Third Quarter Report 2009

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of key data

Raiffeisen International Group Monetary values in € million	**2009**	**Change**	**2008**
Income statement	**1/1-30/9**		**1/1-30/9**
Net interest income	2,224	(5.0)%	2,342
Provisioning for impairment losses	(1,365)	273.4%	(366)
Net fee and commission income	906	(17.4)%	1,098
Net trading income	147	15.2%	127
General administrative expenses	(1,678)	(13.5)%	(1,940)
Profit before tax	287	(77.3)%	1,261
Profit after tax	216	(77.7)%	965
Consolidated profit (after minorities)	156	(81.9)%	861
Balance sheet	**30/9**		**31/12**
Loans and advances to banks	11,213	24.1%	9,038
Loans and advances to customers	51,830	(10.5)%	57,902
Deposits from banks	21,017	(19.8)%	26,213
Deposits from customers	42,607	(3.6)%	44,206
Equity (including minorities and profit)	6,862	5.3%	6,518
Balance sheet total	77,522	(9.2)%	85,397
Key ratios	**1/1-30/9**		**1/1-30/9**
Return on equity before tax	6.1%	(19.3) PP	25.4%
Return on equity after tax	4.6%	(14.9) PP	19.5%
Consolidated return on equity (after minorities)	3.8%	(16.1) PP	19.9%
Cost/income ratio	51.1%	(3.5) PP	54.6%
Return on assets before tax	0.48%	(1.65) PP	2.13%
Net provisioning ratio (average risk-weighted assets)	3.25%	2.40 PP	0.85%
Risk/earnings ratio	61.4%	45.8 PP	15.6%
Bank-specific information[1]	**30/9**		**31/12**
Risk-weighted assets (credit risk)	52,340	(13.3)%	60,388
Total own funds	7,980	14.1%	6,992
Total own funds requirement	5,206	(9.7)%	5,767
Excess cover	53.3%	32.1 PP	21.2%
Core capital ratio (Tier 1), credit risk	13.0%	3.3 PP	9.7%
Core capital ratio (Tier 1), total	10.5%	2.4 PP	8.1%
Own funds ratio	12.3%	2.6 PP	9.7%
Stock data	**30/9**		**30/9**
Earnings per share in €	1.01[2]	(4.60)	5.61
Price in €	44.56	(10.8)%	49.97
High (closing price) in €	44.56	(59.6)%	110.20
Low (closing price) in €	13.00	(74.0)%	49.97
Number of shares in millions	154.67	–	154.67
Market capitalization	6,892	(10.8)%	7,729
Resources	**30/9**		**31/12**
Number of employees as of reporting date	58,642	(7.5)%	63,376
Number of business outlets	3,145	(2.7)%	3,231

[1] Calculated according to the Austrian Banking Act (Bankwesengesetz, BWG). Raiffeisen International is a part of the RZB Group and thus not subject to the Austrian Banking Act.
[2] Adjusted for the computational compensation for the participation rights, earnings per share amount to € 0.72.

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 6 of those countries, Raiffeisen International network banks were among the top 3 banks, as measured by their balance sheet totals. As of 30 September 2009, Raiffeisen International had close to 59,000 employees serving around 15 million customers at almost 3,145 business outlets.

Raiffeisen International's markets

Data as of 30 September 2009	Balance sheet total in € million	Change[1]	Business outlets	Number of employees
Albania	1,905	(7.0)%	104	1,357
Belarus	1,170	(28.9)%	98	2,135
Bosnia and Herzegovina	2,413	0.7%	101	1,673
Bulgaria	4,104	(13.9)%	199	3,308
Croatia	6,119	2.3%	84	2,238
Czech Republic	7,689	6.8%	110	2,652
Hungary	8,899	(7.0)%	177	3,526
Kazakhstan	75	(22.8)%	1	13
Kosovo	651	8.9%	50	702
Poland	6,155	(13.4)%	125	2,969
Romania (including Moldova)	5,847	(10.9)%	562	6,395
Russia	12,335	(17.5)%	223	8,875
Serbia	2,814	(3.4)%	104	2,082
Slovakia	9,391	(14.4)%	155	3,661
Slovenia	1,524	1.0%	16	354
Ukraine	5,415	(13.8)%	1,036	16,314
Subtotal	**76,507**	**(9.6)%**	**3,145**	**58,254**
Other/consolidation	1,015	–	–	388
Total, Raiffeisen International	**77,522**	**(9.2)%**	**3,145**	**58,642**

[1] *Change of balance sheet total versus 31 December 2008. Growth in local currencies differs due to fluctuating euro exchange rates.*

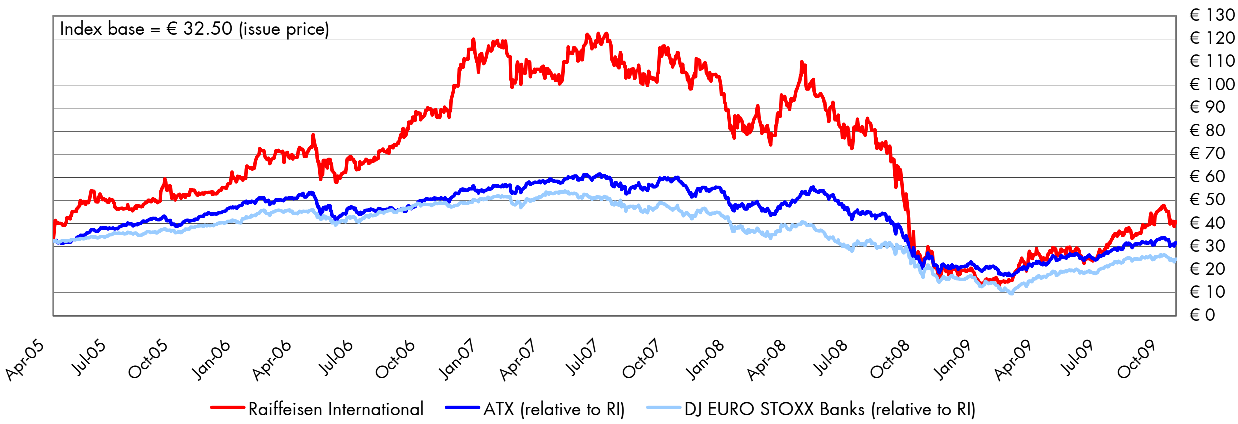
Raiffeisen International stock has been listed on the Vienna Stock Exchange since 25 April 2005 and is included in some of the most important national and international indices, such as the ATX and the DJ Euro Stoxx. *Raiffeisen Zentralbank Österreich AG (RZB)* owns about 70 per cent of Raiffeisen International shares. With a balance sheet total of € 156 billion as of 30 June 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

Positive development after a weak start to the quarter

After a comparatively weak start, stock markets worldwide developed quite positively during the third quarter of 2009. The surprisingly good half-year earnings of many US companies contributed to the positive development, as did more buoyant economic data from various countries, which exceeded expectations in many cases. The national economies of the European Union furthermore benefited from a low key interest rate, which has remained at a record low of 1 per cent since May. The Federal Reserve chairman's statement in September that the US economy has probably overcome the recession, has reinforced optimistic sentiment worldwide.

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

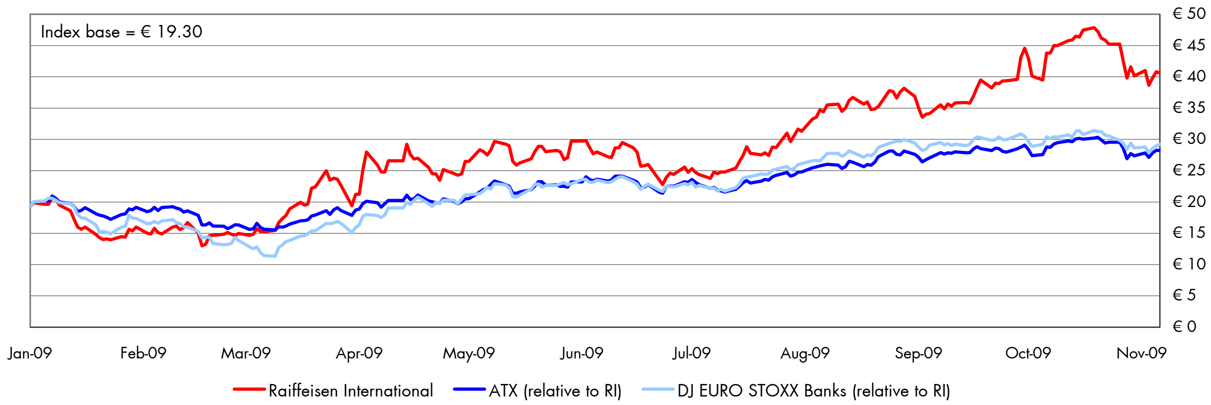


Unexpectedly good bank earnings

Banks reported unexpectedly strong quarterly results, especially from the end of July onward, despite the difficult environment. Raiffeisen International shares, which began the third quarter at € 24.75 and broke the € 30 mark at the end of July after long resistance, also benefited from this trend. A positive change of sentiment about banks with Central and Eastern European exposure supported that movement. The *Austrian National Bank's* assessment of domestic banks as adequately capitalized to cope with the recession based on the results of stress tests had a further favorable effect.

In view of the mounting signs of economic recovery, the stock markets reached temporary highs in September 2009. Raiffeisen International shares continued to advance in line with that development and finally surpassed the € 40 mark on 25 September. Closing at € 44.56 on 30 September, the stock ultimately achieved a quarterly gain of 80 per cent. Its market capitalization rose from € 3.83 billion at the beginning of the quarter to € 6.89 billion at the end. As of the editorial deadline for this report on 6 November 2009, the figure came to € 40.60 and was thus 64 per cent above its level at the beginning of the quarter.

Price performance since 1 January 2009 compared with the ATX and DJ Euro Stoxx Banks

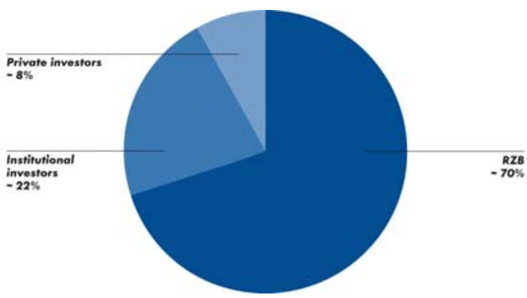


Analysts remain interested in Raiffeisen International

Raiffeisen International places great value on open communication with analysts and investors and to that end regularly offers opportunities for informative dialogues. Since there is less demand among market participants for face-to-face events due to crisis-related cost considerations, the focus is now on conference calls. An important call took place, for example, in mid-July when core capital was strengthened by € 1.25 billion in the form of participation rights with equity characteristics and hybrid Tier 1 capital. The next important conference call on 13 August dealt with the mid- year results and received keen interest from an audience of more than 130. In September, the Chief Executive Officer and Chief Financial Officer gave a company presentation for some 120 participants at an investor conference in London and additionally held several group talks. Afterwards, Raiffeisen International invited them to an analyst meeting attended by many of the analysts that watch the company.

That two institutions began coverage of Raiffeisen International in the third quarter of 2009 shows that interest in the company among analysts remains high, even in times of crisis. In total, 25 firms now publish research on the company. The 500th analyst report on Raiffeisen International since its IPO in April 2005 was also published in the past quarter. Another success for Raiffeisen International was its return in September to the ATX five, an index comprising the five Austrian companies with the highest capitalization in terms of free float.

Shareholder structure



Shareholder structure

Raiffeisen International's majority shareholder is RZB, which owns about 70 per cent of the stock. Institutional investors hold about 22 per cent of the free float, and private investors about 8 per cent. The proportion of private shareholders has more than doubled in the past twelve months. That is due to, among other things, great awareness of and strong confidence in the Raiffeisen brand. The private investors come predominantly from Austria, while only 15 per cent of the institutional investors are located there. The focus of institutional share ownership shifted in the past half-year from the United States, where now about 33 per cent is held, to continental Europe, which has about 37 per cent. Institutional investors from Great Britain own about 13 per cent, and those from other countries account for the remaining 2 per cent.

Stock data

Price on 30 September 2009	*€ 44.56*
High/low (closing prices) in Q3 2009	*€ 44.56 / € 23.77*
Earnings per share for 1-9/2009	*€ 1.01*
Adjusted for computational compensation for participation rights	*€ 0.72*
Market capitalization as of 30 September 2009	*€ 6.89 billion*
Avg. daily trading volume (single counting) in Q3 2009	*342,669 shares*
Stock exchange turnover (single counting) in Q3 2009	*€ 765 million*
Free float as of 30 September 2009	*About 30 %*

Stock details

ISIN	*AT0000606306*
Ticker symbols	*RIBH (Vienna Stock Exchange)*
	RIBH AV (Bloomberg)
	RIBH.VI (Reuters)
Market segment	*Prime Market*
Issue price per share as of IPO (25 April 2005)	*€ 32.50*
Issue price per share as of capital increase (5 October 2007)	*€ 104.00*
Number of shares issued as of 30 September 2009	*154,667,500*

Investor relations contact

E-mail: investor.relations@ri.co.at
Internet: www.ri.co.at → Investor Relations
Phone: +43-1-71 707-2089
Fax: +43-1-71 707-2138

Raiffeisen International Bank-Holding AG, Investor Relations
Am Stadtpark 3, 1030 Vienna, Austria

Business development

General economic environment

Recovery foreseeable

The effects of the global financial crisis on the real economy are likely to have peaked in the first half of 2009. Real gross domestic product (GDP) in the euro area in the first half of the year declined by about 4.8 per cent year-on-year. The national economies of Central and Eastern Europe (CEE) also felt the full impact of the global recession in the first half of 2009. It may therefore be expected that the GDP decline in 2009 will turn out on average about 2 percentage points greater in this region than in the euro zone, with prospects varying strongly from country to country. While real GDP grew in Poland, for example, by 1 per cent in the first half of 2009, it shrank in Ukraine by 19.2 per cent. Besides Poland, Slovakia and the Czech Republic also registered positive GDP growth by quarterly comparison in the second quarter.

A stabilization of leading indicators and a discernible trend reversal in some countries bolstered confidence in the third quarter that the recession will soon be over. Current data on industrial production thus seem to confirm that the economic downswing has also bottomed out in the CEE region. However, it might still be too early to give a comprehensive all-clear signal, since the production decline in the export-oriented manufacturing sector still threatens to spill over to the services sector. Likewise, the numbers of unemployed, which usually develop at a time lag relative to the business cycle, are likely to increase further in the course of the year.

Effects on the financial sector

In the financial sector, the real economy's difficult situation led to an increase of non-performing loans and consequently to higher provisioning for impairment losses in the first half of 2009. That was the case particularly in Ukraine, Romania, and Hungary, where a high proportion of foreign currency loans coincided with currency devaluation that was severe in some cases. However, countries like Poland, the Czech Republic, and Slovakia registered a comparatively small rise of provisioning for impairment losses.

The rapid and far-reaching assistance provided by the International Monetary Fund (IMF), combined with EU supports and funds made available by the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB), did not fail to have a positive effect on the economies of Central and Eastern European countries. However, the obligation tied to the IMF assistance to keep budget deficits within certain limits significantly narrows maneuvering room for economic stimulus measures with few exceptions, from which CEE national economies could suffer in the foreseeable future.

International stock markets, and indirectly Central and Eastern European financial markets, benefited from the financial assistance and hope of the recession's ending in the course of the second and third quarter. Accordingly, most exchange rates stabilized in the second quarter and recovered in the third. Moreover, risk premiums (credit default swaps) continued to decline sharply during the third quarter and reached levels similar to those before the collapse of *Lehman Brothers*.

Performance and financials

Operating result at preceding year's level

The operating result appeared largely unaffected by the economic turbulence. It amounted to € 1,603 million at the end of the first nine months and was thus only € 7 million below the level of the comparable period of the preceding year.

Net interest income declined on a euro basis only slightly compared with the preceding year, by 5 per cent to € 2,224 million despite currency devaluation and significantly higher costs for customer deposits and long-term institutional funding. Net fee and commission income, which fell by 17 per cent, was more strongly affected due to cyclical influence. The high volatility of most currencies led to a lower volume of foreign exchange transactions, foreign currency loans, and domestic and foreign payment transfers. Customers continued to exercise restraint in securities business due to the uncertain market environment. Net trading income developed positively, up by 15 per cent, primarily due to interest-related transactions. Other net operating income improved by a total of € 21 million largely because of lower provisioning needs and corresponding releases.

General administrative expenses fell significantly on the comparable period of the preceding year, by 14 per cent to € 1,678 million. Cost-cutting programs and favorable currency relations versus the euro were responsible for this positive development. The decline of general administrative expenses and the unchanged operating result relative to the preceding year's level led to an improvement of the cost/income ratio by 3.5 percentage points.

The number of employees (expressed in full-time equivalents) fell by 8 per cent, or 4,734 persons, compared with the end of 2008 to 58,642. This reduction occurred in nearly all network banks and leasing companies. The largest declines were registered in Russia (1,401), Ukraine (1,054), Romania (495), and Bulgaria (400), with the changes in Russia and Bulgaria achieved through natural turnover. Since the reductions began primarily in the fourth quarter of 2008, the average number of employees (60,926) decreased in 2009 only marginally compared with the first nine months of the preceding year.

Lower provisioning for impairment losses in the third quarter

New allocations to provisioning for impairment losses increased on the comparable period of the preceding year and burdened earnings in the third quarter as well. Profit after tax at the end of nine months amounted to € 216 million and was thus 78 per cent below the preceding year's figure. A net total of € 1,365 million was allocated to provisioning for impairment losses in the first nine months of 2009, which signifies an increase by 273 per cent versus the same period in the preceding year. Compared with the preceding two quarters, however, a significantly reduced need for provisioning for impairment losses was observed. That had a correspondingly positive effect on the third quarter's profit after tax, which was the best so far in 2009 at € 97 million.

The continuing high level of provisioning for impairment losses in absolute terms was due to the consequences of the global financial market crisis, which spread to most CEE countries with the devaluation of currencies in the fourth quarter of 2008. They resulted in a recession with sharply declining demand and rising unemployment rates. Provisioning for impairment losses was half attributable to corporate customers, and half to retail customers. The largest provisions in relative terms were in the area of small and medium-sized entities.

The ratio of non-performing loans to the customer loan portfolio rose by 4.8 percentage points compared with the end of 2008 to 7.9 per cent. Its growth momentum thus declined in the third quarter. Comparing non-performing loans to total credit risk (loans and advances, securities, and off-balance sheet items) yields a figure of 4.6 per cent. Viewed regionally, Ukraine and Russia were the focal points of non-performing loans and provisioning for impairment losses, followed at some distance by Hungary.

Return on equity before tax at 6 per cent

High provisioning for impairment losses burdened Raiffeisen International's earnings and hence its profitability ratios. The return on equity before tax for the first nine months of 2009 came to 6.1 per cent, a level that was 19.3 percentage points lower than for the comparable period of 2008 (25.4 per cent). Relative to the comparable period of the preceding year, average equity underlying the calculation fell by 5 per cent to € 6.3 billion due to currency influences.

The consolidated return on equity (after minorities) fell from 17.4 per cent at the end of 2008 to 3.8 per cent. Earnings per share declined to € 1.01 (from € 5.61 in the preceding year). Adjusted for the computational compensation for the participation rights they amount to € 0.72.

Slowing decline in balance sheet total

The significant devaluation of currencies that began at the end of the third quarter in 2008 and influenced the balance sheet total continued into the first half of 2009. Significant revaluations were registered by some CEE currencies in the third quarter, however. The consolidated balance sheet total declined from the beginning of the year by 9 per cent, or € 7.9 billion, to € 77.5 billion. Currency effects were responsible for about 20 per cent of that, while the greater part, or € 6.2 billion, was organic in origin.

The organic reduction was a consequence of measures to stabilize the loan portfolio. By September, they led to a decrease of loans and advances to customers by 11 per cent, or € 6.1 billion, to € 51.8 billion. The rise in provisions for loans and advances to customers in the amount of € 1.1 billion likewise contributed to that.

On the liability side of the balance sheet, funding by way of deposits from banks was down considerably due to low demand, by € 5.2 billion compared with the end of 2008. Deposits from customers fell by only 4 per cent, or € 1.6 billion, to € 42.6 billion despite stiff competition. The decrease in loans and advances to customers as well as the focus on acquisition and commitment of customer funds helped to improve the loan/deposit ratio significantly, by 9 percentage points to 122 per cent.

Capital enhancement in the third quarter

Raiffeisen International's equity including minority interests rose by 5 per cent, or € 344 million, compared with the beginning of the year to € 6,862 million. That includes profit after tax of € 216 million.

Raiffeisen International increased its equity by € 600 million in August 2009 by issuing participation rights in accordance with Section 174 of the Austrian Stock Corporation Act.

The other changes in equity resulted from further devaluation of local currencies in the CEE region. That, together with appropriate hedging measures, caused valuation losses in equity of € 299 million. Capital was furthermore reduced by means of dividend payments to shareholders in the amount of € 143 million – equivalent to an unchanged dividend compared with the preceding year of € 0.93 per share – and to outside shareholders of group companies at € 52 million.

In addition, € 650 million flowed into the company from an issue of hybrid capital in September 2009, which strengthened on core capital (Tier 1). This issue and the participation rights were entirely subscribed by major shareholder RZB.

Detailed review of items in the income statement

Operating result year-on-year

In € million	1/1–30/9 2009	Change	1/1–30/9 2008	1/1–30/9 2007
Net interest income	2,224	(5.0)%	2,342	1,704
Net fee and commission income	906	(17.4)%	1,098	895
Net trading income	147	15.2%	127	121
Other net operating income	3	–	(18)	18
Operating income	**3,281**	**(7.6)%**	**3,549**	**2,738**
Staff expenses	(780)	(17.6)%	(947)	(759)
Other administrative expenses	(716)	(11.8)%	(811)	(617)
Depreciation/amortization/write-downs	(182)	0.4%	(181)	(162)
General administrative expenses	**(1,678)**	**(13.5)%**	**(1,940)**	**(1,538)**
Operating result	**1,603**	**(0.4)%**	**1,610**	**1,200**

Operating income

Since no significant change in the scope of consolidation occurred in the period under review, comparability with the preceding year's period is assured. However, items in the income statement were influenced by currency fluctuations in the CEE countries, in some cases greatly.

Viewed regionally, the Central Europe segment achieved the highest operating income, which was, however, down by 9 per cent compared with the previous year's period. The Southeastern Europe segment achieved good operating income, only slightly below the preceding year's level at minus 4 per cent. In the Russia segment, operating income remained stable compared with the preceding year's level. The CIS other segment booked a decline of operating income by 10 per cent.

Operating income in the corporate customer division was down by € 133 million to € 1,072 million. A decline of net fee and commission income by € 81 million was responsible for that. The treasury segment registered significant declines due to higher funding costs which burdened the net interest income. Operating income from the retail customer division fell by 10 per cent, also due to a significant decline in net fee and commission.

Net interest income influenced by margin and volume declines

Net interest income fell by 5 per cent, or € 118 million, on the comparable period of the preceding year, but is the Group's most important income component, accounting for 68 per cent, or € 2,224 million, of operating income. Interest income was down by € 109 million to € 4,315 million. Interest income from loans and advances to banks registered a decline of € 197 million due to lower volumes and market interest rates. Set against this reduction is an increase in interest income from securities due to an increase of an investment in these by € 122 million. Net interest from derivative financial instruments rose by € 37 million.

Interest expenses increased by € 7 million to € 2,092 million. On the one hand, interest expenses for deposits from banks fell by € 86 million. On the other hand, interest expenses for deposits from customers rose by € 118 million primarily because of higher interest rates for such deposits.

Net interest income declined in the Central Europe segment by € 49 million on the preceding year's period to € 720 million. Because of higher refinancing costs in connection with customer deposits and stiff competition, the interest earnings of the Polish unit developed downward. They decreased in the Hungarian unit because of currency fluctuations and higher deposit interest rates. Earnings developed positively in the Czech network bank due to improved mortgage loan terms.

Net interest income in Southeastern Europe fell by € 40 million to € 659 million compared with the preceding year's period. Elevated refinancing costs in respect to both customer deposits and deposits from banks were primarily responsible for that. Romania was the main contributor to that development.

Net interest income in the Russia segment improved by € 24 million on the comparable period in the preceding year to € 523 million. Despite currency devaluation, net interest income rose due to margin improvement on the asset side.

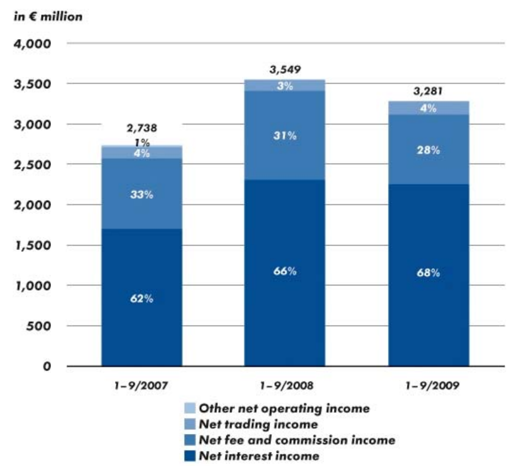
There was a decline in the CIS other segment of € 19 million compared with the preceding year's period to € 373 million. That was entirely due to devaluation of the Ukrainian hryvnia, since an increase of net interest income was booked in local currency.

The net interest margin, i.e. the ratio of net interest income to the average balance sheet total, was 3.72 per cent during the reporting period. That means a reduction by 24 basis points compared with the preceding year's period. While the net interest margin had amounted to 3.70 per cent in the second quarter, it improved to 3.77 per cent in the third quarter.

Net fee and commission income burdened by recession

Net fee and commission income fell by 17 per cent, or € 192 million, to € 906 million in the first three quarters of 2009. However, the € 322 million achieved in the third quarter was the best quarterly result to date in 2009. The reason for the reduction in comparison to 2008 was lower transaction volumes in payment transfer business and in foreign exchange, notes/coins, and precious metals business, which led to declines of € 79 million and € 97 million, respectively. Income from agency services for own and third-party products developed positively, doubling to € 24 million. Income from payment transfers fell in Ukraine and Russia because of strong currency fluctuations. Foreign exchange business was down in Hungary because of declining foreign currency loans, in Poland because of lower customer margins, and in Slovakia because of the switch to the euro.

Structure of operating income



Net trading income benefits from valuation gains of securities

Net trading income rose by 15 per cent and amounted to € 147 million in the first nine months of 2009. The decisive contribution to improving net trading income came from interest-related business, which increased by € 110 million. In the comparable period of the preceding year, the prevailing interest rate level gave rise to negative book value results, the recovery of which thanks to improved market conditions, explains the increase in 2009. Net income from currency-related business developed in the opposite direction. Its decline by € 96 million was largely attributable to the Russia segment, which registered a minus of € 70 million.

Other net operating income strongly improved

Other net operating income improved by € 21 million and amounted to € 3 million in the first nine months of 2009.

The release of other provisions yielded income of € 20 million, which resulted from the settlement of legal disputes in Ukraine, the Czech Republic, and Hungary. Net income from non-banking activities decreased by € 12 million.

General administrative expenses

General administrative expenses were reduced by 14 per cent, or € 262 million, to € 1,678 million at the end of the first three quarters of 2009. Since operating income, on the other hand, only showed a decline of 8 per cent, the cost/income ratio improved by 3.5 percentage points to 51.1 per cent. The largest declines in general administrative expenses were registered in Ukraine, Russia, and Hungary.

The reduction of general administrative expenses compared with the preceding year is attributable to strict cost management in the Group, which is not fully reflected in the figures yet, and to devaluation of currencies in the CEE countries.

Number of employees reduced by 8 per cent since the beginning of the year

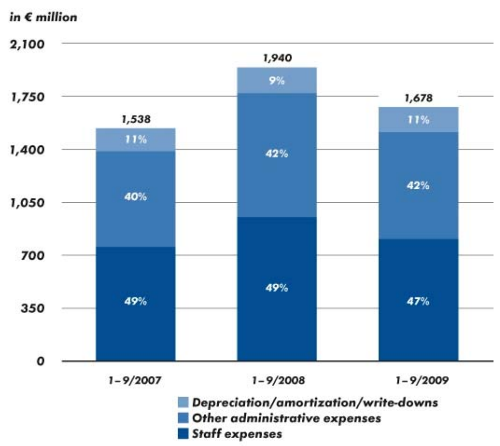
Staff expenses went down by 18 per cent, or € 167 million, on the comparable period of the preceding year to € 780 million. This is the largest item in general administrative expenses, with a share of 47 per cent. Measures to lower costs, such as personnel cuts and not hiring on natural turnover as well as bonus reductions, began to show noticeable effects.

The Central Europe segment showed the highest reduction of staff expenses. The largest cost reductions were achieved in Hungary and Poland. There were also significant cost decreases in the CIS other segment.

Besides layoffs, devaluation of the local currency was also responsible for lower staff expenses in Ukraine. On the other hand, reduction of staff expenses in the Russia and Southeastern Europe segments is primarily attributable to currency devaluations against the euro.

The average number of employees amounted to 60,926 from January to September 2009, and was thus 214 employees less than the preceding year's comparable figure. While the average number of employees fell in the CIS other segment by 1,182 employees, or 6 per cent, it rose in Southeastern Europe by 497 employees, or 3 per cent, and in Central Europe by 325, or 2 per cent. It remained relatively constant in Russia.

Structure of general administrative expenses



The measures taken are reflected more clearly in the number of employees as of the reporting date in contrast to the average. The number of employees stood at 58,642 on 30 September 2009, while the comparable figure at the end of 2008 was 63,376. That represents a decline of 4,734, or 8 per cent.

Other administrative expenses down significantly at minus 12 per cent

Other administrative expenses fell by 12 per cent, or € 95 million, to € 716 million. The savings extended to nearly all types of expenses. Advertising and hospitality expense and legal and consulting expense were the most strongly affected. Ukraine and Russia showed the most significant reductions of other administrative expenses.

The largest expense items in other administrative expenses were premises at € 227 million and information technology at € 111 million, which were up by 2 per cent and 9 per cent, respectively.

The number of business outlets was reduced by a net total of 23 compared with 30 September 2008 to 3,145. Further location optimization lowered the number in the CIS other segment by 103 outlets (exclusively in Ukraine) versus the preceding year's comparable quarter, and in Russia by 24 outlets. The new openings took place in Southeastern Europe (72), including particularly Romania (29), Croatia (14), Serbia (13), and Bulgaria (10). In Central Europe, 32 business outlets were opened compared with the same time a year earlier.

Depreciation/amortization/write-downs constant

Depreciation/amortization/write-downs on tangible and intangible assets remained nearly unchanged on the preceding year's level at € 182 million. Tangible assets accounted for € 111 million of that, intangible assets for € 49 million, and assets from operating leasing transactions for € 22 million.

Capital expenditure throughout the Group amounted to € 306 million in the reporting period. Investments in own tangible assets accounted for 58 per cent of that total (€ 177 million). Investments in intangible assets, which primarily concerned software systems, made up 30 per cent. The rest was invested in assets of operating leasing business.

Consolidated profit

Development of consolidated profit year-on-year

In € million	1/1–30/9 2009	Change	1/1–30/9 2008	1/1–30/9 2007
Operating result	**1,603**	**(0.4)%**	**1,610**	**1,200**
Provisioning for impairment losses	(1,365)	273.4%	(366)	(242)
Other profit/loss	49	191.4%	17	(5)
Profit before tax	**287**	**(77.3)%**	**1,261**	**953**
Income taxes	(71)	(76.0)%	(296)	(217)
Profit after tax	**216**	**(77.7)%**	**965**	**737**
Minority interests in profit	(60)	(42.1)%	(104)	(111)
Consolidated profit	**156**	**(81.9)%**	**861**	**626**

Slowing rise of provisioning for impairment losses

Consolidated profit was hugely burdened in the first nine months by provisioning for impairment losses in the amount of € 1,365 million. Individual provisions accounted for € 1,172 million of that, and portfolio-based provisions for € 198 million. There was furthermore income totaling € 5 million from the sale of loans in Russia and Poland. A quarterly comparison shows, however, that provisions were significantly lower in the third quarter (€ 397 million) than in the second (€ 523 million).

The largest net allocations to individual provisions were made in the CIS other segment at € 367 million, of which € 341 million were formed at *Raiffeisen Bank Aval* alone. Those allocations mostly concerned loans to private individuals that are secured by mortgages. Altogether, net allocations in all Group units in Ukraine came to € 357 million.

In the Southeastern Europe segment, individual provisions were allocated in the net amount of € 278 million. Romania accounted for € 89 million. In Bulgaria, individual provisions had to be formed on balance in the amount of € 49 million. The Russia segment showed a net allocation to individual provisions of € 272 million, of which large customers accounted for two-thirds. In the Central Europe segment, a net of € 254 million was allocated. The highest provisions were formed in Hungary (€ 104 million), in Poland (€ 57 million), and in Slovakia (€ 50 million).

In the case of portfolio-based provisions, the highest new allocations were registered in the Central Europe segment at € 92 million. Hungary was by far the most affected country at € 80 million. The net provisioning ratio, i.e., provisioning for impairment losses in relation to average credit risk-weighted assets, increased to 3.25 per cent. It had amounted to 0.85 per cent in the comparable period of the preceding year.

This picture is reflected in the risk/earnings ratio, i.e., provisioning for impairment losses in relation to net interest income, which rose in the first three quarters of 2009 by 37.3 percentage points on the level at the end of the preceding year to 61.4 per cent. However, the risk/earnings ratio improved by 3.3 percentage points compared with the first half of 2009.

Other profit/loss clearly on the plus side due to positive market movements

Other profit/loss increased by € 32 million on the comparable period of the preceding year to € 49 million. Net income from financial investments contributed € 44 million owing to value recoveries of securities, and net income from derivatives contributed € 5 million.

Net income from financial investments rose by € 34 million on the comparable period to € 44 million. Valuation gains were achieved thanks to better market conditions in 2009. While net valuations of securities at fair value through profit or loss were still negative in the preceding year at minus € 11 million, valuation gains in the amount of € 42 million were generated in the first three quarters of 2009. Net proceeds from sales of securities in this category turned from negative € 1 million to positive € 4 million. An amount of € 3 million was generated from the sale of equity participations, while income of € 22 million resulted in the preceding year from the sale of an interest in a company valued at equity and from other participations.

Tax rate just under 25 per cent

Income taxes developed in line with profit before tax, which fell by 76 per cent to € 71 million versus € 296 million in the comparable period of the preceding year. The tax rate came to 24.8 per cent and was thus slightly above the preceding year's level (23.4 per cent).

Earnings per share at € 1.01

Profit after tax fell from € 965 million in the comparable period of the preceding year to € 216 million. That represents a decline by 78 per cent. Minority interests in profit, i.e., the net amount attributable to minority shareholders in various Group units, went down by € 44 million to € 60 million. This decrease of 42 per cent was smaller than the decrease in profit after tax because Group units with minority shares generated higher earnings in comparison with Group units without minority shares.

Consolidated profit attributable to Raiffeisen International shareholders fell from € 861 million in the comparable period of the preceding year to € 156 million. Earnings per share accordingly amounted to € 1.01 (previous year: € 5.61). Computational compensation for the first three quarters associated with the participation rights issued in August amounts to € 45 million. If the net income remaining after deduction of participation rights compensation is divided by the average number of common shares outstanding, the result is earnings per share of € 0.72.

Balance sheet development

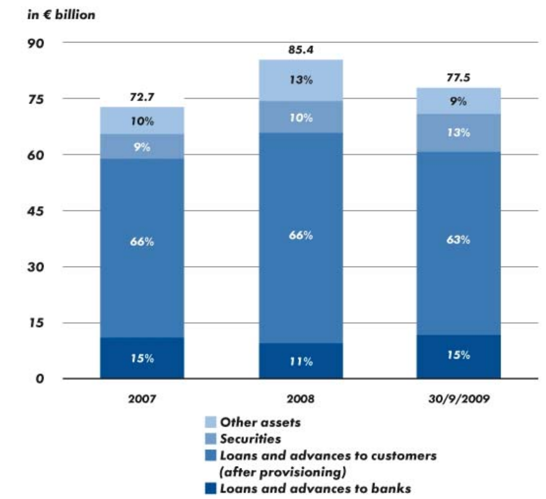
Raiffeisen International's balance sheet total amounted to € 77.5 billion as of 30 September 2009. That means a decline of € 7.9 billion, or 9 per cent, compared with the end of 2008. Two factors were responsible for the reduced balance sheet total. One was the devaluation of currencies in the CEE countries, and the other was measures to reduce and optimize the loan portfolio. Changes in the scope of consolidation had no significant impact on development of the balance sheet total.

The devaluation of currencies that began in the fourth quarter of 2008 has slowed to some extent against the euro in the course of 2009. Some CEE currencies showed gains in the third quarter. The Ukrainian hryvnia and Russian rouble each suffered a devaluation of 7 per cent, and the Albanian lek fell by 9 per cent. On the other hand, the Czech koruna managed to gain 6 per cent. About one-fifth of the change in the balance sheet total was due to currency effects.

Assets

The asset side of the balance sheet total continued to be dominated by loans and advances to customers. Less provisions for impairment risks, they represent 63 per cent of the balance sheet total (minus 3 percentage points). More than two-thirds of the decline by € 6.1 billion to € 51.8 billion was registered in lending business, with loans to corporate customers down the most, by € 4.6 billion, or 13 per cent, due to recession-related weakness of demand. Loans to private individuals fell by 7 per cent, or € 1.5 billion. Viewed regionally, the Russia and CIS other segments were affected the most (minus € 2.5 billion and minus € 1.1 billion, respectively). Due to the significant decline of the loan portfolio, however, the ratio of customer loans to customer deposits improved by 9 percentage points to 122 per cent.

Structure of balance sheet assets



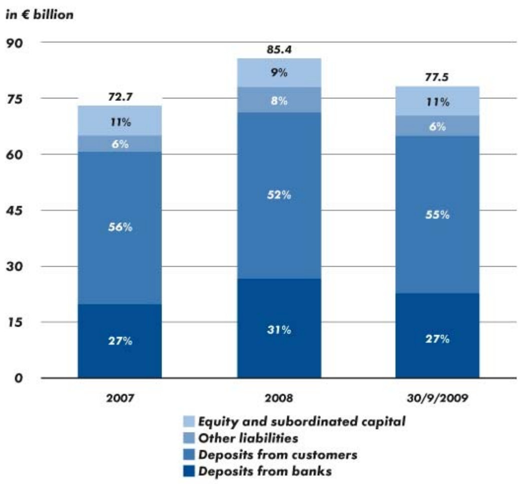
Balance sheet provisions were further increased Group-wide in view of the difficult economic environment. They stood at € 2.8 billion as of 30 September 2009, which means an increase of € 1.1 billion compared with 31 December 2008.

Loans and advances to banks rose by 24 per cent, or € 2.2 billion, to € 11.2 billion. They thus accounted for 15 per cent of balance sheet assets, which represents a plus of 4 percentage points compared with the end of 2008. A shift occurred among loans and advances from long-term to short-term lending. Long-term loans decreased by € 2.0 billion, while short-term loans were increased by € 4.0 billion. There was also a shift from deposits with central banks (minus € 1.9 billion) to commercial banks (plus € 4.1 billion) due to the normalization of interbank business.

Total financial investments amounted to € 10.4 billion as of 30 September 2009, which represents an increase of € 1.5 billion, or 17 per cent. Their share of the balance sheet total increased by 3 percentage points to 13 per cent. Investments in securities were made predominantly in debt instruments issued by public-sector entities and eligible for refinancing.

Other assets fell by 39 per cent, or € 4.4 billion, to € 6.8 billion, thus lowering their share of the balance sheet total by 4 percentage points to 9 per cent. The decline is primarily attributable to reduction of the cash reserve (€ 3.9 billion) and in particular to reallocation of credit balances at central banks to short-term loans to customers. Intangible assets remained constant compared with the end of 2008 at € 931 million. That includes goodwill in the amount of € 576 million (Russia: € 244 million; Ukraine: € 215 million).

Structure of balance sheet liabilities



Liabilities

The structure of liabilities exhibited the following changes as of 30 September 2009. Deposits from customers in relation to total liabilities rose by 3 percentage points and continue to dominate the liabilities side of the balance sheet with a share of 55 per cent. On the other hand, deposits from banks declined at minus 4 percentage points (share of balance sheet total: 27 per cent), as did other assets at minus 2 percentage points (share of the balance sheet total: 6 per cent). Equity and subordinated capital increased by 3 percentage points to 12 per cent of the balance sheet total.

Deposits from customers were down by 4 per cent, or € 1.6 billion, to € 42.6 billion. All CEE countries were affected by the decline, of which the greatest was in Southeastern Europe at € 1.1 billion. While deposits fell in corporate customer business by 10 per cent, or € 1.9 billion, to € 16.5 billion, they rose in retail business by 2 per cent, or € 0.5 billion, to € 23.7 billion. Time deposits decreased by 9 per cent to € 24.5 billion, while sight deposits increased by 3 per cent to € 16.7 billion, and savings deposits by 42 per cent to € 1.4 billion.

Deposits from banks declined by 20 per cent, or € 5.2 billion, compared with the beginning of the year to € 21.0 billion. Both long-term and short-term deposits were affected by that. Long-term deposits fell by 15 per cent, or € 2.9 billion, while money market business shrank by 38 per cent, or € 2.2 billion, to € 3.7 billion.

Liabilities evidenced by paper, i.e., funding from the capital market in the framework of debt security issues, decreased on balance (new issues and redemptions) by € 0.8 billion and amounted to € 2.6 billion as of 30 September 2009.

The share of equity and subordinated capital increased by 3 percentage points to 12 per cent. Subordinated capital rose by 39 per cent, or € 0.7 billion, to € 2.3 billion due to the issue of hybrid capital. Equity amounted to € 6.9 billion and was thus 5 per cent above the comparable figure of the preceding year.

Equity

Raiffeisen International's balance sheet equity, consisting of consolidated equity, consolidated profit, and minority interests, rose by 5 per cent, or € 344 million, compared with the end of 2008. It amounted to € 6,862 million as of 30 September.
In August 2009, Raiffeisen International increased its equity by € 600 million by issuing participation rights in accordance with Section 174 of the Austrian Stock Corporation Act, which were completely subscribed by major shareholder RZB. The participation rights with equity characteristics were issued on the basis of approval given by the Annual General Meeting of shareholders in June 2009. The participation rights are perpetual and do not have a fixed maturity, but are subject to a call right on the part of Raiffeisen International. Raiffeisen International has an economic incentive to exercise that right because of the compensation for participation rights, which amounts to 10 per cent p.a. in the first five years and rises thereafter. It becomes due and payable simultaneously with the dividends apportioned to the shares of Raiffeisen International. There is no obligation to pay undistributed compensation for participation rights later in the event of a dividend omission. The non-voting participation rights take part to the same extent as the share capital, up to the full nominal amount, in any loss under corporate law incurred by Raiffeisen International.

Retained earnings were mainly influenced by currency differences. Less dynamic devaluation of currencies compared with the preceding year caused them to decrease by € 299 million. Dividend payments reduced equity by € 195 million, and consolidated profit including minorities increased it by € 216 million.

Own funds according to the Austrian Banking Act

Raiffeisen International is not a banking group in its own right as defined by the Austrian Banking Act (Bankwesengesetz, BWG) and is therefore not subject itself as a Group to the supervisory regulations for banks. The following consolidated figures have been calculated according to the provisions of the BWG and enter into the accounting of *RZB-Kreditinstitutsgruppe*.

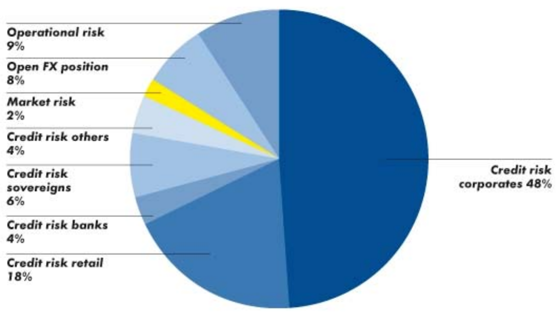
Consolidated own funds according to the BWG rose by € 988 million in the period under review to € 7,980 million. That does not include the period's current profit, since Austrian law prohibits that from being taken into account yet.

Core capital (Tier 1) rose by € 971 million from the beginning of the year to € 6,817 million. The reasons for this increase are a capital enhancement in the form of participation rights amounting to € 600 million and an issue of hybrid capital amounting to € 650 million, which were both subscribed by RZB. Devaluation of currencies against the euro, particularly of the Russian rouble (7 per cent), the Ukrainian hryvnia (7 per cent), and the Belarusian rouble (31 per cent) burdened equity. On the other hand, the Czech koruna recovered, with a positive currency movement of 6 per cent.

Additional own funds (Tier 2) fell by € 14 million and amounted to € 1,032 million as of 30 September 2009. Expiring Tier 2 issues led to a reduction of additional own funds. Extensions of the terms of the subordinated capital and newly issued subordinated capital of Ukraine-based Raiffeisen Bank Aval had a positive influence, as did the latter for *Raiffeisen Bank* in Hungary.

Eligible short-term capital (Tier 3) rose by € 32 million to € 144 million due to the expiration of Tier 2 capital.

Composition of own funds requirement



The own funds requirement decreased by € 561 million to € 5,206 million due to currency devaluations and a reduction of business volumes.

The own funds requirement consists, in particular, of requirements for credit risk (€ 4,187 million), for market risk (€ 119 million), for operational risk (€ 480 million), and for open foreign exchange positions (€ 420 million).

The excess cover of own funds (calculated according to BWG) amounted to 53.3 per cent, or € 2,774 million, which represents an improvement of 32.1 percentage points.

The core capital ratio based on credit risk amounted to 13.0 per cent (plus 3.3 percentage points). The core capital ratio based on total risk improved to 10.5 per cent, which represents an increase of 2.4 percentage points compared with the end of the year. The ratio excluding hybrid capital (core Tier 1 ratio) came to 8.7 per cent. The own funds ratio came to 12.3 per cent, which means a plus of 2.6 percentage points on the year-end level.

Risk management

Raiffeisen International's ability to recognize and measure risks arising from its business activities and to monitor and manage them in a timely manner is critical for the Group's long-term success. Risk management actively anticipates changes in market conditions to limit possible losses from Group operations and to optimize the risk/income situation. Raiffeisen International's risk management is geared to ensuring deliberate handling and professional management of credit, country, market, liquidity, and operational risks.

Ongoing risk management initiatives

Raiffeisen International is exposed to these types of risk as part of its business operations and in connection with developing financial products and services in Central and Eastern Europe. Several countries in the CEE region have reacted much more strongly to the deteriorating global economic climate than advanced economies have, partly because of local problems and currency devaluations in some countries. For Raiffeisen International, in particular, this has caused higher provisioning for impairment losses and differences arising from the translation of the equity of consolidated companies.

Thanks to ongoing analyses and stress tests and to the implemented measures, Raiffeisen International considers its risk management well prepared for the continuing effects of the economic slowdown in Central and Eastern Europe.

As a result of these tests, lending guidelines have been further adapted, and the bank has focused in its credit policy on reducing unsecured lines, decreasing loan-to-value ratios, and raising minimum criteria regarding debt service capacity. Furthermore, adjustments have been made to the country limit model. It is used to guide lending activity in different countries, economic sectors, and product areas (based on macroeconomic models and expert estimates) in order to avoid undesired risk concentrations.

Finally, capacities have been strengthened for loan control and monitoring. This includes an early warning system used to identify customers potentially in danger of default, a pre-workout aimed at actively avoiding loan defaults (e.g. by adjusting the customer's business model or improving the loan collateral), and the workout departments, which have extensive resources for debt collection and collateral realization, in order to achieve high recovery rates on credit defaults. In the retail customer division, the reminder and collection processes for private individuals and small businesses are being optimized (Collections Excellence Program).

Capital adequacy (Basel II)

Applying Basel II in the entire Group was another focus of risk management activity in the reporting period. Raiffeisen International Bank-Holding is not itself subject to those rules, but their application is obligatory for several subsidiary institutions, because they are included in the overall calculation of the RZB Group. In the Raiffeisen International Group, the results are used for internal control and management information purposes.

To calculate regulatory equity requirements for credit risks, the bank primarily uses the standardized approach. The network banks in Slovakia, the Czech Republic, and Hungary were granted permission by the respective regulatory authorities to calculate the credit risk of corporates, banks, and sovereigns according to the internal ratings-based (IRB) approach in 2008. The implementation of the IRB approach was also approved by the regulatory authorities for the network bank in Romania from July 2009, and for the network bank in Croatia from October 2009. It is planned to apply the IRB approach successively in other countries and asset classes. This gives Raiffeisen International the advantage that portfolio risks can be quantified more accurately and managed more efficiently. Regulators generally reward this approach with lower capital requirements compared with the standardized approach. To further increase capital efficiency special process optimization projects and strict targets for the regulatory capital requirements of individual Group units have been implemented.

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 currently calculates regulatory capital requirements for operational risks according to the Basel II framework by combining the standardized approach with the limited-period basic indicator approach. From 1 January 2009 onward, the standardized approached has been applied at *Raiffeisenbank Austria* in Croatia. The basic indicator approach is thus mainly used by just one Group member, Raiffeisen Bank Aval in Ukraine. Due to the size of the bank it is necessary to carry out the implementation plan over several years, parallel to other members of Raiffeisen International.

Outlook unchanged

Against the background of the current financial and economic crisis, concerns have arisen in recent months about the economic stability and credit rating of some of the countries in the CEE region, as well as the financial institutions operating there. Due to the considerable currency fluctuations of some currencies against the euro, these concerns further deepened and have had a considerable impact on our business operations. Nevertheless, the countries of Central and Eastern Europe offer financial institutions interesting perspectives and attractive long-term business opportunities, which result from their catch-up potential with the countries of Western Europe. We continue to be convinced of this potential, and continue to regard the CEE region as our core market. As in the past, not all markets will develop at the same pace, and we therefore consider our presence in 17 markets in CEE, where we have a large network of branch offices, to be a strength.

Due to the ongoing difficult market situation, it is currently not possible for us to give a reliable and valid outlook on our business development. Recently, however, an increase in indicators that the bottom of the dramatic economic downturn may have been reached, are emerging. The numerous stabilizing measures taken by governments and supranational institutions such as the IMF have contributed towards this turnabout. Consequently, the extreme uncertainty shown by market participants has been dispelled and exchange rates in the CEE countries have stabilized. According to our estimates, after the uncertainties caused by the global economic crisis, the countries of Central and Eastern Europe will return on the pathway towards growth again.

Segment reports

Regional segments

The individual countries of Central and Eastern Europe constitute the smallest cash generating units. Countries that expect a similar long-term economic development and exhibit a similar economic profile are grouped together as regional segments. Four regional segments have been defined in consideration of the threshold values required by IFRS 8, thus allowing transparent and well-organized reporting. The threshold values set forth in IFRS 8 are 10 per cent of operating income, profit after tax, and segment assets.

The following Group segments existed as of 30 September 2009. 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 European Union on 1 May 2004, the Czech Republic, Hungary, Poland, Slovakia, and Slovenia. They represent not only the most developed banking markets in Central and Eastern Europe, but also the markets in which Raiffeisen International was present earliest.
- ***Southeastern Europe***
  Southeastern Europe includes Albania, Bosnia and Herzegovina, Croatia, Kosovo, Moldova, Serbia, as well as Bulgaria and Romania, which joined the European Union on 1 January 2007. Moldova has been included in this segment due to its close economic ties to Romania and the relevant management structures within the Group.
- ***Russia***
  This segment includes the assets and performance of the Raiffeisen International companies active in the Russian Federation. The Group is represented in Russia by a bank, a leasing company, and a capital management company.
- ***CIS other***
  This segment contains Belarus, Kazakhstan, and Ukraine.

The figures stated in the segment report are derived from the financial statements according to International Financial Reporting Standards (IFRS) that are drawn on in the preparation of the consolidated financial statements. Divergences from locally published data are possible, since they may be based on locally different valuation rules – within IFRS and between IFRS and the respective accounting standards applicable in the countries – as well as on divergent scopes of consolidation.

Segment overview

The regional segments of Raiffeisen International displayed very different economic developments. On the one hand, the mild recovery on the financial markets had a positive effect especially in Central Europe and Southeastern Europe particularly in respect to market value recoveries of securities, bonds, and other interest and money market products. On the other hand, significant burdens on earnings were registered primarily in Ukraine and Hungary due to continuing deterioration of the credit environment, which was reflected in the resulting increase of provisioning. The earnings of all Raiffeisen International segments declined in the first three quarters of 2009.

Despite a sharp decline of net fee and commission income, the region of Central Europe achieved the highest profit before tax of all the segments, which amounted to € 188 million. Earnings were burdened considerably by the increased provisioning for impairment losses. Balance sheet assets fell by 5 per cent year-on-year.

The region of Southeastern Europe achieved the second-highest profit before tax at € 178 million. That was based on good operating income, which was down only slightly, by 4 per cent, on the comparable period of the preceding year. Balance sheet assets fell by 8 per cent year on year.

Pretax earnings amounted to € 99 million in Russia. That represents a decline on the comparable period despite equally high operating income and was due to significantly increased provisioning for impairment losses. The segment's balance sheet assets fell by 20 per cent year-on-year.

Pretax earnings in the CIS other region were negative in the amount of € 75 million. Profit was heavily burdened – especially in Ukraine – by net allocations to provisioning for impairment losses amounting to € 392 million. The segment's balance sheet assets were down sharply, by 31 per cent year-on-year.

Central Europe continued to dominate in respect to consolidated assets, with a share of 44 per cent. The Southeastern Europe segment had the second-largest share at 31 per cent, followed by Russia at 16 per cent and CIS other at 9 per cent.

Central Europe

In € million	1/1–30/9 2009	Change	1/1–30/9 2008
Net interest income	720	(6.3)%	769
of which current income from associates	–	–	2
Provisioning for impairment losses	(345)	155.3%	(135)
Net interest income after provisioning	**375**	**(40.8)%**	**633**
Net fee and commission income	316	(25.4)%	424
Net trading income	68	139.7%	28
Net income from derivatives	3	133.9%	1
Net income from financial investments	33	304.3%	8
General administrative expenses	(599)	(15.5)%	(709)
of which staff expenses	(282)	(20.3)%	(353)
of which other administrative expenses	(261)	(10.4)%	(292)
of which depreciation/amortization/write-downs	(56)	(11.7)%	(63)
Other net operating income	(7)	(56.2)%	(17)
Net income from disposal of group assets	0	(98.7)%	6
Profit before tax	**188**	**(49.8)%**	**375**
Income taxes	(43)	(44.8)%	(78)
Profit after tax	**145**	**(51.1)%**	**297**
Minority interests in profit	(49)	(39.2)%	(81)
Consolidated profit	**96**	**(55.5)%**	**216**
Share of profit before tax	48%	19.4 PP	29%
Share of profit after tax	49%	20.0 PP	29%
Risk-weighted assets (credit risk)[1]	22,195	(15.2)%	26,164
Total own funds requirement[1]	2,015	(15.7)%	2,390
Total assets[1]	33,636	(4.5)%	35,207
Liabilities[1]	31,050	(5.3)%	32,780
Risk/earnings ratio	47.9%	30.4 PP	17.6%
Cost/income ratio	54.6%	(4.2) PP	58.9%
Average equity	2,519	(7.7)%	2,730
Return on equity before tax	10.0%	(8.4) PP	18.3%
Consolidated return on equity (after minorities)	7.0%	(6.8) PP	13.7%
Average number of employees	13,694	2.4%	13,369
Number of business outlets[1]	583	5.8%	551

[1] Reporting date values as of 30 September

Profit before tax in the Central Europe region decreased by half on the comparable period of the preceding year. That was due to increased net allocations to provisioning for impairment losses and a sharp drop in net fee and commission income by € 187 million to € 188 million. The return on equity before tax for Central Europe was down by 8.4 percentage points to 10.0 per cent.

The region's net interest income fell by 6 per cent to € 720 million. The Group unit in Poland registered the largest earnings decline, triggered by increased interest expense on customer deposits due to the tightened competitive situation on the money market. In Hungary, exchange rate effects had a reducing influence on earnings. On the other hand, the Group unit in the Czech Republic registered a considerable increase of net interest income, primarily due to improved margins on mortgage loans. Group assets in Central Europe fell by 5 per cent. The net interest margin decreased by 31 basis points on the comparable period to 2.82 per cent. Credit risk-weighted assets fell by 15 per cent year-on-year from € 26.2 billion to € 22.2 billion. This decrease was due not only to currency effects, but also primarily to the introduction of the Basel II IRB approach at the end of 2008 for certain asset classes in Slovakia, Hungary, and the Czech Republic, with this effect being the strongest in the Group units of the two last-mentioned countries.

Provisions for impairment losses registered a net allocation of € 345 million in the first three quarters of 2009, after a net allocation of € 135 million in the comparable period of the preceding year. The increase by 155 per cent, or € 210 million, primarily reflected allocations in the Hungarian units. Allocations to portfolio-related provisions connected with loans to private individuals climbed significantly, for which the Hungarian units were also largely responsible. Individual provisions increased to a similar extent in all countries of the region except Hungary. The rise of individual provisions in Hungary was about twice as high as in the other large Group units of Central Europe in the first three quarters of 2009. The share of the loan portfolio attributable to non-performing loans went up by 3.5 percentage points to 6.2 per cent.

Net fee and commission income fell by 25 per cent, or € 108 million, to € 316 million, a significant decline that affected all countries of the region except the Czech Republic. A major part of that decline came from foreign exchange and notes/coins business, which was down by 44 per cent to € 105 million. The main reasons for that were a reduction in volume of foreign exchange business in Poland, the launch of the euro in Slovakia, and lower income in Hungary due to less new business in foreign currency loans. Net income from payment transfers and account services was down in all countries of the region and showed a decline of 18 per cent to € 125 million. Securities business decreased by one third of the preceding year's level to € 21 million because of lower customer activities.

The Central Europe region's trading income amounted to € 68 million and was thus 140 per cent above the comparable period's level. Currency-related business accounted for € 40 million of that, with major contributions made by Hungary and Poland. The region booked net income of € 29 million in interest-related business, which arose mainly from valuation gains on interest rate swap transactions in Slovakia. Equity and index-based transactions brought a loss of € 1 million, which was incurred almost entirely in Hungary.

Net income from derivatives amounted to € 3 million and arose almost exclusively from hedging transactions in Hungary and the Czech Republic, which were used to adjust the currency structure.

Net income from financial investments amounted to € 33 million. The proceeds from the intragroup sale of a company in Slovakia, which was neutralized in Group earnings by consolidation, came to

€ 12 million. The remaining net income from financial investments consisted of valuation gains on securities in all of the region's Group units, with the highest income registered in the Czech Republic at € 7 million.

General administrative expenses fell by 16 per cent, or € 110 million, on the comparable period of the preceding year, to € 599 million. That was attributable primarily to a 20 per cent reduction of staff expenses to € 282 million, which resulted from lower bonus payments and in some countries lower personnel levels. The average number of employees increased overall by 2 per cent year-on-year to 13,694. Other administrative expenses were down by 10 per cent on the comparable period to € 261 million, and depreciation/amortization/write-downs decreased by € 7 million to € 56 million. The number of business outlets grew by 6 per cent, or 32, to 583 year-on-year. This increase occurred primarily in Hungary (plus 23 business outlets). The region's cost/income ratio improved significantly by 4.2 percentage points to 54.6 per cent.

Other net operating income in the region amounted to minus € 7 million and mainly consisted of tax expenses not dependent on income at the Hungarian and Slovakian units. Operating leasing business made a positive contribution of € 7 million.

Income taxes fell by 45 per cent on the comparable period to € 43 million. The tax rate in the region increased by 2 percentage points to 23 per cent. Profit after tax and minorities amounted to € 96 million.

Southeastern Europe

In € million	1/1–30/9 2009	Change	1/1–30/9 2008
Net interest income	659	(5.7)%	699
Provisioning for impairment losses	(341)	276.6%	(91)
Net interest income after provisioning	**318**	**(47.7)%**	**608**
Net fee and commission income	307	(11.4)%	347
Net trading income	73	75.9%	41
Net income from derivatives	(3)	–	–
Net income from financial investments	8	–	(5)
General administrative expenses	(547)	(4.4)%	(572)
of which staff expenses	(237)	(5.5)%	(251)
of which other administrative expenses	(236)	(7.3)%	(254)
of which depreciation/amortization/write-downs	(74)	10.7%	(67)
Other net operating income	22	16.0%	19
Profit before tax	**178**	**(59.3)%**	**437**
Income taxes	(29)	(57.6)%	(69)
Profit after tax	**149**	**(59.6)%**	**368**
Minority interests in profit	(13)	(34.6)%	(20)
Consolidated profit	**136**	**(61.1)%**	**348**
Share of profit before tax	46%	11.9 PP	34%
Share of profit after tax	51%	14.1 PP	36%
Risk-weighted assets (credit risk)[1]	16,910	(13.6)%	19,575
Total own funds requirement[1]	1,535	(10.7)%	1,718
Total assets[1]	23,770	(7.6)%	25,738
Liabilities[1]	20,999	(8.4)%	22,919
Risk/earnings ratio	51.8%	38.8 PP	13.0%
Cost/income ratio	51.6%	(0.2) PP	51.8%
Average equity	1,999	(1.9)%	2,037
Return on equity before tax	11.9%	(16.8) PP	28.6%
Consolidated return on equity (after minorities)	10.2%	(15.5) PP	25.7%
Average number of employees	18,444	2.8%	17,947
Number of business outlets[1]	1,204	6.4%	1,132

[1] Reporting date values as of 30 September

In Southeastern Europe, profit before tax came to € 178 million and was thus 59 per cent, or € 259 million, below the figure in the comparable period of 2008. Sharply increased provisioning for impairment losses burdened earnings. Consequently, the return on equity before tax fell by 16.8 percentage points to 11.9 per cent.

Net interest income in the region fell by 6 per cent, or € 40 million, to € 659 million. Increased funding costs in Romania, with respect to both customer deposits and loans from banks, were the main reason for this decline. Balance sheet assets decreased by 8 per cent to € 23.8 billion. The net interest margin narrowed by 23 basis points to 3.61 per cent. Credit risk-weighted assets fell by 14 per cent from € 19.6 billion to € 16.9 billion. On the other hand, the balance sheet total was down by 8 per cent. The disproportionate decrease of credit risk-weighted assets resulted from the smaller volume of government securities in Albania and reduced off-balance-sheet items in Croatia. In Romania, the Basel II IRB approach was applied for the first time to certain asset classes beginning in July 2009, but that did not result in a reduction of risk-weighted assets.

Net provisioning for impairment losses rose by € 250 million to € 341 million. This increase primarily resulted from allocations to individual provisions in the region. Allocations to provisions in the Romanian units mainly concerned loans to private individuals. On the other hand, allocations increased sharply in the Croatian units, particularly for loans to corporate customers. Allocations were made to portfolio-based provisions at all Group units of the region, but the total amount was € 7 million lower than in the comparable period. The share of the loan portfolio attributable to non-performing loans went up by 4.0 percentage points year-on-year to 5.7 per cent and was the lowest among all the regions.

Net fee and commission income came to € 307 million, which was 11 per cent below the preceding year's level. Payment transfer business contributed € 131 million, or 3 per cent more than in the preceding year. Still the strongest fee and commission earner, the Group unit in Romania made the largest contribution, at € 64 million, from fees for new credit cards and payment transactions, transactions with Western Union, and other bank transactions. The foreign exchange and notes/coins business shrank by 21 per cent to € 59 million. The credit and guarantee business generated € 54 million – almost exclusively in Romania.

Net trading income in Southeastern Europe registered a positive development. It was the highest among all the regions and rose from € 41 million in the comparable period to € 73 million in the first three quarters of 2009. Currency-related business made a significant contribution to profit of € 57 million. In Romania, the valuation of cross-currency interest rate swaps, used to hedge foreign currency loans to customers, made a considerable contribution in the amount of € 40 million. In Croatia, positive market value adjustments of the securities portfolio led to an offset of the valuation losses registered in the preceding periods. A profit of € 16 million was booked in interest-related business, which was achieved equally among the countries of the region.

Net income from derivatives was negative in the amount of € 3 million due to valuation losses on hedging transactions using other derivatives not recognized by IFRS made to minimize interest rate risks. Accordingly, the valuation gains were to be recognized in the income statement.

Net income from financial investments rose to € 8 million, after a negative value in the comparable period. This increase was influenced by recoveries on the valuation of securities. In particular, valuation gains from bonds in Romania contributed € 11 million to the result.

General administrative expenses totaled € 547 million and thus remained slightly below the comparable period's level. Staff expenses fell by € 14 million to € 237 million, while the average number of employees increased by 3 per cent, or 497, on the comparable period to 18,444. Despite expansion of the business outlet network, other administrative expenses amounted to € 236 million and were thus 7 per cent lower than those of the comparable period. Depreciation/amortization/write-downs, mostly for capital investments in branches, increased by 11 per cent to € 74 million. Starting from 1,132 business outlets at the end of the comparable period, their number rose by 6 per cent to 1,204. Southeastern Europe thereby showed the largest increase among all the segments, achieved mainly through strong branch network expansion in Romania (plus 29 business outlets). The cost/income ratio improved slightly by 0.2 percentage points to 51.6 per cent.

Other net operating income increased on the preceding year's level by 16 per cent to € 22 million. In addition to relatively small expense items, income from operating leasing business contributed € 29 million to that in the period under review.

Income taxes fell by 58 per cent on the comparable period to € 29 million. The tax rate in the region remained at the comparable period's level and came to 16 per cent. Profit after tax and minorities amounted to € 136 million.

Russia

In € million	1/1–30/9 2009	Change	1/1–30/9 2008
Net interest income	523	4.9%	499
Provisioning for impairment losses	(287)	241.6%	(84)
Net interest income after provisioning	**236**	**(43.0)%**	**415**
Net fee and commission income	150	1.4%	148
Net trading income	(14)	–	17
Net income from derivatives	7	–	(1)
Net income from financial investments	3	(72.5)%	10
General administrative expenses	(273)	(16.2)%	(326)
of which staff expenses	(123)	(19.0)%	(152)
of which other administrative expenses	(126)	(17.6)%	(153)
of which depreciation/amortization/write-downs	(24)	14.8%	(21)
Other net operating income	(10)	97.7%	(5)
Profit before tax	**99**	**(61.8)%**	**258**
Income taxes	(27)	(63.5)%	(74)
Profit after tax	**72**	**(61.1)%**	**184**
Minority interests in profit	0	(67.9)%	(1)
Consolidated profit	**72**	**(61.1)%**	**184**
Share of profit before tax	25%	5.4 PP	20%
Share of profit after tax	24%	6.2 PP	18%
Risk-weighted assets (credit risk)[1]	7,668	(29.6)%	10,890
Total own funds requirement[1]	749	(26.3)%	1,016
Total assets[1]	12,335	(19.5)%	15,329
Liabilities[1]	10,811	(20.5)%	13,596
Risk/earnings ratio	54.9%	38.0 PP	16.9%
Cost/income ratio	42.1%	(7.4) PP	49.5%
Average equity	1,058	(7.1)%	1,139
Return on equity before tax	12.4%	(17.8) PP	30.2%
Consolidated return on equity (after minorities)	9.0%	(12.6) PP	21.6%
Average number of employees	9,546	0.2%	9,524
Number of business outlets[1]	223	(9.7)%	247

1 Reporting date values as of 30 September

Profit before tax declined in Russia by 62 per cent, or € 159 million, to € 99 million despite an increase of net interest income and net fee and commission income. The reason for this was, as in the other segments, high net provisioning for impairment losses. The return on equity before tax was consequently reduced by 17.8 percentage points to 12.4 per cent.

Net interest income increased by 5 per cent, or € 24 million, to € 523 million, which was largely due to margin improvement on the asset side. Furthermore, net interest income from derivatives – primarily interest rate swaps – contributed € 7 million more to earnings than in the comparable period in 2008. The net interest margin improved by 22 basis points to 5.18 per cent. Balance sheet assets were down by 20 per cent, or € 3.0 billion, year-on-year to € 12.3 billion mainly due to the Russian rouble's sharp devaluation.

Credit risk-weighted assets fell by 30 per cent to € 7.7 billion and thus more sharply than balance sheet assets, which declined by 20 per cent. This difference is explained primarily by the reduction of committed credit lines in the off-balance-sheet area.

Net provisioning for impairment losses increased from € 84 million in the comparable period to € 287 million. Mainly responsible for this increase were individual provisions in the amount of € 272 million, which primarily concerned loans to corporate customers. Furthermore, provisions for loans to the public sector were formed in the amount of € 6 million. Allocations to portfolio-based provisions remained nearly unchanged on the comparable period and amounted to € 19 million. The reasons for that were a reduction of volume in the corporate customer portfolio, which is the basis for the provisions, and shifts from portfolio-based to individual provisions. Because of the sharp rise of non-performing loans, whose share of the loan portfolio increased by 7.9 percentage points to 9.2 per cent, correspondingly higher individual provisions were necessary.

Net fee and commission income grew slightly, by 1 per cent, or € 2 million, to € 150 million. Payment transfer business contributed € 54 million (minus 22 per cent). On the other hand, income from foreign exchange and notes/coins business increased by 10 per cent on the comparable period to € 46 million. Net income from credit and guarantee business rose to € 21 million (plus 31 per cent).

Net trading income dropped from € 17 million in the comparable period to minus € 14 million in the first three quarters of 2009. Currency-related business amounted to minus € 52 million and resulted primarily from the valuation of foreign exchange forward contracts due to changed forward rates. Interest-related business was shaped by strong value recoveries and yielded income of € 37 million, which was largely caused by fixed-income securities due to the downward development of interest rates.

Net income from derivatives amounted to € 7 million in the period under review. It was based mainly on valuation results from interest rate swaps used to reduce yield curve risk.

Net income from financial investments amounted to € 3 million in Russia. The valuation of the marked-to-market fixed-income securities portfolio yielded a profit of € 5 million. A loss of € 2 million arose from the write-down of a local Russian issue.

General administrative expenses fell by 16 per cent, or € 53 million, to € 273 million primarily due to currency devaluations. Staff expenses in the region declined the most, by 19 per cent, or € 29 million, to € 123 million. The average number of employees remained almost unchanged on the comparable period and amounted to 9,546. Other administrative expenses fell by 18 per cent, or € 27 million, to € 126 million. Depreciation/amortization/write-downs rose by € 3 million to € 24 million in line with additions to fixed assets. The region's cost/income ratio improved significantly, by 7.4 percentage points to 42.1 per cent.

The segment's other net operating income doubled to minus € 10 million on the comparable period in 2008. Higher expenses for taxes not dependent on income were mainly responsible for that worsening.

Income taxes declined by 64 per cent on the comparable period to € 27 million. The tax rate in the region remained almost unchanged and amounted to 27 per cent. Profit after tax and minorities fell by 61 per cent to € 72 million.

CIS other

In € million	1/1–30/9 2009	Change	1/1–30/9 2008
Net interest income	373	(4.9)%	392
Provisioning for impairment losses	(392)	>500.0%	(56)
Net interest income after provisioning	**(19)**	**–**	**337**
Net fee and commission income	131	(24.9)%	175
Net trading income	17	(5.6)%	18
Net income from derivatives	1	–	–
Net income from financial investments	11	–	(3)
General administrative expenses	(216)	(25.2)%	(289)
of which staff expenses	(108)	(30.7)%	(155)
of which other administrative expenses	(81)	(22.0)%	(104)
of which depreciation/amortization/write-downs	(27)	(7.2)%	(29)
Other net operating income	(1)	(89.6)%	(10)
Profit before tax	**(75)**	**–**	**228**
Income taxes	4	–	(67)
Profit after tax	**(71)**	**–**	**161**
Minority interests in profit	1	–	(10)
Consolidated profit	**(71)**	**–**	**151**
Share of profit before tax	(19)%	(36.8) PP	18%
Share of profit after tax	(24)%	(40.2) PP	16%
Risk-weighted assets (credit risk)[1]	5,702	(30.4)%	8,197
Total own funds requirement[1]	520	(28.3)%	726
Total assets[1]	6,660	(30.5)%	9,580
Liabilities[1]	5,837	(28.9)%	8,214
Risk/earnings ratio	105.0%	90.8 PP	14.2%
Cost/income ratio	41.5%	(8.7) PP	50.2%
Average equity	753	(6.9)%	809
Return on equity before tax	–	–	37.5%
Consolidated return on equity (after minorities)	–	–	27.1%
Average number of employees	18,880	(5.9)%	20,062
Number of business outlets[1]	1,135	(8.3)%	1,238

[1] Reporting date values as of 30 September

Profit before tax in the CIS other segment declined by € 303 million on the comparable period of the preceding year to minus € 75 million. A differentiated view of the segment should be taken because the region's countries show very heterogeneous developments. Very high net provisioning for impairment losses in the Ukrainian units and currency devaluation there that had an especially heavy impact in this segment were the main reasons for the earnings decline. On the other hand, the Group units in Belarus registered a significant improvement in earnings due to increases in operating profit, which partly offset the losses of the CIS other region.

The segment's net interest income fell overall by 5 per cent, or € 19 million, to € 373 million. In Ukraine, the currency effects had an especially strong earnings-reducing influence despite significant improvement of customer margins on the asset side. In Belarus, an increase in net interest income was achieved by repricing loans in all business divisions. Balance sheet assets fell by 31 per cent, or € 2.9 billion, year-on-year to € 6.7 billion, while the net interest margin increased by 42 basis points to 6.77 per cent.

Credit risk-weighted assets fell by 30 per cent to € 5.7 billion and thus in line with the balance sheet total, which declined by 31 per cent. The worsening of Ukraine's country rating affected the calculation of risk-weighted assets through a higher risk weighting.

Net provisioning for impairment losses rose from € 56 million in the comparable period to € 392 million in the period under review. This increase was the highest among all the regions and continues to reflect the generally weak credit environment in Ukraine. Individual provisions accounted for € 322 million of the increase and almost entirely concerned extensive allocations connected with mortgage loans to private individuals in Ukraine. New portfolio-based provisions were formed to a lesser extent – in the amount of € 26 million – with the majority for loans to corporate customers in Ukraine. The share of the segment's loan portfolio attributable to non-performing loans rose by 13.7 percentage points to 17.7 per cent. The figure was 20.9 per cent in Ukraine, and 2.7 per cent in Belarus.

Net fee and commission income registered a sharp decline by € 44 million to € 131 million due to limited customer activity in Ukraine and to currency effects. Payment transfer business made the most important contribution to earnings in the amount of € 86 million. Foreign exchange and notes/coins business contributed € 43 million.

Net trading income declined only slightly, from € 18 million to € 17 million, and resulted almost entirely from currency-related business. Valuation gains in connection with a strategic currency position which results from the hedging of equity in Belarus, amounted to € 23 million. Due to a change in IFRS regulations, the valuation results have to be reported in the income statement from the beginning of 2009. Set against that were currency-related losses in Kazakhstan and Ukraine. Interest-related business yielded income of € 5 million, which was entirely achieved in Ukraine.

Net income from derivatives amounted to € 1 million in the period under review. It was booked in the Kazakhstan leasing company.

Net income from financial investments came to € 11 million. Valuation gains of the marked-to-market securities portfolio in the Ukrainian subsidiary had a positive effect.

General administrative expenses fell overall by 25 per cent, or € 73 million, to € 216 million. Staff expenses declined the most, by 31 per cent, or € 47 million, to € 108 million. The average number of employees in the region was reduced by 6 per cent, or 1,182 employees, on the comparable period to 18,880 because of the cost-cutting programs immediately initiated upon the outbreak of the crisis. Other administrative expenses fell by 22 per cent, or € 23 million, to € 81 million, which was connected with the selective reduction of business outlets in Ukraine (minus 106 outlets). Depreciation/amortization/write-downs amounted to € 27 million, which was 7 per cent below the comparable period's level in 2008. The region's cost/income ratio improved significantly, by 8.7 percentage points to 41.5 per cent.

The segment's other net operating income was negative in the amount of € 1 million.

Income taxes yielded a positive value of € 4 million due to the formation of deferred tax assets. The figure in the comparable period was minus € 67 million. Profit after tax and minorities decreased to minus € 71 million.

Business divisions

In addition to its regional segmentation, Raiffeisen International is structured into business divisions that reflect its internal organization and reporting patterns. The Group's business is classified into the following divisions:

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

The corporate customer division includes local and international businesses of medium and large scale. The retail customer division covers private individuals and small and medium-sized entities with sales of up to € 5 million. The treasury division comprises the proprietary trading of the treasury and the investment banking business, which is conducted only in some Group units. The participations and other division is concerned with the management of participations in addition to non-banking activities. Other cross-divisional activities are also involved, including some performed by parent company Raiffeisen International Bank-Holding AG.

Business division overview

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

1/1-30/9/2008 In € million	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	793	1,355	160	35	2,342
Provisioning for impairment losses	(99)	(265)	–	(2)	(366)
Net interest income after provisioning	**694**	**1,090**	**159**	**33**	**1,976**
Net fee and commission income	385	717	1	(5)	1,098
Net trading income	2	1	126	(1)	127
Net income from derivatives	–	–	1	–	1
Net income from financial investments	(1)	–	(13)	24	10
General administrative expenses	(408)	(1,378)	(76)	(78)	(1,940)
Other net operating income	25	9	–	(52)	(18)
Net income from disposal of group assets	–	–	–	6	6
Profit before tax	**698**	**438**	**197**	**(72)**	**1,261**
Risk-weighted assets (credit risk)[1]	35,402	19,825	6,080	3,362	64,668
Total own funds requirement[1]	2,983	1,838	992	266	6,080
Average number of employees	9,744	47,978	1,461	1,957	61,140
Cost/income ratio	33.8%	66.2%	26.7%	–	54.6%
Average equity	3,177	2,020	1,027	393	6,617
Return on equity before tax	29.3%	28.9%	25.6%	–	25.4%

1 Reporting date values as of 30 September

Corporate customers

The corporate customer division registered an earnings decline in the period under review. Profit before tax fell by 69 per cent to € 217 million. The strong rise of net provisioning for impairment losses to € 534 million was mainly responsible for that development. The increase of provisioning for impairment losses was caused primarily by allocations in the amount of € 171 million in the Russian unit, whose business is strongly geared to corporate customers.

Operating income fell from € 1,205 million to € 1,072 million and thus remained 11 per cent below the preceding year's level. Net interest income was down by 6 per cent on the comparable period at € 748 million. This development was influenced by reduced transactions with the public sector in Hungary. On the other hand, net interest income rose in Russia, since higher risk costs were partly offset by margin increases. Net fee and commission income registered a decline by 21 per cent to € 304 million, which resulted primarily from the cyclically induced declines in business at the Russian and Ukrainian units.

General administrative expenses fell by 20 per cent to € 325 million. The cost/income ratio improved by 3.5 percentage points to 30.3 per cent.

Other net operating income rose by 6 per cent to € 27 million. The business area of operating leasing in Croatia continued to make the largest contribution at € 17 million.

Credit risk-weighted assets amounted to € 26.4 billion. That represents a sharp decline by 25 per cent on the comparable period in 2008, which was driven by volume and currency relations.

The return on equity before tax fell by 20.3 percentage points to 9.0 per cent because of the decline in earnings.

Retail customers

Profit before tax in the retail customer division remained negative as in the preceding quarters and amounted to minus € 143 million in the reporting period. A positive result of € 438 million was achieved in the comparable period of 2008. Due to the worsened risk situation, a substantially higher net provisioning for impairment losses of € 831 million became necessary, which was primarily responsible for the earnings decline. A significant increase of provisioning for impairment losses was made in Ukraine at € 253 million, where business with private individuals has a large share of the total. With € 371 million, the share of provisioning in Ukraine, Russia, and Hungary amounted to 45 per cent of the total for the retail division.

Operating income from this division was down by 10 per cent on the comparable period at € 1,877 million. Net interest income fell by 6 per cent to € 1,273 million, primarily due to declines in the Russian and Ukrainian units. Net fee and commission income fell by 18 per cent to € 590 million, which was mainly due to the decline in the Ukrainian units.

General administrative expenses fell by 14 per cent in the reporting period to € 1,188 million as a result of cost-cutting measures and currency influences. The cost/income ratio improved further by 2.9 percentage points to 63.3 per cent.

Other net operating income rose by 46 per cent to € 13 million. The operating leasing business made the largest contribution in the amount of € 9 million.

Credit risk-weighted assets dropped by 15 per cent year-on-year and amounted to € 16.9 billion at the end of the reporting period.

The return on equity before tax was negative because of the loss.

Treasury

The treasury division made a profit before tax of € 155 million and thus registered a decline of 22 per cent on the comparable period. The result was achieved despite a sharp decline of net interest income due to a 21 per cent improvement of net trading income.

Net interest income fell on the comparable period from € 160 million to € 11 million primarily because of higher funding costs, increased costs for the minimum reserve, and lower income from invested liquidity surpluses.

Net trading income amounted to € 153 million and was largely influenced by appreciation of the securities portfolio in Croatia and Romania, which had suffered value losses primarily in the final quarter of 2008.

Net income from derivatives came to € 0.7 million, to which the main contribution was made by valuation gains on interest rate swaps in Russia and Hungary.

Net income from financial investments was positive in the amount of € 46 million in contrast to the comparable period. It mostly resulted from valuation gains on fixed-income securities in the Ukrainian and Romanian units.

General administrative expenses were reduced by 16 per cent year-on-year. Operating income showed a comparatively sharp decline by 40 per cent to € 172 million. Consequently, the cost/income ratio increased by 10.5 percentage points to 37.2 per cent.

Credit risk-weighted assets fell by 5 per cent to € 5.8 billion.

The division’s return on equity before tax increased by 4.1 percentage points to 29.7 per cent.

Participations and other

The participations and other segment's profit before tax came to € 57 million. Net interest income increased several times over on the comparable period to € 193 million. The result was positive mainly because it includes the computational results from the investment of equity, which rose sharply in the reporting period due to the high interest rate level in the CEE region.

Besides the results of participations and non-banking activities, the division also includes the costs of central Group management, which remained stable compared with same period in the preceding year. Those remain in the division and are not distributed to the other divisions.

Consolidated financial statements
(Interim report as of 30 September 2009)

Income statement

In € million	Notes	1/1-30/9 2009	Change	1/1-30/9 2008
Interest income		4,315.4	(2.5)%	4,424.4
Current income from associates		0.5	(64.3)%	1.4
Interest expenses		(2,091.5)	0.4%	(2,084.1)
Net interest income	(2)	**2,224.4**	**(5.0)%**	**2,341.7**
Provisioning for impairment losses	(3)	(1,365.0)	273.4%	(365.5)
Net interest income after provisioning		**859.4**	**(56.5)%**	**1,976.1**
Fee and commission income		1,068.7	(17.1)%	1,289.7
Fee and commission expense		(162.3)	(15.4)%	(191.9)
Net fee and commission income	(4)	**906.4**	**(17.4)%**	**1,097.8**
Net trading income	(5)	146.7	15.2%	127.4
Net income from derivatives	(6)	5.5	397.6%	1.1
Net income from financial investments	(7)	43.6	330.4%	10.1
General administrative expenses	(8)	(1,678.0)	(13.5)%	(1,939.5)
Other net operating income	(9)	3.0	–	(17.6)
Net income from disposal of group assets		0.1	(98.2)%	5.6
Profit before tax		**286.7**	**(77.3)%**	**1,261.0**
Income taxes		(71.0)	(76.0)%	(295.6)
Profit after tax		**215.7**	**(77.7)%**	**965.4**
Minority interests in profit		(60.1)	(42.1)%	(103.9)
Consolidated profit		**155.6**	**(81.9)%**	**861.5**

In €	1/1-30/9 2009	Change	1/1-30/9 2008
Earnings per share	**0.72**	**(4.89)**	**5.61**
Earnings per share before computational compensation for participation rights	**1.01**	**(4.60)**	**5.61**

Earnings per share are obtained by dividing consolidated profit less the computational compensation for participation rights by the average number of common shares outstanding. As of 30 September 2009, the number of common shares outstanding was 153.7 million compared with 153.6 million as of 30 September 2008.

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

Profit development

Quarterly results

In € million	Q4/2008	Q1/2009	Q2/2009	Q3/2009
Net interest income	890.3	767.1	728.7	728.6
Provisioning for impairment losses	(414.8)	(445.2)	(523.3)	(396.5)
Net interest income after provisioning	**475.6**	**321.9**	**205.4**	**332.1**
Net fee and commission income	398.6	293.7	291.1	321.6
Net trading income	40.3	45.6	73.3	27.8
Net income from derivatives	(21.0)	(4.9)	23.9	(13.5)
Net income from financial investments	(35.8)	(2.9)	34.2	12.3
General administrative expenses	(693.5)	(573.6)	(569.5)	(534.9)
Other net operating income	1.8	3.7	11.8	(12.5)
Net income from disposal of group assets	2.2	0.1	–	–
Profit before tax	**168.1**	**83.6**	**70.2**	**132.9**
Income taxes	(55.3)	(19.9)	(14.8)	(36.3)
Profit after tax	**112.8**	**63.7**	**55.4**	**96.6**
Minority interests in profit	7.7	(7.5)	(33.5)	(19.1)
Consolidated profit	**120.5**	**56.2**	**21.9**	**77.5**

In € million	Q4/2007	Q1/2008	Q2/2008	Q3/2008
Net interest income	715.1	711.1	786.5	844.1
Provisioning for impairment losses	(114.9)	(93.0)	(108.3)	(164.2)
Net interest income after provisioning	**600.2**	**618.1**	**678.1**	**679.9**
Net fee and commission income	354.8	330.9	372.0	394.9
Net trading income	7.1	37.6	54.6	35.2
Net income from derivatives	(8.0)	(36.7)	44.1	(6.3)
Net income from financial investments	0.8	(1.5)	0.9	10.8
General administrative expenses	(646.3)	(584.4)	(665.5)	(689.7)
Other net operating income	(23.5)	5.8	(17.0)	(6.4)
Net income from disposal of group assets	(0.9)	–	5.8	(0.2)
Profit before tax	**284.2**	**369.6**	**473.1**	**418.3**
Income taxes	(47.4)	(90.2)	(106.0)	(99.3)
Profit after tax	**236.8**	**279.4**	**367.1**	**319.0**
Minority interests in profit	(21.3)	(24.9)	(55.8)	(23.2)
Consolidated profit	**215.6**	**254.4**	**311.3**	**295.8**

Balance sheet

Assets In € million	Notes	30/9 2009	Change	31/12 2008
Cash reserve		3,244	(54.5)%	7,130
Loans and advances to banks	(11,30)	11,213	24.1%	9,038
Loans and advances to customers	(12,30)	51,830	(10.5)%	57,902
Impairment losses for loans and advances	(13)	(2,759)	68.1%	(1,641)
Trading assets	(14,30)	3,569	(5.2)%	3,763
Derivatives	(15,30)	380	(56.1)%	865
Financial investments	(16,30)	6,842	33.2%	5,137
Investments in associates	(30)	3	18.7%	3
Intangible fixed assets	(17)	931	(2.2)%	952
Tangible fixed assets	(18)	1,259	(0.4)%	1,264
Other assets	(19,30)	1,010	2.5%	985
Total assets		**77,522**	**(9.2)%**	**85,397**

Equity and liabilities In € million	Notes	30/9 2009	Change	31/12 2008
Deposits from banks	(20,30)	21,017	(19.8)%	26,213
Deposits from customers	(21,30)	42,607	(3.6)%	44,206
Liabilities evidenced by paper	(22,30)	2,615	(22.9)%	3,393
Provisions for liabilities and charges	(23,30)	347	(20.6)%	437
Trading liabilities	(24,30)	574	(60.7)%	1,460
Derivatives	(25,30)	312	(62.5)%	832
Other liabilities	(26,30)	848	29.8%	653
Subordinated capital	(27,30)	2,340	38.9%	1,684
Equity	(28)	6,862	5.3%	6,518
Consolidated equity		5,711	23.8%	4,613
Consolidated profit		156	(84.1)%	982
Minority interests		995	7.8%	923
Total equity and liabilities		**77,522**	**(9.2)%**	**85,397**

Statement of changes in equity

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2008	**469**	**–**	**2,588**	**1,929**	**841**	**795**	**6,622**
Capital increases	–	–	–	–	–	41	41
Transferred to retained earnings	–	–	–	698	(698)	–	–
Dividend payments	–	–	–	–	(143)	(37)	(179)
Comprehensive income	–	–	–	120	861	153	1,134
Own shares/share incentive program	(1)	–	(16)	–	–	1	(16)
Other changes	–	–	–	(21)	–	6	(15)
Equity as of 30/9/2008	**469**	**–**	**2,572**	**2,726**	**861**	**959**	**7,587**

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

Comprehensive income

In € million	Group equity 1/1-30/9 2009	Group equity 1/1-30/9 2008	Minority interests 1/1-30/9 2009	Minority interests 1/1-30/9 2008
Consolidated profit	**156**	**861**	**60**	**104**
Exchange differences	(289)	211	14	49
Capital hedge	(24)	(101)	–	–
Cash flow hedge	9	(7)	–	–
Valuation result of available-for-sale financial assets	4	22	–	1
Deferred taxes on income and expenses directly recognized in equity	(1)	(6)	–	–
Comprehensive income	**(145)**	**981**	**74**	**153**

Cash flow statement

In € million	1/1-30/9 2009	1/1-30/9 2008
Cash and cash equivalents at the end of the previous period	**7,130**	**3,664**
Net cash from operating activities	(3,792)	378
Net cash from investing activities	(1,058)	(486)
Net cash from financing activities	1,080	(62)
Effect of exchange rate changes	(116)	116
Cash and cash equivalents at the end of period	**3,244**	**3,612**

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.

1/1-30/9/2009 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Reconciliation	Total
Net interest income	719.9	658.7	523.4	373.1	(50.7)	2,224.4
Provisioning for impairment losses	(345.2)	(341.0)	(287.2)	(391.7)	–	(1,365.0)
Net interest income after provisioning	**374.8**	**317.7**	**236.2**	**(18.5)**	**(50.7)**	**859.4**
Net fee and commission income	316.1	307.2	149.8	131.5	1.9	906.4
Net trading income	68.1	72.9	(14.3)	16.6	3.3	146.7
Net income from derivatives	2.9	(2.7)	7.2	1.0	(2.8)	5.5
Net income from financial investments	32.8	8.0	2.8	11.5	(11.5)	43.6
General administrative expenses	(598.8)	(547.0)	(273.3)	(215.9)	(42.9)	(1,677.9)
of which staff expenses	(281.6)	(237.5)	(123.3)	(107.7)	(30.2)	(780.3)
of which other administrative expenses	(261.3)	(235.9)	(126.4)	(81.4)	(10.7)	(715.6)
of which depreciation	(56.0)	(73.6)	(23.6)	(26.9)	(2.0)	(182.0)
Other net operating income	(7.5)	21.9	(9.7)	(1.0)	(0.7)	3.0
Net income from disposal of group assets	0.1	–	–	–	–	0.1
Profit before tax	**188.4**	**178.0**	**98.7**	**(75.0)**	**(103.4)**	**286.7**
Income taxes	(43.2)	(29.3)	(26.9)	3.5	24.9	(71.0)
Profit after tax	**145.2**	**148.7**	**71.7**	**(71.4)**	**(78.5)**	**215.7**
Minority interests in profit	(49.0)	(13.0)	(0.2)	0.9	1.2	(60.1)
Consolidated profit	**96.2**	**135.7**	**71.5**	**(70.5)**	**(77.3)**	**155.6**
Share of profit before tax	48.3%	45.6%	25.3%	(19.2)%	–	100.0%
Share of profit after tax	49.4%	50.5%	24.4%	(24.3)%	–	100.0%
Risk-weighted assets (credit risk)[1]	22,195	16,910	7,668	5,702	(135)	52,340
Own funds requirement[1]	2,015	1,535	749	520	388	5,206
Total assets[1]	33,636	23,770	12,335	6,660	1,121	77,522
Liabilities[1]	31,050	20,999	10,811	5,837	1,965	70,661
Risk/earnings ratio	47.9%	51.8%	54.9%	105.0%	–	61.4%
Cost/income ratio	54.6%	51.6%	42.1%	41.5%	–	51.1%
Average equity	2,519	1,999	1,058	753	(17)	6,312
Return on equity before tax	10.0%	11.9%	12.4%	–	–	6.1%
Consolidated return on equity (after minorities)	7.0%	10.2%	9.0%	–	–	3.8%
Average number of staff	13,694	18,444	9,546	18,880	362	60,926
Business outlets[1]	583	1,204	223	1,135	–	3,145

[1] Reporting date values as of 30 September

1/1-30/9/2008 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Reconciliation	Total
Net interest income	768.7	698.6	498.7	392.4	(16.6)	2,341.7
Provisioning for impairment losses	(135.2)	(90.5)	(84.1)	(55.7)	–	(365.5)
Net interest income after provisioning	**633.5**	**608.0**	**414.6**	**336.6**	**(16.6)**	**1,976.1**
Net fee and commission income	423.9	346.5	147.8	175.0	4.6	1,097.8
Net trading income	28.4	41.4	17.4	17.6	22.5	127.4
Net income from derivatives	1.2	–	(0.7)	–	0.6	1.1
Net income from financial investments	8.1	(5.3)	10.3	(2.9)	–	10.1
General administrative expenses	(708.5)	(572.2)	(326.2)	(288.8)	(43.8)	(1,939.5)
of which staff expenses	(353.5)	(251.2)	(152.3)	(155.4)	(34.8)	(947.3)
of which other administrative expenses	(291.6)	(254.5)	(153.4)	(104.4)	(7.2)	(811.1)
of which depreciation	(63.4)	(66.5)	(20.5)	(29.0)	(1.8)	(181.2)
Other net operating income	(17.1)	18.9	(4.9)	(9.8)	(4.7)	(17.6)
Net income from disposal of group assets	5.6	–	–	–	–	5.6
Profit before tax	**375.2**	**437.3**	**258.2**	**227.7**	**(37.4)**	**1,261.0**
Income taxes	(78.3)	(69.0)	(73.9)	(66.6)	(7.9)	(295.6)
Profit after tax	**296.9**	**368.3**	**184.3**	**161.2**	**(45.3)**	**965.4**
Minority interests in profit	(80.6)	(19.9)	(0.6)	(10.4)	7.5	(103.9)
Consolidated profit	**216.3**	**348.4**	**183.7**	**150.8**	**(37.7)**	**861.5**
Share of profit before tax	28.9%	33.7%	19.9%	17.5%	–	100.0%
Share of profit after tax	29.4%	36.4%	18.2%	15.9%	–	100.0%
Risk-weighted assets (credit risk)[1]	26,164	19,575	10,890	8,197	(158)	64,668
Own funds requirement[1]	2,390	1,718	1,016	726	230	6,080
Total assets[1]	35,207	25,738	15,329	9,580	1,397	87,251
Liabilities[1]	32,780	22,919	13,596	8,214	2,155	79,664
Risk/earnings ratio	17.6%	13.0%	16.9%	14.2%	–	15.6%
Cost/income ratio	58.9%	51.8%	49.5%	50.2%	–	54.6%
Average equity	2,730	2,037	1,139	809	(97)	6,617
Return on equity before tax	18.3%	28.6%	30.2%	37.5%	–	25.4%
Consolidated return on equity (after minorities)	13.7%	25.7%	21.6%	27.1%	–	19.9%
Average number of staff	13,369	17,947	9,524	20,062	238	61,140
Business outlets[1]	551	1,132	247	1,238	–	3,168

[1] Reporting date values as of 30 September

Notes

Accounting and measurement principles

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

The interim report as of 30 September 2009 is prepared in accordance with IAS 34. In the interim reporting, the same accounting and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements of 2008.

The interim report as of 30 September 2009 of Raiffeisen International Bank-Holding AG did not undergo a complete audit, nor did it undergo an audit inspection carried out by a certified auditor.

Changes in consolidated group

	Fully consolidated		Equity method	
Number of units	30/9/2009	31/12/2008	30/9/2009	31/12/2008
As of beginning of period	131	121	1	3
Included for the first time in the financial period	6	19	–	–
Excluded in the financial period	–	(7)	–	(2)
Merged in the financial period	(1)	(2)	–	–
As of end of period	**136**	**131**	**1**	**1**

The following companies were integrated in the consolidated financial statements for the first time:

Name	Share	Included as of	Fact
ACB Ponava, s.r.o., Prague (CZ)	34.5 %	1/3	Materiality
REC Alpha LLC, Kiev (UA)	99.9%	1/7	Foundation
REH Limited, Limassol (CY)	100.0%	1/7	Foundation
Regional Card Processing Center s.r.o., Bratislava (SK)	63.0%	1/1	Foundation
Raiffeisen Leasing Kosovo LLC, Pristina (RS)	92.5%	1/1	Foundation
SCTAI Angol Iskola Kft, Budapest (HU)	56.9%	22/9	Materiality

Notes to the income statement

(1) Income statement according to measurement categories

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

In € million	1/1-30/9 2009	1/1-30/9 2008
Net income from financial assets and liabilities held-for-trading	315.9	(28.7)
Net income from financial assets and liabilities at fair value through profit or loss	219.3	59.4
Net income from financial assets available-for-sale	2.7	24.3
Net income from loans and receivables	2,486.9	3,762.6
Net income from financial assets held-to-maturity	135.8	119.8
Net income from financial liabilities measured at acquisition cost	(2,079.4)	(2,081.1)
Net income from derivatives (hedging)	1.4	1.2
Net revaluations from exchange differences	(27.5)	255.9
Other net operating income/expenses	(768.4)	(852.3)
Total profit before tax from continuing operations	**286.7**	**1,261.0**

(2) Net interest income

In € million	1/1-30/9 2009	1/1-30/9 2008
Interest income	**4,307.4**	**4,414.1**
from loans and advances to banks	181.4	378.3
from loans and advances to customers	3,470.3	3,497.0
from financial investments	311.1	189.5
from leasing claims	207.2	249.4
from derivative financial instruments (non-trading), net	137.4	99.9
Current income from shareholdings	**2.8**	**3.9**
Interest-like income	**5.2**	**6.4**
Interest and interest-like income, total	**4,315.4**	**4,424.4**
Current income from associates	**0.5**	**1.4**
Interest expenses	**(2,087.4)**	**(2,078.6)**
on deposits from banks	(680.6)	(766.7)
on deposits from customers	(1,249.7)	(1,132.0)
on liabilities evidenced by paper	(98.9)	(111.3)
on subordinated capital	(58.2)	(68.6)
Interest-like expenses	**(4.1)**	**(5.5)**
Interest and interest-like expenses, total	**(2,091.5)**	**(2,084.1)**
Net interest income	**2,224.4**	**2,341.7**

(3) Provisioning for impairment losses

In € million	1/1-30/9 2009	1/1-30/9 2008
Individual loan loss provisions	**(1,171.8)**	**(249.7)**
Allocation to provisions for impairment losses	(1,381.8)	(392.5)
Release of provisions for impairment losses	248.6	186.4
Direct write-downs	(56.9)	(55.4)
Income received on written-down claims	18.3	11.8
Portfolio-based loan loss provisions	**(197.7)**	**(115.8)**
Allocation to provisions for impairment losses	(427.2)	(215.2)
Release of provisions for impairment losses	229.5	99.4
Gains from sale of loans	**4.5**	**–**
Total	**(1,365.0)**	**(365.5)**

(4) Net fee and commission income

In € million	1/1-30/9 2009	1/1-30/9 2008
Payment transfer business	396.7	475.3
Loan administration and guarantee business	148.3	151.9
Securities business	29.5	34.0
Foreign currency and precious-metals business	251.5	348.4
Management of investment and pension funds	18.0	29.7
Agency services for own and third-party products	24.4	12.0
Credit derivatives business	(1.0)	(1.0)
Other banking services	39.0	47.5
Total	**906.4**	**1,097.8**

(5) Net trading income

In € million	1/1-30/9 2009	1/1-30/9 2008
Interest-based transactions	87.5	(22.0)
Currency-based transactions	59.9	156.1
Equity-/index-based transactions	(0.7)	(7.1)
Other transactions	–	0.4
Total	**146.7**	**127.4**

(6) Net income from derivatives

In € million	1/1-30/9 2009	1/1-30/9 2008
Net income from hedge accounting	2.1	1.2
Net income from credit derivatives	(2.9)	0.1
Net income from other derivatives	6.3	(0.2)
Total	**5.5**	**1.1**

(7) Income from financial investments

In € million	1/1-30/9 2009	1/1-30/9 2008
Net income from financial investments held-to-maturity	**(1.9)**	**–**
Net valuation from sales of financial investments held-to-maturity	(1.9)	–
Net income from equity participations	**(0.2)**	**22.0**
Net valuations from equity participations	(3.0)	(0.2)
Net proceeds from sales of equity participations	2.8	22.2
Net income from securities at fair value through profit and loss	**45.7**	**(11.9)**
Net valuations of securities at fair value through profit and loss	41.5	(11.4)
Net proceeds from sales of securities at fair value through profit and loss	4.2	(0.5)
Total	**43.6**	**10.1**

(8) General administrative expenses

In € million	1/1-30/9 2009	1/1-30/9 2008
Staff expenses	(780.3)	(947.3)
Other administrative expenses	(715.7)	(811.0)
Depreciation on intangible and tangible fixed assets	(182.0)	(181.2)
Total	**(1,678.0)**	**(1,939.5)**

(9) Other operating profit

In € million	1/1-30/9 2009	1/1-30/9 2008
Sales revenues from non-banking activities	99.0	163.1
Expenses arising from non-banking activities	(97.0)	(149.5)
Net income from additional leasing services	1.6	2.3
Net income from investment property	3.9	1.9
Net income from operating lease	30.8	27.6
Net proceeds from disposal of tangible and intangible fixed assets	(0.1)	(2.0)
Other taxes	(40.6)	(43.0)
Income from release of negative goodwill	–	5.3
Net expense from allocation and release of other provisions	0.4	(19.1)
Sundry operating income	29.6	11.9
Sundry operating expenses	(24.6)	(16.1)
Total	**3.0**	**(17.6)**

Notes to the balance sheet

(10) Balance sheet according to measurement categories

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

Assets according to measurement categories In € million	30/9 2009	31/12 2008
Trading assets	3,929	4,611
Financial assets at fair value through profit or loss	2,981	2,042
Financial assets available-for-sale	55	56
Loans and advances	64,507	73,373
Financial assets held-to-maturity	3,765	3,018
Derivatives (hedging)	20	17
Other assets	2,265	2,280
Total assets	**77,522**	**85,397**

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 only other equity participations. Loans and advances are reported net after provisions for impairment losses. Other assets comprise intangible and tangible fixed assets, investments in associates and other affiliated companies.

Equity and liabilities according to measurement categories In € million	30/9 2009	31/12 2008
Trading liabilities	836	2,241
Liabilities at amortized cost	69,427	76,150
Derivatives (hedging)	50	51
Provisions for liabilities and charges	347	437
Equity	6,862	6,518
Total equity and liabilities	**77,522**	**85,397**

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

(11) Loans and advances to banks

In € million	30/9/2009	31/12/2008
Giro and clearing business	1,841	1,643
Money market business	8,350	4,348
Loans to banks	1,018	3,009
Purchased loans	1	2
Leasing claims	2	4
Claims evidenced by paper	1	32
Total	**11,213**	**9,038**

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

In € million	30/9/2009	31/12/2008
Central Europe	779	2,454
Southeastern Europe	1,267	1,043
Russia	423	535
CIS other	393	302
Austria	6,645	3,125
Other countries	1,706	1,580
Total	**11,213**	**9,038**

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

In € million	30/9/2009	31/12/2008
Central banks	1,774	3,664
Commercial banks	9,417	5,355
Multilateral development banks (MDB)	22	19
Total	**11,213**	**9,038**

(12) Loans and advances to customers

In € million	30/9/2009	31/12/2008
Credit business	23,719	27,885
Money market business	7,344	8,033
Mortgage loans	17,016	17,249
Purchased loans	380	724
Leasing claims	3,369	4,009
Claims evidenced by paper	2	3
Total	**51,830**	**57,902**

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

In € million	30/9/2009	31/12/2008
Sovereigns	1,135	1,104
Corporate customers – large	25,929	29,564
Corporate customers – small business	4,142	5,057
Retail customers – private individuals	18,091	19,268
Retail customers – small and medium-sized entities	2,502	2,868
Other	31	41
Total	**51,830**	**57,902**

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

In € million	30/9/2009	31/12/2008
Central Europe	23,900	24,621
Southeastern Europe	12,662	12,934
Russia	6,305	8,819
CIS other	5,520	6,602
Austria	25	24
Other countries	3,418	4,904
Total	**51,830**	**57,902**

(13) Impairment losses on loans and advances

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

In € million	30/9/2009	31/12/2008
Sovereigns	9	2
Banks	6	4
Corporate customers – large	1,182	686
Corporate customers – small business	293	166
Retail customers – private individuals	1,060	669
Retail customers – small and medium-sized entities	209	114
Total	**2,759**	**1,641**

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

In € million	As of 1/1/2009	Change in consolidated group	Allocation[1]	Release	Usage[2]	Transfers, exchange differences	As of 30/9/2009
Individual loan loss provisions	**1,112**	**–**	**1,420**	**(249)**	**(193)**	**(39)**	**2,051**
Central Europe	450	–	374	(120)	(49)	6	661
Southeastern Europe	239	–	346	(68)	(67)	(1)	449
Russia	223	–	326	(54)	(66)	(13)	416
CIS other	200	–	374	(7)	(11)	(31)	525
Portfolio-based provisions	**599**	**–**	**428**	**(230)**	**–**	**(17)**	**780**
Central Europe	166	–	153	(61)	–	5	263
Southeastern Europe	148	–	98	(37)	–	(10)	199
Russia	150	–	74	(56)	–	(8)	160
CIS other	135	–	103	(76)	–	(4)	158
Total	**1,711**	**–**	**1,848**	**(479)**	**(193)**	**(56)**	**2,831**

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

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

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

30/9/2009 In € million	Total gross carrying amount	Individual loan loss provisions	Portfolio-based provisions	Total net carrying amount	Individually impaired assets	Fair value
Banks	11,213	6	–	11,207	25	11,201
Sovereigns	1,135	9	–	1,126	43	1,103
Corporate customers – large	25,929	967	215	24,747	2,674	25,254
Corporate customers – small business	4,142	244	49	3,849	581	4,015
Retail customers – private individuals	18,091	641	419	17,031	1,045	17,855
Retail customers – small and medium-sized entities	2,502	153	56	2,293	288	2,410
Other	31	–	–	31	–	31
Total	**63,043**	**2,020**	**739**	**60,284**	**4,656**	**61,871**

31/12/2008 In € million	Total gross carrying amount	Individual loan loss provisions	Portfolio-based provisions	Total net carrying amount	Individually impaired assets	Fair value
Banks	9,038	4	–	9,034	16	10,308
Sovereigns	1,104	2	–	1,102	6	1,087
Corporate customers – large	29,564	507	179	28,879	1,428	29,111
Corporate customers – small business	5,057	118	48	4,890	304	4,950
Retail customers – private individuals	19,268	368	301	18,599	501	18,880
Retail customers – small and medium-sized entities	2,868	75	39	2,754	129	2,841
Other	41	–	–	41	–	41
Total	**66,940**	**1,074**	**567**	**65,299**	**2,384**	**67,218**

(14) Trading assets

In € million	30/9/2009	31/12/2008
Bonds, notes and other fixed-interest securities	2,955	2,231
Shares and other variable-yield securities	11	37
Positive fair values of derivative financial instruments	603	1,495
Total	**3,569**	**3,763**

(15) Derivatives

In € million	30/9/2009	31/12/2008
Positive fair values of derivatives in fair value hedges (IAS 39)	20	17
Positive fair values of credit derivatives	–	5
Positive fair values of other derivatives	360	843
Total	**380**	**865**

(16) Financial investments

In € million	30/9/2009	31/12/2008
Bonds, notes and other fixed-interest securities	6,523	4,952
Shares and other variable-yield securities	191	67
Equity participations	128	118
Total	**6,842**	**5,137**

(17) Intangible fixed assets

In € million	30/9/2009	31/12/2008
Goodwill	576	610
Software	242	217
Other intangible fixed assets	113	125
Total	**931**	**952**

(18) Tangible fixed assets

In € million	30/9/2009	31/12/2008
Land and buildings used by the Group for own purposes	524	496
Other land and buildings (investment property)	18	11
Office furniture and equipment as well as other tangible fixed assets	477	532
Leased assets (operating lease)	240	225
Total	**1,259**	**1,264**

(19) Other assets

In € million	30/9/2009	31/12/2008
Tax assets	216	156
Receivables arising from non-banking activities	43	40
Prepayments and other deferrals	224	253
Clearing claims from securities and payment transfer business	191	163
Lease in progress	143	141
Assets held for sale (IFRS 5)	5	4
Inventories	34	78
Any other business	154	150
Total	**1,010**	**985**

(20) Deposits from banks

In € million	30/9/2009	31/12/2008
Giro and clearing business	675	741
Money market business	3,720	5,960
Long-term loans	16,622	19,512
Total	**21,017**	**26,213**

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

In € million	30/9/2009	31/12/2008
Central Europe	1,680	1,609
Southeastern Europe	745	556
Russia	121	1,333
CIS other	58	180
Austria	13,185	15,144
Other countries	5,228	7,390
Total	**21,017**	**26,213**

The deposits break down into the following bank segments:

In € million	30/9/2009	31/12/2008
Central banks	229	1,330
Commercial banks	19,918	24,328
Multilateral development banks (MDB)	870	555
Total	**21,017**	**26,213**

(21) Deposits from customers

In € million	30/9/2009	31/12/2008
Sight deposits	16,734	16,243
Time deposits	24,519	27,011
Savings deposits	1,354	952
Total	**42,607**	**44,206**

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

In € million	30/9/2009	31/12/2008
Sovereigns	2,030	2,238
Corporate customers – large	14,159	15,343
Corporate customers – small business	2,344	3,084
Retail customers – private individuals	20,903	20,327
Retail customers – small and medium-sized entities	2,805	2,908
Others	366	304
Total	**42,607**	**44,206**

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

In € million	30/9/2009	31/12/2008
Central Europe	19,632	20,432
Southeastern Europe	12,053	13,143
Russia	5,431	5,834
CIS other	2,734	2,985
Austria	370	259
Other countries	2,387	1,552
Total	**42,607**	**44,206**

(22) Liabilities evidenced by paper

In € million	30/9/2009	31/12/2008
Bonds and notes issued	1,982	2,630
Money market instruments issued	–	8
Other liabilities evidenced by paper	633	755
Total	**2,615**	**3,393**

(23) Provisions for liabilities and charges

In € million	30/9/2009	31/12/2008
Taxes	69	108
Contingent liabilities and commitments	72	69
Pending legal issues	34	41
Overdue vacation	25	32
Bonus payments	96	138
Others	51	49
Total	**347**	**437**

(24) Trading liabilities

In € million	30/9/2009	31/12/2008
Negative fair values of derivative financial instruments	573	1,449
Shortselling of trading assets	1	–
Call/time deposits for trading purposes	–	11
Total	**574**	**1,460**

(25) Derivatives

In € million	30/9/2009	31/12/2008
Negative fair values of derivatives in fair value hedges (IAS 39)	6	1
Negative fair values of derivatives in cash flow hedges (IAS 39)	44	50
Negative fair values of credit derivatives	–	2
Negative fair values of other derivatives	262	779
Total	**312**	**832**

(26) Other liabilities

In € million	30/9/2009	31/12/2008
Liabilities arising from non-banking business	105	67
Accruals and deferred items	102	175
Liabilities arising from dividends	–	8
Clearing claims from securities and payment transfer business	410	195
Any other business	231	207
Total	**848**	**653**

(27) Subordinated capital

In € million	30/9/2009	31/12/2008
Hybrid tier 1 capital	1,156	503
Subordinated liabilities	892	1,089
Supplementary capital	292	92
Total	**2,340**	**1,684**

(28) Equity and minorities

In € million	30/9/2009	31/12/2008
Consolidated equity	5,711	4,613
Subscribed capital	469	469
Participation rights	600	–
Capital reserves	2,568	2,568
Retained earnings	2,074	1,577
Consolidated profit	156	982
Minority interests	995	923
Total	**6,862**	**6,518**

Additional notes

(29) Contingent liabilities and commitments

In € million	30/9/2009	31/12/2008
Contingent liabilities	4,810	5,052
Commitments (irrevocable credit lines)	4,839	6,343

Moreover, revocable credit lines were granted to an amount of € 5,337 million (2008: € 6,847 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, Wien, as majority shareholder are shown in the tables below:

30/9/2009 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	5,362	16	–	29
Loans and advances to customers	–	135	14	20
Trading assets	89	2	–	–
Financial investments	–	72	–	56
Investments in associates	–	–	3	–
Other assets including derivatives	250	4	–	1
Deposits from banks	12,309	1,279	–	118
Deposits from customers	–	31	3	8
Liabilities evidenced by paper	22	–	–	0
Provisions for liabilities and charges	4	–	–	0
Trading liabilities	117	–	–	1
Other liabilities including derivatives	123	5	–	2
Subordinated capital	1,503	591	–	–
Guarantees given	388	3	–	–
Guarantees received	245	–	–	1

31/12/2008 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	2,690	1	–	50
Loans and advances to customers	–	126	13	38
Trading assets	204	–	9	–
Financial investments	5	62	–	51
Investments in associates	–	–	3	–
Other assets including derivatives	298	1	–	–
Deposits from banks	13,961	1,934	83	119
Deposits from customers	6	38	2	9
Liabilities evidenced by paper	25	–	–	–
Provisions for liabilities and charges	6	–	–	–
Trading liabilities	282	–	–	–
Other liabilities including derivatives	277	1	–	3
Subordinated capital	844	591	–	–
Guarantees given	250	6	–	–
Guarantees received	327	–	–	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	30/9/2009	31/12/2008
Paid-in capital	3,637	3,037
Earned capital[1]	1,276	1,546
Minority interests[1]	1,019	1,005
Hybrid tier 1 capital	1,150	500
Intangible fixed assets	(253)	(228)
Core capital (tier 1 capital)	**6,829**	**5,860**
Deductions from the core capital	(12)	(14)
Eligible core capital (after deductions)	**6,817**	**5,846**
Additional own funds according to Section 23 (1) 5 BWG	91	91
Provision excess of internal rating approach positions	4	58
Long-term subordinated own funds	937	897
Additional own funds (tier 2 capital)	**1,032**	**1,046**
Deduction items: participations, securitizations	(12)	(13)
Eligible additional own funds (after deductions)	**1,020**	**1,034**
Deduction items: insurances	(1)	(1)
Tier 2 capital available to be redesignated as tier 3 capital	144	112
Total own funds	**7,980**	**6,992**
Total own funds requirement	5,206	5,767
Excess own funds	2,774	1,225
Excess cover ratio	53.3%	21.2%
Core capital ratio (tier 1), credit risk	13.0%	9.7%
Core capital ratio (tier 1), total	10.5%	8.1%
Own funds ratio	12.3%	9.7%

[1] At the end of the year 2008 an amount of € 46 million was incorrectly allocated to minority interests instead of to earned capital. This has been corrected in the meantime.

The total own funds requirement is as follows:

In € million	30/9/2009	31/12/2008
Risk-weighted assets according to Section 22 BWG	52,340	60,388
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	4,187	4,831
Standardized approach	3,241	4,053
Internal rating approach	946	778
Own funds requirement for position risk in bonds, equities and commodities	119	152
Own funds requirement for open currency positions	420	343
Own funds requirement for the operational risk	480	440
Total own funds requirement	**5,206**	**5,767**

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

In € million	30/9/2009	31/12/2008
Risk-weighted assets according to the standardized approach	**40,508**	**50,665**
Central governments and central banks	3,336	3,927
Regional governments	335	498
Public administration and non-profit organizations	74	53
Multilateral development banks (MDB)	28	28
Banks	2,002	1,824
Corporates	20,403	28,438
Retail (including small and medium-sized entities)	12,016	13,586
Investment funds	121	69
Securitization positions	3	–
Other positions	2,190	2,241
Risk-weighted assets according to the internal rating approach	**11,832**	**9,723**
Banks	751	384
Corporates	10,943	9,334
Equity exposures	138	4
Total	**52,340**	**60,388**

(32) Average number of staff

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

Full-time equivalents	1/1-30/9 2009	1/1-30/9 2008
Central Europe	13,694	13,369
Southeastern Europe	18,444	17,947
Russia	9,546	9,524
CIS other	18,880	20,062
Austria	362	238
Total	**60,926**	**61,140**

Financial calendar for 2010

23 February 2010	*Start of the quiet period*
23 March 2010	*Annual Report 2009, Analyst Conference, Conference Call*
27 April 2010	*Start of the quiet period*
11 May 2010	*First Quarter Report, Conference Call*
8 June 2010	*Annual General Meeting*
16 June 2010	*Ex-Dividend und Dividend Payment Date*
29 July 2010	*Start of the quiet period*
12 August 2010	*Semi-Annual Report, Conference Call*
28 October 2010	*Start of the quiet period*
11 November 2010	*Third Quarter Report, Conference Call*

Publication details

Published by Raiffeisen International Bank-Holding AG, Am Stadtpark 3, 1030 Vienna, Austria
Edited by Investor Relations
Copy deadline: 6 November 2009
Produced in Vienna
Internet: www.ri.co.at
This report is also available in German.

Inquiries to Investor Relations:
E-mail: investor.relations@ri.co.at
Internet: www.ri.co.at → Investor Relations
Phone: +43-1-71707-2089

Inquiries to Public Relations:
E-mail: ri-communications@ri.co.at
Internet: www.ri.co.at → Public Relations
Phone: +43-1-71707-2828

Disclaimer

www.ri.co.at