of securities at fair value through profit and loss	46.8	(1.8)
Net proceeds from sales of securities at fair value through profit and loss	7.7	0.4
Total	**54.6**	**(2.9)**

(8) General administrative expenses

In € million	1/1-31/3 2010	1/1-31/3 2009
Staff expenses	(279.0)	(274.6)
Other administrative expenses	(240.5)	(238.3)
Depreciation on intangible and tangible fixed assets	(65.0)	(60.7)
Total	**(584.6)**	**(573.6)**

(9) Other net operating income

In € million	1/1-31/3 2010	1/1-31/3 2009
Sales revenues from non-banking activities	12.6	39.1
Expenses arising from non-banking activities	(18.2)	(39.2)
Net income from additional leasing services	0.4	1.0
Rental income from operating lease (vehicles and equipment)	0.3	0.7
Rental income from investment property incl. operating lease (real estate)	10.7	10.6
Net proceeds from disposal of tangible and intangible fixed assets	(0.8)	(0.4)
Other taxes	(11.6)	(12.5)
Income from release of negative goodwill	0.0	0.0
Net expense from allocation and release of other provisions	(6.0)	1.3
Sundry operating income	3.7	8.3
Sundry operating expenses	(8.5)	(5.2)
Total	**(17.3)**	**3.7**

Notes to the statement of financial position

(10) Statement of financial position according to measurement categories

The following table shows the statement of financial position according to IAS 39 measurement categories:

Assets according to measurement categories In € million	31/3/2010	31/12/2009
Trading assets	4,116	4,021
Financial assets at fair value through profit or loss	4,657	3,234
Financial assets available-for-sale	145	119
Investments in associates	6	5
Loans and advances	61,700	62,709
Financial assets held-to-maturity	4,244	3,950
Derivatives (hedging)	26	22
Other assets	2,296	2,215
Total assets	**77,190**	**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	31/3/2010	31/12/2009
Trading liabilities	832	723
Financial liabilities at amortized cost	68,582	68,190
Derivatives (hedging)	54	50
Provisions for liabilities and charges	355	312
Equity	7,367	7,000
Total equity and liabilities	**77,190**	**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	31/3/2010	31/12/2009
Giro and clearing business	2,050	2,125
Money market business	7,439	7,904
Loans to banks	232	278
Leasing claims	1	2
Claims evidenced by paper	1	1
Total	**9,723**	**10,310**

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

In € million	31/3/2010	31/12/2009
Central Europe	314	1,007
Southeastern Europe	1,029	1,148
Russia	738	559
CIS Other	543	466
Austria	5,604	5,673
Other countries	1,495	1,457
Total	**9,723**	**10,310**

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

In € million	31/3/2010	31/12/2009
Central banks	1,457	1,951
Commercial banks	8,266	8,336
Multilateral development banks (MDB)	0	23
Total	**9,723**	**10,310**

(12) Loans and advances to customers

In € million	31/3/2010	31/12/2009
Credit business	28,146	26,724
Money market business	2,596	2,148
Mortgage loans	16,804	17,875
Purchased loans	483	499
Leasing claims	3,199	3,267
Claims evidenced by paper	2	2
Total	**51,230**	**50,515**

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

In € million	31/3/2010	31/12/2009
Sovereigns	1,094	1,158
Corporate customers – large	25,791	25,372
Corporate customers – small business	3,910	3,815
Retail customers – private individuals	18,000	17,790
Retail customers – small and medium-sized entities	2,413	2,352
Other	22	28
Total	**51,230**	**50,515**

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

In € million	31/3/2010	31/12/2009
Central Europe	24,362	23,379
Southeastern Europe	12,163	12,320
Russia	6,030	6,112
CIS Other	5,425	5,403
Austria	23	32
Other countries	3,227	3,269
Total	**51,230**	**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	31/3/2010	31/12/2009
Sovereigns	3	3
Banks	3	3
Corporate customers – large	1,526	1,365
Corporate customers – small business	371	333
Retail customers – private individuals	1,298	1,170
Retail customers – small and medium-sized entities	231	210
Total	**3,432**	**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 31/3/2010
Individual loan loss provisions	**2,383**	**(1)**	**435**	**(198)**	**(80)**	**110**	**2,649**
Central Europe	759	(1)	163	(103)	(22)	21	817
Southeastern Europe	485	0	120	(47)	(33)	4	529
Russia	482	0	105	(47)	(19)	43	564
CIS Other	657	0	47	(1)	(6)	42	739
Portfolio-based loan loss provisions	**771**	**0**	**179**	**(122)**	**0**	**30**	**858**
Central Europe	274	0	87	(36)	0	8	333
Southeastern Europe	199	0	24	(28)	0	1	196
Russia	137	0	18	(40)	0	11	126
CIS Other	161	0	50	(18)	0	10	203
Total	**3,154**	**(1)**	**614**	**(320)**	**(80)**	**140**	**3,507**

[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:

31/3/2010 In € million	Carrying amount	Individual loan loss provisions	Portfolio - based provisions	Net carrying amount	Individually impaired assets	Fair value
Banks	9,723	3	0	9,720	7	9,712
Sovereigns	1,094	3	0	1,091	78	1,089
Corporate customers – large	25,791	1,271	255	24,265	2,995	24,843
Corporate customers – small business	3,910	317	54	3,539	631	3,728
Retail customers – private individuals	18,000	854	444	16,702	1,246	17,823
Retail customers – small and medium-sized entities	2,413	177	54	2,182	298	2,268
Other	22	0	0	23	0	23
Total	**60,953**	**2,625**	**807**	**57,521**	**5,256**	**59,486**

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	31/3/2010	31/12/2009
Bonds, notes and other fixed-interest securities	3,266	3,152
Shares and other variable-yield securities	10	11
Positive fair values of derivative financial instruments	578	546
Total	**3,854**	**3,709**

(15) Derivatives

In € million	31/3/2010	31/12/2009
Positive fair values of derivatives in fair value hedges (IAS 39)	25	22
Positive fair values of derivatives cash flow hedges (IAS 39)	1	0
Positive fair values of other derivatives	263	311
Total	**289**	**333**

(16) Financial investments

In € million	31/3/2010	31/12/2009
Bonds, notes and other fixed-interest securities	8,673	6,955
Shares and other variable-yield securities	201	197
Equity participations	145	119
Total	**9,019**	**7,271**

(17) Intangible fixed assets

In € million	31/3/2010	31/12/2009
Goodwill	619	581
Software	292	275
Other intangible fixed assets	119	116
Total	**1,030**	**972**

(18) Tangible fixed assets

In € million	31/3/2010	31/12/2009
Land and buildings used by the Group for own purposes	548	526
Other land and buildings (investment property)	28	27
Office furniture and equipment as well as other tangible fixed assets	480	479
Leased assets (operating lease)	211	212
Total	**1,267**	**1,244**

(19) Other assets

In € million	31/3/2010	31/12/2009
Tax assets	255	229
Receivables arising from non-banking activities	21	27
Prepayments and other deferrals	242	221
Clearing claims from securities and payment transfer business	91	96
Lease in progress	117	141
Assets held for sale (IFRS 5)	3	2
Inventories	28	30
Any other business	111	74
Total	**868**	**820**

(20) Deposits from banks

In € million	31/3/2010	31/12/2009
Giro and clearing business	584	733
Money market business	2,989	3,145
Long-term loans	16,559	16,232
Total	**20,132**	**20,110**

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

In € million	31/3/2010	31/12/2009
Central Europe	1,660	1,671
Southeastern Europe	790	1,456
Russia	8	406
CIS Other	75	38
Austria	13,640	12,736
Other countries	3,959	3,803
Total	**20,132**	**20,110**

The deposits break down into the following bank segments:

In € million	31/3/2010	31/12/2009
Central banks	332	490
Commercial banks	18,982	18,773
Multilateral development banks (MDB)	818	847
Total	**20,132**	**20,110**

(21) Deposits from customers

In € million	31/3/2010	31/12/2009
Sight deposits	17,739	17,140
Time deposits	23,369	24,045
Savings deposits	1,444	1,393
Total	**42,553**	**42,578**

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

In € million	31/3/2010	31/12/2009
Sovereigns	1,328	1,559
Corporate customers – large	14,213	14,181
Corporate customers – small business	2,262	2,331
Retail customers – private individuals	21,343	21,104
Retail customers – small and medium-sized entities	3,006	3,129
Other	401	274
Total	**42,553**	**42,578**

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

In € million	31/3/2010	31/12/2009
Central Europe	19,111	19,448
Southeastern Europe	12,242	12,249
Russia	5,873	5,496
CIS Other	3,030	2,890
Austria	475	405
Other countries	1,821	2,090
Total	**42,553**	**42,578**

(22) Debt securities issued

In € million	31/3/2010	31/12/2009
Bonds and notes issued	1,986	1,925
Other debt securities issued	576	602
Total	**2,562**	**2,527**

(23) Provisions for liabilities and charges

In € million	31/3/2010	31/12/2009
Severance payments	9	9
Retirement benefits	5	5
Taxes	40	26
Contingent liabilities and commitments	77	70
Pending legal issues	43	40
Overdue vacation	33	29
Bonus payments	99	92
Restructuring	7	3
Other	42	38
Total	**355**	**312**

(24) Trading liabilities

In € million	31/3/2010	31/12/2009
Negative fair values of derivative financial instruments	532	510
Short-selling of trading assets	6	4
Total	**538**	**514**

(25) Derivatives

In € million	31/3/2010	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)	47	45
Negative fair values of derivative financial instruments	294	209
Total	**348**	**259**

(26) Other liabilities

In € million	31/3/2010	31/12/2009
Liabilities from non-banking activities	63	62
Accruals and deferred items	135	111
Liabilities from dividends	62	1
Clearing claims from securities and payment transfer business	384	169
Any other business	176	162
Total	**820**	**505**

(27) Subordinated capital

In € million	31/3/2010	31/12/2009
Hybrid tier 1 capital	1,188	1,169
Subordinated liabilities	1,236	1,210
Supplementary capital	91	91
Total	**2,515**	**2,470**

(28) Equity and minorities

In € million	31/3/2010	31/12/2009
Consolidated equity	6,232	5,790
Subscribed capital	469	469
Participation rights	600	600
Capital reserves	2,567	2,569
Retained earnings	2,596	2,152
Consolidated profit	100	212
Minority interests	1,035	998
Total	**7,367**	**7,000**

Additional notes

(29) Contingent liabilities and commitments

In € million	31/3/2010	31/12/2009
Contingent liabilities	4,748	4,668
Commitments (irrevocable credit lines)	5,821	5,395

Moreover, revocable credit lines were granted to an amount of € 4,340 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 majority shareholder are shown in the tables below:

31/3/2010 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	4,813	17	0	26
Loans and advances to customers	0	257	0	44
Trading assets	68	2	0	0
Financial investments	0	83	0	62
Investments in associates	0	0	6	0
Other assets including derivatives	178	9	0	1
Deposits from banks	12,391	1,168	0	118
Deposits from customers	0	53	3	11
Debt securities issued	15	0	0	0
Provisions for liabilities and charges	4	0	0	0
Trading liabilities	100	0	0	0
Other liabilities including derivatives	223	12	0	0
Subordinated capital	1,557	590	0	0
Guarantees given	289	2	0	0
Guarantees received	125	0	0	1

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

(31) Regulatory own funds

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

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

In € million	31/3/2010	31/12/2009
Paid-in capital	3,636	3,638
Earned capital	1,691	1,512
Minority interest	1,072	1,062
Hybrid tier 1 capital	1,150	1,150
Intangible fixed assets	(302)	(289)
Core capital (tier 1 capital)	**7,247**	**7,072**
Deductions from core capital	(16)	(13)
Eligible core capital (after deductions)	**7,231**	**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	1,015	1,003
Additional own funds (tier 2 capital)	**1,106**	**1,102**
Deduction items: participations, securitizations	(15)	(13)
Eligible additional own funds (after deductions)	**1,091**	**1,089**
Deduction items: insurances	(1)	(1)
Tier 2 capital available to be redesignated as tier 3 capital	212	182
Total own funds	**8,533**	**8,328**
Total own funds requirement	**5,150**	**5,117**
Excess own funds	3,383	3,212
Excess cover ratio	65.7%	62.8%
Core capital ratio (tier 1), credit risk	14.3%	14.1%
Core capital ratio (tier 1), total	11.2%	11.0%
Core tier 1 ratio (excl. hybrid capital), total	9.4%	9.2%
Own funds ratio	13.3%	13.0%

The total own funds requirement is as follows:

In € million	31/3/2010	31/12/2009
Risk-weighted assets according to Section 22 BWG	**50,584**	**50,090**
of which 8 per cent minimum own funds for the credit risk		
according to Sections 22a to 22h BWG	4,047	4,007
Standardized approach	2,887	2,862
Internal rating approach	1,160	1,146
Settlement risk	0	0
Own funds requirement for position risk in bonds, equities and commodities	144	136
Own funds requirement for open currency positions	360	399
Own funds requirement for operational risk	599	574
Total own funds requirement	**5,150**	**5,117**

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

In € million	31/3/2010	31/12/2009
Risk-weighted assets according to the standardized approach	**36,089**	**35,771**
Central governments and central banks	2,809	2,605
Regional governments	127	127
Public administration and non-profit organisations	36	38
Multilateral development banks (MDB)	0	0
Banks	1,806	1,684
Corporates	17,794	17,546
Retail (including small and medium-sized entities)	11,467	11,451
Mutual funds	123	123
Securitization position	1	3
Other positions	1,926	2,195
Risk-weighted assets on internal rating approach	**14,495**	**14,319**
Central governments and central banks	769	680
Banks	1,627	1,670
Corporates	11,942	11,817
Equity exposures	156	152
Total	**50,584**	**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	1/1-31/3 2010	1/1-31/3 2009
Central Europe	12,894	14,079
Southeastern Europe	17,208	19,123
Russia	8,460	10,091
CIS Other	17,350	19,279
Austria	382	308
Total	**56,294**	**62,880**

Financial calendar for 2010

8 July 2010	*Annual General Meeting*
16 July 2010	*Ex-Dividend und Dividend Payment Date*
17 August 2010	*Start of the quiet period*
31 August 2010	*Semi-Annual Report, Conference Call*
15 November 2010	*Start of the quiet period*
29 November 2010	*Third Quarter Report, Conference Call*

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