# Semi-Annual Report 2009

Raiffeisen INTERNATIONAL
Member of RZB Group

# Survey of key data

| **Raiffeisen International Group**<br>Monetary values in € million | **2009** | **Change** | **2008** |
|---|---|---|---|
| **Income statement** | **1/1-30/6** | | **1/1-30/6** |
| Net interest income | 1,496 | (0.1) % | 1,498 |
| Provisioning for impairment losses | (969) | 380.9 % | (201) |
| Net fee and commission income | 585 | (16.8) % | 703 |
| Net trading income | 119 | 29.0 % | 92 |
| General administrative expenses | (1,143) | (8.5) % | (1,250) |
| Profit before tax | 154 | (81.7) % | 843 |
| Profit after tax | 119 | (81.6) % | 646 |
| Consolidated profit (after minorities) | 78 | (86.2) % | 566 |
| **Balance sheet** | **30/6** | | **31/12** |
| Loans and advances to banks | 7,181 | (20.5) % | 9,038 |
| Loans and advances to customers | 53,512 | (7.6) % | 57,902 |
| Deposits from banks | 22,610 | (13.7) % | 26,213 |
| Deposits from customers | 42,276 | (4.4) % | 44,206 |
| Equity (including minorities and profit) | 6,215 | (4.7) % | 6,518 |
| Balance sheet total | 77,862 | (8.8) % | 85,397 |
| **Key ratios** | **1/1-30/6** | | **1/1-30/6** |
| Return on equity before tax | 4.9 % | (20.6) PP | 25.5 % |
| Return on equity after tax | 3.8 % | (15.8) PP | 19.6 % |
| Consolidated return on equity (after minorities) | 2.9 % | (16.7) PP | 19.6 % |
| Cost/income ratio | 51.6 % | (3.2) PP | 54.8 % |
| Return on assets before tax | 0.38 % | (1.83) PP | 2.21 % |
| Net provisioning ratio (average risk-weighted assets) | 3.36 % | 2.64 PP | 0.72 % |
| Risk/earnings ratio | 64.7 % | 51.3 PP | 13.4 % |
| **Bank-specific information**[1] | **30/6** | | **31/12** |
| Risk-weighted assets (credit risk) | 54,701 | (9.4) % | 60,388 |
| Total own funds | 6,950 | (0.6) % | 6,992 |
| Total own funds requirement | 5,345 | (7.3) % | 5,767 |
| Excess cover | 30.0% | 8.8 PP | 21.2 % |
| Core capital ratio (Tier 1), credit risk[2] | 10.4 % | 0.7 PP | 9.7 % |
| Core capital ratio (Tier 1), total[2] | 8.5 % | 0.4 PP | 8.1 % |
| Own funds ratio | 10.4 % | 0.7 PP | 9.7 % |
| **Stock data** | **30/6** | | **30/6** |
| Earnings per share in € | 0.51 | (3.17) € | 3.68 |
| Price in € | 24.75 | (69.5) % | 81.17 |
| High (closing price) in € | 29.82 | (72.9) % | 110.20 |
| Low (closing price) in € | 13.00 | (84.0) % | 81.17 |
| Number of shares in millions | 154.67 | – | 154.67 |
| Market capitalization | 3,828 | (69.5) % | 12,554 |
| **Resources** | **30/6** | | **31/12** |
| Number of employees as of reporting date | 59,711 | (5.8) % | 63,376 |
| Number of business outlets | 3,167 | (2.0) % | 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] Ratios are calculated without the issues agreed in July 2009, which will be considered in the third quarter 2009. If considered for June, the core capital ratio, credit risk would be 12.7 per cent and core capital ratio total would be 10.4 per cent.

# 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 June 2009, Raiffeisen International had close to 60,000 employees serving around 15 million customers at almost 3,200 business outlets.

**Raiffeisen International's markets**

| Data as of 30 June 2009 | Balance sheet total in € million | Change[1] | Business outlets | Number of employees |
|---|---|---|---|---|
| Albania | 1,937 | (5.4) % | 104 | 1,385 |
| Belarus | 1,346 | (18.2) % | 100 | 2,134 |
| Bosnia and Herzegovina | 2,385 | (0.4) % | 103 | 1,710 |
| Bulgaria | 4,246 | (10.9) % | 200 | 3,350 |
| Croatia | 5,728 | (4.3) % | 83 | 2,265 |
| Czech Republic | 7,227 | 0.4 % | 111 | 2,710 |
| Hungary | 9,375 | (2.0) % | 177 | 3,601 |
| Kazakhstan | 76 | (21.7) % | 1 | 19 |
| Kosovo | 612 | 2.4 % | 50 | 714 |
| Poland | 6,145 | (13.6) % | 124 | 3,053 |
| Romania (including Moldova) | 6,363 | (3.0) % | 562 | 6,612 |
| Russia | 12,476 | (16.6) % | 229 | 9,185 |
| Serbia | 2,691 | (7.6) % | 104 | 2,167 |
| Slovakia | 9,407 | (14.3) % | 155 | 3,659 |
| Slovenia | 1,486 | (1.5) % | 16 | 348 |
| Ukraine | 5,579 | (11.2) % | 1,048 | 16,422 |
| **Subtotal** | **77,077** | **(8.9) %** | **3,167** | **59,334** |
| Other/consolidation | 785 | – | – | 377 |
| **Total, Raiffeisen International** | **77,862** | **(8.8) %** | **3,167** | **59,711** |

[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 € 157 billion as of 31 March 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.

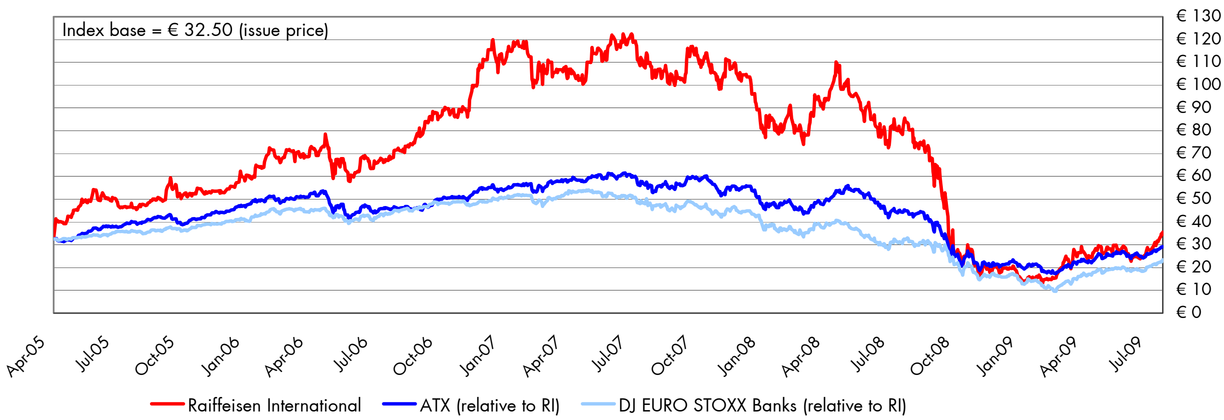
# Raiffeisen International stock

## Sideways movement after positive beginning of the quarter

Stock market prices worldwide rallied in the beginning of the second quarter of 2009, in some cases significantly. Raiffeisen International stock also initially began the second quarter positively. A more buoyant market environment, shaped both by the successful performance of US banks in stress tests and by unexpectedly strong quarterly figures from US companies, had a favorable influence in that connection. The two interest rate cuts by the European Central Bank (ECB) in April and May by 25 basis points to 1.25 per cent and 1 per cent, respectively, were also positively received by the market. In this context, Raiffeisen International stock advanced from € 21.21 on 31 March to € 29.20 on 14 April 2009.

Subsequently, however, Raiffeisen International stock only registered sideways movement in the second quarter overall under the influence of various positive and negative factors. The main burden was a worrisome forecast by the International Monetary Fund in April predicting an even deeper recession than during the Great Depression of the 1930s and the sharpest rise of unemployment in the euro area since records of that began to be kept. On the other hand, there were unexpectedly solid labor market data from the United States and good news about the US real estate market and production increases in China.

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

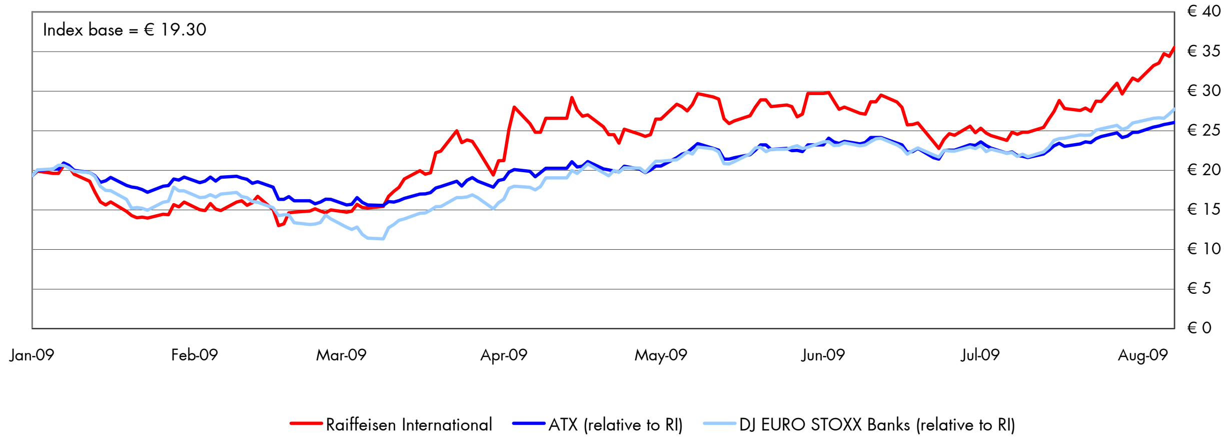



## Conflicting economic data

The stock market rally was accompanied by the release of conflicting economic data. While the International Monetary Fund still predicted a very unfavorable scenario in the above-mentioned forecast, sentiment brightened again in the second half of June. Speculation that the recession had passed its low point made for a rally in bank stocks.

Only shortly thereafter, however, the World Bank rendered its March 2009 forecast even more negative by declaring that the worldwide slowing of growth would be even more severe than previously assumed. After the price advances in the period from March to May, bank stocks then gave back some of the gains they had achieved. Raiffeisen International stock was unable to escape that movement and fell from its high for the quarter of € 29.82 in the beginning of June to € 22.77 on 23 June. On 30 June 2009, it closed at € 24.75, which represents a plus of 17 per cent against the beginning of the quarter.

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




## *Communication with institutional capital market participants*

Active communication with the capital market, especially in a difficult market environment, is a high priority for Raiffeisen International. It therefore participated again in several investor conferences in the second quarter of 2009. For example, the Chief Financial Officer delivered a presentation in mid-April at a conference in Zürs, an Austrian resort, and led various talks with small groups and individuals.

Raiffeisen International was also on hand for talks with groups and individuals at a capital market event in Paris in April. Furthermore, the Chief Financial Officer and Investor Relations team took part in an investor's day event in Zurich, which was followed by a conference call.

## *Annual General Meeting as event for retail investors*

While investor conferences usually address institutional investors, the Annual General Meeting is also an opportunity for private individuals to obtain information directly from the management. On 9 June 2009, about 800 participants, most of whom were individual shareholders, came to this shareholders' meeting in Vienna, which made it one of the best-attended in the history of the Austrian capital market.

The Annual General Meeting passed an anticipatory resolution that authorizes the Managing Board to issue participation rights with an equity feature within a five-year period for a total amount of up to € 2 billion. It was furthermore decided that an unchanged dividend in comparison with the preceding year of € 0.93 per share would be paid for 2008. The presentations by the Managing Board members, which were webcast live, are still available at www.ri.co.at → Investor Relations → Events → Annual General Meeting 2009.

## Stock data

| | |
|---|---|
| *Price on 30 June 2009* | *€ 24.75* |
| *High/low (closing prices) in Q2 2009* | *€ 29.82/21.23* |
| *Earnings per share for 1-6/2009* | *€ 0.51* |
| *Market capitalization as of 30 June 2009* | *€ 3.83 billion* |
| *Avg. daily trading volume (single counting) in Q2 2009* | *387,466 shares* |
| *Stock exchange turnover (single counting) in Q2 2009* | *€ 609 million* |
| *Free float as of 30 June 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 June 2009* | *154,667,500* |

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# Business development

## General economic environment

### Bottom of economic cycle seems near

The effects of the financial crisis on the real economy reached their high point for now in the first half of 2009. The euro area's real GDP in the first quarter of 2009 was about 4.8 per cent below the comparable figure a year earlier. Although in quarterly comparison, GDP in the second quarter of 2009 probably already contracted significantly less than in the two previous quarters, the year-on-year decline is likely to exceed 5 per cent.

The global recession also had an impact on the national economies of Central and Eastern Europe in the first quarter of 2009. Demand for exports from that region declined significantly, direct investments fell, credit growth slowed sharply, and refinancing of short-term foreign debt challenged the countries, in some cases greatly. Consequently, industrial production plunged in year-on-year comparison, in some cases by more than 20 per cent. By now, it is expected that GDP will fall in Central and Eastern Europe by about the same on average in 2009 as in the euro area. However, forecasts vary considerably from country to country. The range in the first quarter of 2009 extended from a real GDP increase of 0.8 per cent in Poland to a contraction of 20 per cent in Ukraine.

The stabilization of various leading indicators – though at a low level – and in some cases even a genuine trend reversal in the second quarter provided first indications of a possible end to the world economic downturn. These hopeful signs led to an appreciable rally on the global stock markets and indirectly bolstered the financial markets and especially the currencies in the CEE region. The latest data on industrial production also appear to confirm that the economic downturn there has reached the bottom.

However, it seems too soon to sound an all-clear signal, considering that the recession in the export-oriented manufacturing sector threatens to spread to the services sector. Unemployment rates, which usually develop at a time lag relative to the business cycle, will probably continue to rise in the course of the year. Moreover, the agricultural harvest, which still plays a much greater economic role in some CEE countries than in Western Europe, might turn out worse than in the previous year due to weather conditions.

### Support from IMF and EU stabilizes financial markets

At the beginning of November 2008, Ukraine and Hungary were the first countries to avail themselves of financial support from the IMF. Latvia followed toward the end of December, and other CEE countries joined in the first half of 2009. The EU made funds available to its member states in addition to the IMF aid packages. Both the fast, far-reaching, and pragmatic support of the IMF and the willingness and ability of the EU to stand by its members in distress strengthened confidence in the national currencies. At the beginning of April 2009, the G-20 summit meeting in London gave the decisive push by tripling the IMF resources to USD 750 billion and doubling the EU financial assistance to the CEE region to € 50 billion. In addition, the World Bank, together with the EBRD and the EIB, launched a support plan for Central and Eastern Europe amounting to € 24.5 billion.

All these measures contributed to the market's hope that all CEE countries will soon be in a position to service their debts. That led to a considerable reduction of risk premiums and to a stabilization, and in many cases even to a recovery, of exchange rates. However, the agreements made with the IMF by the countries receiving benefits also include an obligation to keep budget deficits within certain limits. In view of the expected severe economic slowdown, it will become increasingly difficult to meet those deficit limits, so some of the targets will probably have to be renegotiated. With few exceptions, that would greatly limit maneuvering room for economic stimulus packages in the countries of Central and Eastern Europe. It might prove advantageous in the medium to long term, but it is another factor clouding the economic outlook for 2009.

## Difficult starting position for the financial sector

Declining production and rising unemployment rates will also lead to a rise in loss provisions. That applies particularly to countries in which a currency devaluation coincides with a high proportion of foreign currency loans, as in Ukraine or Hungary. On the other hand, countries like Poland, the Czech Republic, and Slovakia will probably fare better. The stabilization and partial recovery of exchange rates in the second quarter should be considered a positive tendency.

Growth of the total assets of banks slowed significantly in the second half of 2008. Because external financing is still scarce and expensive, this development is likely to have continued and in some cases even intensified in the first half of 2009. The reticence of banks to grant foreign currency loans also contributed to that. The slowing of credit growth in 2008 was less pronounced in those countries where the relationship between loans and deposits was balanced or came out in favor of deposits. Overall, deposit business gained increasingly in importance, after having received less attention in the past years.

# Performance and financials

## Operating result up by 4 per cent

In contrast to the weak or recessionary economic conditions worldwide, Raiffeisen International's operating result developed positively, rising by 4 per cent on the comparable period in the preceding year to € 1,072 million. Net interest income calculated on a euro basis remained at the preceding year's level despite significantly higher costs for customer deposits and long-term institutional funding. Net fee and commission income declined by 17 per cent. Currency fluctuations led to a decreasing volume of foreign exchange transactions, domestic and foreign payment transfers stagnated, and customers showed restraint in the securities business due to the uncertain market environment. Net trading income developed well, with an increase of 29 per cent resulting primarily from interest-related transactions. Extensive cost cutting programs contributed to an improvement of the cost/income ratio by 3.2 percentage points.

## Higher provisioning weighs on consolidated profit

Consequences of the recession such as declining demand and rising unemployment were already reflected in significantly increased provisioning for impairment losses in the first quarter of 2009, and that continued in the second quarter. Another influencing factor was currency devaluation, which caused arrears to climb particularly in the case of foreign-currency loans. Allocations to provisioning for impairment losses were made in a total amount of € 969 million in the first half of 2009. That concerned mainly Ukraine, Russia, and Hungary. Compared with the end of 2008, the non-performing loan ratio rose by 3.7 percentage points to 6.8 per cent. Calculating non-performing loans based on total credit risk volume (loans and advances, securities, and off-balance-sheet items) yields a ratio of 4.1 per cent.

Because of this high provisioning need, Raiffeisen International achieved consolidated profit (after tax and minorities) of € 78 million in the first half of 2009, which represents a minus of € 488 million, or 86 per cent, against the comparable period in the preceding year.

A nearly uniform picture appears in Raiffeisen International's markets, with a sharp decline in consolidated earnings registered in all segments. By far the most heavily affected was the CIS other segment, where consolidated earnings went from plus € 88 million to minus € 37 million due to the huge currency devaluation in Ukraine and its effects on lending business. The Russia segment also registered a significant decline of consolidated earnings from € 120 million to € 21 million due to increased provisioning for impairment losses. Consolidated earnings likewise fell in Central Europe by 63 per cent and in Southeastern Europe by 54 per cent.

## Cost/income ratio improved by 3.2 percentage points

General administrative expenses fell by 9 per cent, or € 107 million, on the comparable period in the preceding year to € 1,143 million. The positive development of general administrative expenses is explained on the one hand by cost optimization measures and, on the other hand by currency devaluations in the CEE countries compared with the preceding year's period.

Operating income declined only slightly by 3 per cent despite strong currency devaluations in some countries. The cost/income ratio improved accordingly by 3.2 percentage points on the comparable period in the preceding year (54.8 per cent) to 51.6 per cent at the end of the first half of 2009. It was 54.0 per cent at the end of 2008.

The number of employees declined by 3,665 persons compared with the end of 2008 to 59,711. Staff reductions were made in nearly all network banks. The largest were in Ukraine (946), Russia (1,091), and Bulgaria (358), with the reductions in Russia and Bulgaria achieved through natural turnover. However, since the cuts mainly began in the fourth quarter of 2008, the average number of employees increased by 3 per cent compared with the first half of the preceding year.

## *Return on equity at 5 per cent*

The burden on earnings, due mainly to sharply higher provisioning, had a negative effect on profitability. The return on equity before tax came to 4.9 per cent and was thus far below the comparable period's level (25.5 per cent). The average equity underlying this calculation fell by 5 per cent to € 6.2 billion under the influence of currency movements.

The consolidated return on equity (after minorities) declined to 2.9 per cent in the reporting period, while having amounted to 19.6 per cent in the comparable period. Earnings per share fell to € 0.51 in the first half of 2009 from € 3.68 in the comparable period.

## *Balance sheet total down by 9 per cent*

The huge currency devaluations that began at the end of the third quarter last year and heavily influenced development of the company's balance sheet total continued in the first half of 2009, but with far less momentum. The consolidated balance sheet total fell by 9 per cent, or € 7.5 billion, from the beginning of the year to € 77.9 billion, with about one-third of this decline due to currency effects. Measures to reduce and stabilize the loan portfolio had a greater effect on the decline of the balance sheet total. A significant decrease resulted from loans and advances to customers (minus 8 per cent, or € 4.4 billion, to € 53.5 billion) and from loans and advances to banks (minus 21 per cent, or € 1.9 billion, to € 7.2 billion).

On the liability side, deposits from customers declined by 4 per cent, or € 1.9 billion, to € 42.3 billion. The main reasons for the outflows were the economic slump in the CEE countries and greater competition for customer deposits. In Slovakia, deposits decreased as expected in the first half of the year since they increased significantly before the change of currency as of 1 January 2009. Deposits from banks were down Group wide by 14 per cent, or € 3.6 billion, to € 22.6 billion.

## *Currency devaluations burden equity*

In the final quarter of 2008, the effects of the worldwide financial crisis led to huge currency devaluations in some CEE countries, which resulted in valuation losses charged to Raiffeisen International's equity. In the first half of 2009, further slight exchange rate declines were registered in the Polish zloty, Russian rouble, and Romanian leu. However, some currencies recovered in the second quarter, and so the currency differences from April onwards turned out positive at € 126 million. In the first quarter of 2009, equity had still been burdened with a minus of € 370 million. Altogether, the valuation loss for the entire first half of 2009 therefore amounted to minus € 244 million.

# Detailed review of items in the income statement

*Operating result year-on-year*

| In € million | 1/1-30/6 2009 | Change | 1/1-30/6 2008 | 1/1-30/6 2007 |
|---|---|---|---|---|
| Net interest income | 1,496 | (0.1) % | 1,498 | 1,079 |
| Net fee and commission income | 585 | (16.8) % | 703 | 572 |
| Net trading income | 119 | 29.0 % | 92 | 79 |
| Other net operating income | 16 | - | (11) | 21 |
| **Operating income** | **2,215** | **(2.9) %** | **2,281** | **1,751** |
| Staff expenses | (544) | (11.1) % | (612) | (492) |
| Other administrative expenses | (480) | (7.9) % | (521) | (406) |
| Depreciation/amortization/write-downs | (120) | 2.0 % | (117) | (105) |
| **General administrative expenses** | **(1,143)** | **(8.5) %** | **(1,250)** | **(1,003)** |
| **Operating result** | **1,072** | **3.9 %** | **1,031** | **748** |

## Operating income

Operating income amounted to € 2,215 million in the first half of 2009, which was € 66 million lower than in the comparable period in the preceding year. At € 1,496 million, net interest income was still the most important income component, and it remained stable. It was shaped by the effects of the global financial crisis in the form of volatile currencies and higher funding costs as well as narrowing interest margins. Changes in the scope of consolidation had no significant impact in the reporting period.

Net interest income declined only slightly by 0.1 per cent, but thus did not keep pace with the average balance sheet total, which grew by 6 per cent. Consequently, the net interest rate margin (based on the average balance sheet total) also fell by 23 basis points versus the comparable period in 2008 to 3.70 per cent.

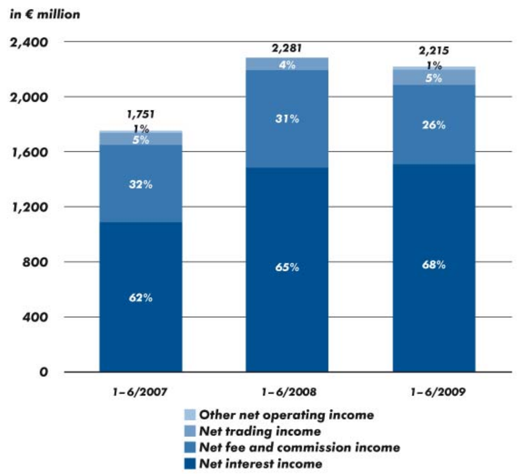
Interest income from loans and advances to banks was down sharply (minus 53 per cent) due to continuously adjusted market interest rates. On the other hand, interest income from loans and advances to customers rose by 9.3 per cent, while interest expenses for deposits from customers grew by 20 per cent. At the segment level, Russia showed an increase of net interest income by € 63 million, and Central Europe a decrease by € 37 million, while Southeastern Europe and CIS other remained nearly unchanged.

Net fee and commission income fell by 17 per cent, or € 118 million, to € 585 million. Low volumes of foreign exchange transactions and payment transfers were mainly responsible for this decline.

Income from foreign exchange, notes/coins, and precious metals business dropped by 24 per cent to € 167 million. Payment transfer business underwent a similar development and decreased by 16 per cent. Income from payment transactions dropped the most in Ukraine. In Slovakia, less income was generated because of the switch to the euro. Lower trading volume in securities business due to the market situation resulted in an income decline of 31 per cent, primarily from Hungary. Income from investment and pension funds registered the largest percentage decline at 44 per cent (minus € 9 million), especially in Slovakia and Croatia. Income from agency services for financial products doubled to € 14 million.

Net trading income improved by 29 per cent to € 119 million. In interest-related business, some of the valuation losses that led to lower book values at the end of 2008 due to interest rate fluctuations were recovered. The increase was especially strong in Slovakia (plus € 25 million) and in Russia (plus € 13 million).

**Structure of operating income**




On the other hand, net income from currency-related business declined by € 37 million to € 52 million. With a minus of € 46 million, Russia and Slovakia were the main loss contributors. Set against that were profits from currency-related transactions in Belarus and Romania.

Other net operating income rose by € 27 million to € 16 million. On the one hand, net income from operating leasing increased by € 5 million; on the other hand, net income from allocations to and release of other provisions went from minus € 15 million to plus € 6 million. The reasons for that were lawsuit settlements in Ukraine and Romania. Net income from non-banking activities fell by € 7 million.

Despite positive developments in net trading income, operating income in the treasury division fell by € 90 million, because higher funding costs pressured net interest income. In the corporate customer division, operating income dropped by € 62 million, with the decisive factor being net fee and commission income, which declined by € 60 million due to lower transaction volume. The picture was similar in the retail customer division. In regional terms, the Russia segment showed the greatest increase in operating income at € 53 million. Slight increases were registered in the CIS other segment at € 4 million and in the Southeastern Europe segment at € 2 million. On the other hand, Central Europe saw a decline of operating income in the amount of € 82 million. In all segments, heightened competition led to a worsening of terms for customer deposits.

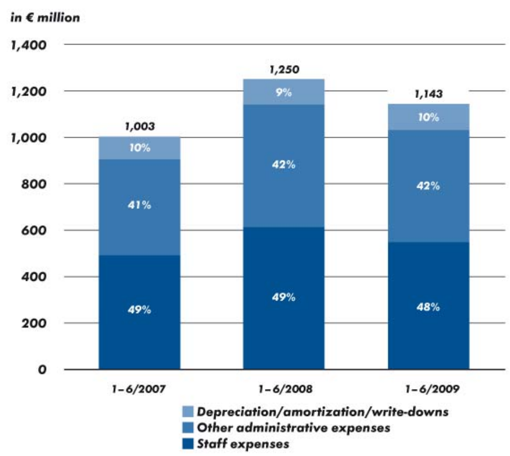
## General administrative expenses

General administrative expenses fell by € 107 million, or 9 per cent, on the comparable period in the preceding year to € 1,143 million, while operating income only declined moderately by 3 per cent. The cost/income ratio thus improved by 3.2 percentage points to 51.6 per cent.

The positive development of general administrative expenses is explained on the one hand by cost optimization measures and, on the other hand, by currency devaluations in the CEE countries compared with the preceding year's period.

At 48 per cent, staff expenses accounted for the largest share of general administrative expenses. They went down by 11 per cent, or € 68 million, on the comparable period in the preceding year to € 544 million. Wages and salaries accounted for 76 per cent of staff expenses, social security costs required by law for 21 per cent, and voluntary personnel expenses for 3 per cent.

***Structure of general administrative expenses***




Raiffeisen International had 61,969 employees on average in the first half of 2009. That represents an increase of 3 per cent, or 1,733 employees, on the comparable period in the preceding year. Southeastern Europe registered the largest increase, which came to 1,408 employees, or 8 per cent. The average number of employees rose in Russia by 547, or 6 per cent. It grew by 576, or 4 per cent, in Central Europe, and fell by 875, or 4 per cent, in the CIS other region.

As of 30 June 2009, the number of employees was down by 6 per cent to 59,711 compared with the end of 2008. Since the workforce reduction occurred mainly in the second quarter of 2009, it is not fully reflected yet by a corresponding decline of staff expenses.

Other administrative expenses fell by 8 per cent, or € 41 million, to € 480 million. The largest expense items were premises at € 154 million (plus 10 per cent) and information technology at € 73 million (plus 9 per cent). The decline of other administrative expenses was based primarily on reductions of travel expense (minus 37 per cent), advertising and hospitality expenses (minus 37 per cent), office expense (minus 22 per cent), and legal/consulting expenses (minus 14 per cent). Considered by countries, some examples of reductions in other administrative expenses are Albania at minus 30 per cent, Slovenia at minus 23 per cent, Ukraine minus at 22 per cent, Poland at minus 17 per cent, Serbia at minus 12 per cent, and Russia at minus 8 per cent.

The number of business outlets came to 3,167 as of 30 June 2009, which means a net increase of 90 business outlets compared with 30 June 2008. The new outlets were opened mainly in Southeastern Europe (156), and particularly in Romania (92) and Bulgaria (21). In the CIS other segment, the number of business outlets fell on balance by 86 due to further optimization measures. In the process, 96 outlets were closed in Ukraine. Since the beginning of 2009, the number of outlets on a group level has decreased by a net total of 64 as a result of efficiency-enhancing measures.

Depreciation/amortization/write-downs on tangible and intangible assets rose by 2 per cent to € 120 million, of which tangible assets accounted for € 73 million, intangible assets for € 32 million, and assets from operating leasing for € 15 million.

Capital expenditure throughout the Group amounted to € 216 million in the reporting period. Investments in own tangible assets accounted for 61 per cent of that total (€ 131 million). Investments in intangible assets, including mainly software systems, made up 27 per cent. The rest was invested in assets from operating leasing business.

## Consolidated profit

***Development of consolidated profit year-on-year***

| *In € million* | *1/1-30/6 2009* | *Change* | *1/1-30/6 2008* | *1/1-30/6 2007* |
|---|---|---|---|---|
| ***Operating result*** | ***1,072*** | ***3.9 %*** | ***1,031*** | ***749*** |
| *Provisioning for impairment losses* | *(969)* | *380.9 %* | *(201)* | *(153)* |
| *Other profit/loss* | *50* | *300.7 %* | *13* | *11* |
| ***Profit before tax*** | ***154*** | ***(81.7) %*** | ***843*** | ***607*** |
| *Income taxes* | *(35)* | *(82.3) %* | *(196)* | *(130)* |
| ***Profit after tax*** | ***119*** | ***(81.6) %*** | ***646*** | ***477*** |
| *Minority interests in profit* | *(41)* | *(49.2) %* | *(81)* | *(76)* |
| ***Consolidated profit*** | ***78*** | ***(86.2)%*** | ***566*** | ***401*** |

Development of consolidated profit was heavily influenced by provisioning for impairment losses. Net allocations to provisioning for impairment losses rose by 381 per cent, or € 768 million, to € 969 million on the comparable period in the preceding year. Thereof, 85 per cent accounted for individual provisions. Because of growing non-performing loans, individual provisions were formed especially in Russia for € 225 million and in Ukraine for € 258 million. In Central Europe, Hungary was affected most, with individual provisions amounting to € 83 million. In Southeastern Europe, the highest provisions were formed in Romania and Croatia. Portfolio-based provisions rose to a lesser extent, by € 151 million net.

In Russia, two-thirds of allocations to provisioning for impairment losses concerned corporate customers, and one-third retail customers. Development in the CIS other segment was vice versa. Two-thirds of provisions were in the retail customer division, and the corporate customer division accounted for the rest.

The currently unfavorable economic situation is reflected in the risk/earnings ratio (provisioning for impairment losses to net interest income), which amounted to 64.7 per cent for the Group. It rose by 40.6 percentage points compared with the end of the year.

Other profit/loss improved on the preceding period by € 37 million to € 50 million. This item includes net income from derivatives (increase by € 11 million), net income from financial investments (plus € 32 million), and net income from the disposal of group assets (minus € 6 million).
Cash flow hedge accounting at the Russian network bank was the reason for improved net income from derivatives. Interest rate swaps were used to hedge interest rate risks arising from variable-rate liabilities, and changes in their market value were recorded in equity without affecting income, since only the ineffective part of the cash flow hedge is charged to the income statement.

Net income from financial investments changed from minus € 1 million to plus € 31 million. Valuation losses from securities measured at fair value in the amount of € 14 million were booked in the first half of 2008 due to the significantly higher interest rate level. In the first half of 2009, valuation gains in the amount of € 30 million were achieved on previously written-down securities thanks to more favorable market conditions.

Income taxes fell by 82 per cent, or € 162 million, to € 35 million and thus developed in line with profit before tax. The tax rate came to 22.6 per cent, which was slightly below the level in the same period of the preceding year (23.3 per cent).

Profit after tax decreased from € 646 million to € 119 million. Minority interests in profit – the net amount attributable to minority shareholders in various Group units – fell by nearly half to € 41 million. Minority interests rose by € 26 million compared with the first quarter, because Group units with minority shares generated higher earnings in the second quarter.

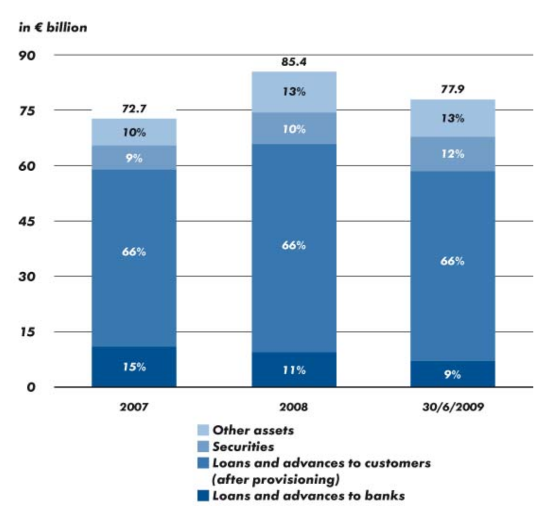
Consolidated profit fell in comparison to the first half of 2008 by 86 per cent, or € 488 million, to € 78 million. Divided by the average number of outstanding shares, that yields earnings per share of € 0.51, which means a decline of € 3.17 compared with the same period in the preceding year.

# Balance sheet development

Raiffeisen International's balance sheet total amounted to € 77.9 billion as of 30 June 2009, which represents a decline of € 7.5 billion, or 9 per cent, compared with the end of 2008. On the one hand, currency devaluations in the CEE countries caused the balance sheet total to decrease. On the other, lending activities diminished under the influence of the recession. The huge currency devaluations registered already in the fourth quarter of 2008 continued in the first half of 2009, but with far less momentum. As measured by exchange rates as of the reference date, the most heavily affected currencies were the Belarus rouble (minus 29 per cent), the Polish zloty (minus 7 per cent), the Russian rouble (minus 6 per cent), and the Romanian leu (minus 5 per cent). Changes in the scope of consolidation had no significant impact on development of the balance sheet total.

## Assets

### Structure of balance sheet assets




Loans and advances to customers continued to dominate the asset side of the balance sheet. They fell by 8 per cent compared with the end of 2008, but their share of the balance sheet total after provisioning for impairment losses remained unchanged at 66 per cent. Most of this decline (€ 3.2 billion) related to loans to corporate customers. Loans to private individuals decreased by € 1.2 billion. Regionally, the decline affected all segments, above all Russia. The ratio of customer loans to customer deposits improved by 4 percentage points to 127 per cent, and even by 9 percentage points compared with the first quarter of 2009.
Because of the difficult economic environment, provisioning for impairment losses had to be raised throughout the Group. The level of provisioning for impairment losses climbed to € 2.5 billion as of

30 June 2009, which represents an increase of 52 per cent compared with the end of the year.

Loans and advances to banks dropped by 21 per cent, or € 1.9 billion, to € 7.2 billion, thus reducing their share of balance sheet assets by 2 percentage points to 9 per cent. The decisive factor in that development was the decline of deposits with central banks, particularly in Central Europe, by 55 per cent, or € 2.0 billion. Investments at internationally operating commercial banks increased slightly to € 5.5 billion.

Securities investments rose by 9 per cent, or € 0.8 billion, compared with the end of the 2008 to € 9.7 billion. Their share of the balance sheet total increased by 2 percentage points to 12 per cent. That is mainly due to investments in public-sector debt instruments.

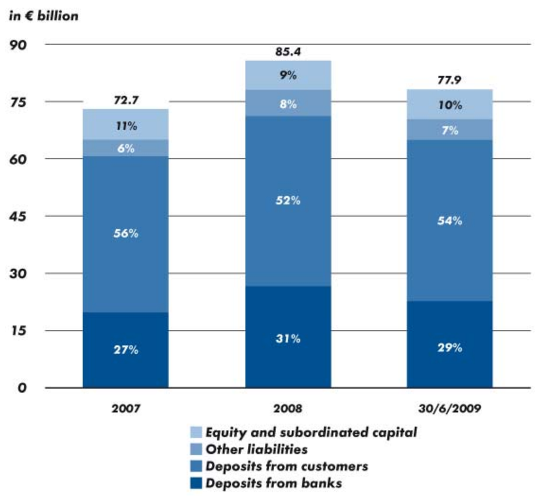
Other assets fell by 11 per cent, or € 1.3 billion, to € 9.9 billion. Their share remained unchanged at the preceding year's level of 13 per cent. Reduced cash reserves accounted for € 0.9 billion of this decline.

## *Liabilities*

Deposits from customers dominated the liability side of the balance sheet with a share of 54 per cent. Deposits from banks dropped to 29 per cent, own funds rose to 10 per cent, and other liabilities accounted for 7 per cent of the balance sheet total.

Deposits from customers declined by 4 per cent, or € 1.9 billion, compared with the end of 2008 to € 42.3 billion. Declines were registered in all CEE countries, but Southeastern Europe was the most heavily affected region. While deposits fell in corporate customer business by 13 per cent, or € 2.3 billion, they rose in retail business by 2 per cent, or € 0.6 billion. Time and sight deposits dropped by 5 per cent and 4 per cent, respectively, to € 41.1 billion, and savings deposits increased by 21 per cent to € 1.2 billion.

***Structure of balance sheet liabilities***




Deposits from banks were down by 14 per cent, or € 3.6 billion, from the beginning of the year to € 22.6 billion. The declines were registered in long-term financing transactions (minus € 1.9 billion) and in money market business (minus € 1.7 billion).

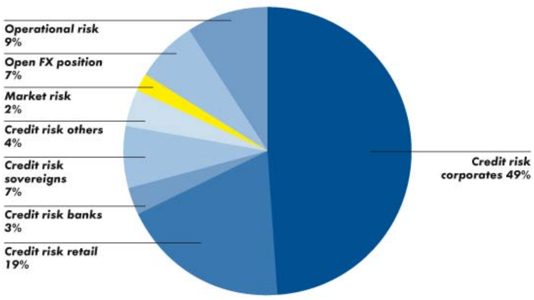
As a result of redemptions, liabilities evidenced by paper, which comprise funding from the capital market in the framework of debt security issues, decreased by € 0.6 billion to € 2.8 billion as of 30 June 2009.

The share of own funds, which consist of equity and subordinated capital, rose by 1 percentage point to 10 per cent. While subordinated capital increased by 5 per cent compared with the end of 2008, equity fell by 5 per cent or € 0.3 billion.

## *Equity*

Raiffeisen International's balance sheet equity, including consolidated profit and minority interests, amounted to € 6,215 million as of 30 June 2009 and was thus € 303 million, or 5 per cent, below the level at the end of 2008.

### *Composition of own funds requirement*




Paid-in capital remained unchanged at € 3,035 million. Retained earnings were mainly influenced by the previously mentioned currency differences. The strong devaluations of local currencies in the CEE countries in 2008 slowed down significantly during the second quarter of 2009. While in the first quarter, currency differences of € 370 million were still booked, the second quarter brought revaluations of € 126 million. The total impact on equity during the first half of 2009 was therefore € 244 million.

In June 2009, Raiffeisen International's Annual General Meeting approved a dividend of € 0.93 per share for 2008, which results, as in the preceding year, in a payout total for outstanding shares of € 143 million. Minority shareholders of Group units account for the remaining profit distributions of € 42 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 are accounted for within the scope of the *RZB-Kreditinstitutsgruppe*.

Consolidated own funds pursuant to BWG fell only slightly by € 42 million to € 6,950 million. That does not include the reporting period's current profit, since Austrian law prohibits that from being taken into account yet.
Core capital (Tier 1) registered a decline of € 165 million to € 5,695 million. That was primarily due to the strained currency situation, particularly in respect to the Polish zloty (minus 7 per cent) and the Russian rouble (minus 6 per cent). On the other hand, the situation eased in Ukraine and the Czech Republic, which saw positive currency movements of 1 per cent and 4 per cent, respectively.

Additional own funds (Tier 2) rose by € 138 million to € 1,185 million. The main reasons for this increase were a term extension given by the International Finance Corporation for *VAT Raiffeisen Bank Aval* in Ukraine and the resulting higher eligibility of subordinated capital and newly issued subordinated capital for that bank and *Raiffeisen Bank Zrt.* in Hungary.

Eligible short-term subordinated capital (Tier 3) fell by € 16 million to € 97 million as a result of redemptions.

Set against own funds was an own funds requirement of € 5,345 million, which represents a decline of € 422 million due to currency devaluations and decreases of business volume. The excess cover of own funds (calculated according to BWG) amounted to 30.0 per cent, or € 1,605 million, which is an improvement of 9 percentage points. In particular, the own funds requirement consists of requirements for credit risk (€ 4,376 million), market risk (€ 108 million), operational risk (€ 481 million), and open foreign exchange positions (€ 380 million).

The core capital ratio based on credit risk improved by 0.7 percentage points to 10.4 per cent at the end of the quarter. The core capital ratio based on total risk also improved to 8.5 per cent. The own funds ratio increased by 0.7 percentage points to 10.4 per cent.

### *Core capital strengthened in July*

In mid-July 2009, Raiffeisen International decided to strengthen its core capital by € 1.25 billion in the framework of two issues, which were fully subscribed by Raiffeisen Zentralbank Österreich AG. One issue in the amount of € 600 million was conducted in the form of participation rights with equity characteristics, and the other in the amount of € 650 million as hybrid Tier 1 capital.

As a result, the overall core capital ratio (Tier 1) would improve from 8.5 per cent to 10.4 per cent calculated with the data as of 30 June 2009 (only pro forma because the issue proceeds will be credited in the third quarter). The core capital ratio (Tier 1) based on credit risk would rise from 10.4 per cent to 12.7 per cent as of the balance sheet date. The issue proceeds serve primarily to further strengthen the capital base of the network banks.

For both issues, repayment is limited to the nominal amount, so the subscriber does not participate in the growth of Raiffeisen International’s substance; that also means no dilution for existing shareholders.

## 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 launching and subsequently distributing 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's risk management is well prepared for the 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, so high recovery rates on credit defaults are achieved. In the retail customer division, the reminder and collection processes (early, late, and recovery) for private individuals and small businesses is 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. It is planned to apply the IRB approach successively in other countries. Regulators have also approved the use of the IRB approach for the network bank in Romania beginning in July 2009. Using the IRB approach has the advantage for Raiffeisen International 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 d.d.* 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

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 June 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 fully 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

All segments of Raiffeisen International registered an earnings decline in the first half of the year. Earnings were heavily burdened by a worsened credit environment in all regions and the resulting increase of provisioning for impairment losses.

Of all segments, the region of Southeastern Europe achieved the largest profit before tax at € 129 million. That result was based on good operating income at the level of the comparable period in the preceding year. However, increased provisioning for impairment losses burdened earnings considerably. Balance sheet assets fell by 2 per cent year-on-year.

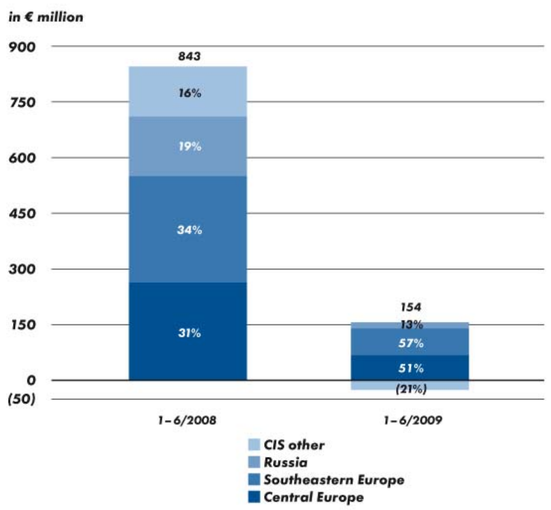
Central Europe achieved the second-largest profit before tax at € 118 million. Overall, operating business declined by 10 per cent, with increased net trading income contributing positively to total earnings. Balance sheet assets remained at the preceding year's level.

In Russia, pretax earnings declined despite strong growth of operating business by 13 per cent. Increased provisioning for impairment losses influenced the result considerably and pushed profit before tax down to € 29 million. The segment's balance sheet assets fell by 5 per cent year-on-year.

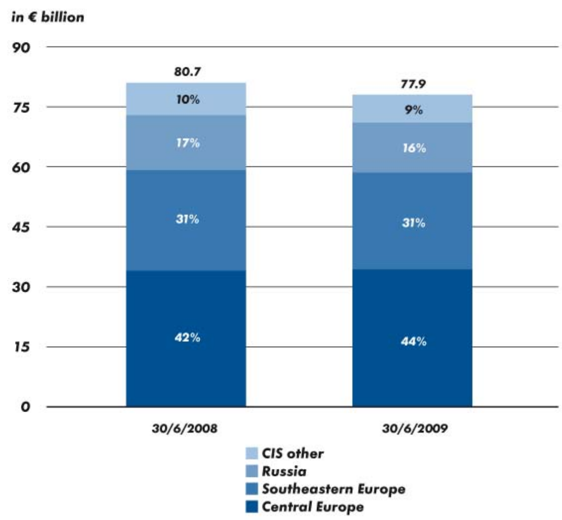
In the CIS other region, pretax earnings were negative for the first time at € 48 million, although the operating result remained at the preceding year's level. Profit was heavily burdened by provisioning for impairment losses of € 261 million. The segment's balance sheet assets declined year-on-year (minus 13 per cent).

Central Europe continued to dominate Group 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.

*Segment shares of profit before tax*




*Segment shares of assets*



## Central Europe

| In € million | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|
| Net interest income | 464 | (7.3) % | 501 |
| of which current income from associates | – | – | 1 |
| Provisioning for impairment losses | (229) | 201.8 % | (76) |
| **Net interest income after provisioning** | **235** | **(44.6) %** | **425** |
| Net fee and commission income | 200 | (25.9) % | 270 |
| Net trading income | 58 | 48.9 % | 39 |
| Net income from derivatives | 5 | 107.9 % | 2 |
| Net income from financial investments | 22 | – | (9) |
| General administrative expenses | (400) | (12.8) % | (459) |
| of which staff expenses | (189) | (16.9) % | (227) |
| of which other administrative expenses | (174) | (7.9) % | (189) |
| of which depreciation/amortization/write-downs | (37) | (12.0) % | (42) |
| Other net operating income | (2) | (70.2) % | (8) |
| Net income from disposal of group assets | 0 | (98.7) % | 6 |
| **Profit before tax** | **118** | **(55.8) %** | **267** |
| Income taxes | (27) | (49.4) % | (54) |
| **Profit after tax** | **91** | **(57.5) %** | **213** |
| Minority interests in profit | (32) | (43.6) % | (57) |
| **Consolidated profit** | **58** | **(62.5) %** | **156** |
| | | | |
| Share of profit before tax | 52 % | 20.7 PP | 31 % |
| Share of profit after tax | 49 % | 17.3 PP | 32 % |
| Risk-weighted assets (credit risk)[1] | 21,943 | (11.9) % | 24,919 |
| Total own funds requirement[1] | 2,004 | (11.3) % | 2,259 |
| Total assets[1] | 33,615 | 0.2 % | 33,543 |
| Liabilities[1] | 31,243 | 0.0 % | 31,238 |
| Risk/earnings ratio | 49.3 % | 34.2 PP | 15.1% |
| Cost/income ratio | 55.6 % | (1.6) PP | 57.2 % |
| Average equity | 2,445 | (10.9)% | 2,744 |
| Return on equity before tax | 9.6 % | (9.8) PP | 19.5 % |
| Consolidated return on equity (after minorities) | 6.7 % | (8.1) PP | 14.8 % |
| Average number of employees | 13,871 | 4.3 % | 13,295 |
| Number of employees (as of reporting date) [1] | 13,371 | (1.3)% | 13,551 |
| Number of business outlets[1] | 583 | 6.8 % | 546 |

[1] Reporting date values as of 30 June

Earnings in the Central Europe region were down significantly in the reporting period compared with the preceding year's level. Profit before tax declined by 56 per cent, or € 149 million, to € 118 million due to increased provisioning for impairment losses and reduced net fee and commission income. The return on equity before tax for Central Europe fell by 9.8 percentage points to 9.6 per cent.

Net interest income dropped by 7 per cent to € 464 million. Higher funding costs related to customer deposits – primarily in the Polish unit – and earnings-reducing currency effects in the Hungarian unit were responsible for this decline. Consolidated assets in Central Europe grew slightly by 0.2 per cent. The net interest margin narrowed significantly by 42 basis points on the comparable period to 2.71 per cent. Credit risk assets fell by 12 per cent from € 24.9 billion to € 21.9 billion. That reduction was due to currency effects and partial introduction of the IRB approach in Hungary, Slovakia, and the Czech Republic in December 2008.

Provisioning for impairment losses rose by 202 per cent to € 229 million. This increase was mainly attributable to allocations in Hungary. Allocations to portfolio-related provisions connected with loans to private individuals climbed significantly, for which the Group units in Hungary were primarily responsible. Individual provisions were raised to a similar extent in all countries of the region except Hungary. Individual provisions were much higher in Hungary due to the sharp devaluation of the forint in the first half of 2009. The share of the loan portfolio attributable to non-performing loans rose by 2.6 percentage points to 5.3 per cent.

Net fee and commission income in the region fell by 26 per cent, or € 70 million, to € 200 million. A major part of that decline came from foreign exchange and notes/coins business, which was down by 39 per cent to € 70 million. The main reasons for that were reduced customer margins in foreign exchange business in Poland and the launch of the euro in Slovakia as well as decreased income resulting from less new business in foreign currency loans in Hungary. Net income from payment transfers and account services dropped in all countries of the region, with the Central Europe segment's result falling altogether by 18 per cent to € 81 million.

The Central Europe region's net trading income amounted to € 58 million, which is 49 per cent above the comparable period's level. Net income of € 31 million was generated from currency-related business, with a major contribution coming from Hungary. The region booked net income of € 25 million in interest-related business, which arose mainly from valuation gains on interest-rate swap transactions in Slovakia.

Net income from derivatives amounted to € 5 million and arose almost exclusively in the Czech Republic from hedging transactions entered into for the purpose of adapting the currency structures.

Net income from financial investments amounted to € 22 million. It comprised the proceeds from the intragroup sale of a company in Slovakia, which was neutralized in Group earnings through consolidation, and the valuation gains on securities in all Group units of the region.

General administrative expenses fell by 13 per cent, or € 59 million, on the comparable period in 2008 to € 400 million. That decline resulted mainly from significantly lower staff expenses of € 189 million (minus 17 per cent). The average number of employees increased by 4 per cent year-on-year to 13,871. Other general administrative expenses fell by 8 per cent on the comparable period to € 174 million. Depreciation/amortization/write-downs declined by € 5 million to € 37 million. The number of business outlets rose by 7 per cent, or 37, year-on-year to 583. This growth occurred largely in Hungary (plus 18 business outlets). The region's cost/income ratio improved by 1.6 percentage points to 55.6 per cent.

Other net operating income amounted to minus € 2 million and consisted mainly of other tax expenses not dependent on income at the Hungarian and Slovakian units. Operating leasing business made a positive contribution of € 4 million.

Income taxes fell by 49 per cent on the comparable period to € 27 million. Profit after tax and minorities amounted to € 58 million.

## Southeastern Europe

| In € million | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|
| Net interest income | 443 | (1.3) % | 449 |
| Provisioning for impairment losses | (227) | 302.5 % | (56) |
| **Net interest income after provisioning** | **216** | **(44.9) %** | **393** |
| Net fee and commission income | 200 | (9.0) % | 220 |
| Net trading income | 56 | 99.9 % | 28 |
| Net income from derivatives | (3) | – | 0 |
| Net income from financial investments | 8 | – | (1) |
| General administrative expenses | (362) | (0.4) % | (363) |
| of which staff expenses | (157) | (1.3) % | (160) |
| of which other administrative expenses | (157) | (2.9) % | (161) |
| of which depreciation/amortization/write-downs | (48) | 12.9 % | (42) |
| Other net operating income | 14 | (1.9) % | 14 |
| **Profit before tax** | **129** | **(55.4) %** | **290** |
| Income taxes | (22) | (53.1) % | (46) |
| **Profit after tax** | **108** | **(55.9) %** | **244** |
| Minority interests in profit | (2) | (85.9) % | (14) |
| **Consolidated profit** | **106** | **(54.0) %** | **230** |
| | | | |
| Share of profit before tax | 57 % | 23.0 PP | 34 % |
| Share of profit after tax | 58 % | 21.9 PP | 36 % |
| Risk-weighted assets (credit risk)[1] | 17,163 | (5.2) % | 18,105 |
| Total own funds requirement[1] | 1,553 | (3.0) % | 1,601 |
| Total assets[1] | 23,937 | (1.7) % | 24,355 |
| Liabilities[1] | 21,202 | (2.6) % | 21,770 |
| Risk/earnings ratio | 51.2 % | 38.6 PP | 12.6 % |
| Cost/income ratio | 50.7 % | (0.3) PP | 51.1 % |
| Average equity | 1,966 | (3.9) % | 2,045 |
| Return on equity before tax | 13.2 % | (15.2) PP | 28.4 % |
| Consolidated return on equity (after minorities) | 12.1 % | (13.1) PP | 25.2 % |
| Average number of employees | 18,918 | 8.0 % | 17,510 |
| Number of employees (as of reporting date)[1] | 18,203 | – | 18,209 |
| Number of business outlets[1] | 1,206 | 14.9 % | 1,050 |

1 Reporting date values as of 30 June

In Southeastern Europe, profit before tax came to € 129 million and was thus 55 per cent below the € 290 million registered in the comparable period of 2008. Sharply higher allocations to provisioning for impairment losses contributed substantially to that decline. As a result, the return on equity before tax fell by 15.2 percentage points to 13.2 per cent.

Net interest income in the region fell by 1 per cent, or € 6 million, to € 443 million, which was primarily due to increased funding costs related to customer deposits in Romania. Balance sheet assets fell by 2 per cent to € 23.9 billion. The net interest margin narrowed by 17 basis points to 3.61 per cent. Credit risk-weighted assets declined by 5 per cent, from € 18.1 billion to € 17.2 billion.

Starting from a low level, provisioning for impairment losses rose by € 171 million to € 227 million due primarily to new allocations to individual provisions. Those increased mainly at the units in Romania and Croatia as a result of allocations for loans to private individuals. Portfolio-related provisions were formed at nearly all units in the region. The share of the loan portfolio attributable to non-performing loans grew by 3.5 percentage points year-on-year to 5.2 per cent.

At € 200 million, net fee and commission income was below the preceding year's level by 9 per cent. Payment transfer business contributed € 84 million to that, which was 5 per cent above its level in the preceding year. Foreign exchange and notes/coins business declined by 17 per cent to € 39 million. Credit and guarantee business generated another € 37 million. The region's largest decline in absolute terms (minus € 22 million) was booked by the Romanian unit, which nevertheless continues to be the highest contributor of fee income in the Group.

Net trading income registered a positive development in the Southeastern Europe region. Altogether, it increased by € 28 million to € 56 million. At € 41 million, currency-related business significantly exceeded the level of the comparable period in 2008, which was primarily due to the Romanian unit's contribution. A profit of € 15 million was booked in interest-related business. The Albanian unit made a large contribution of € 7 million.

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 and made to minimize interest rate risks. The valuation gains were accordingly to be recognized in the income statement.

Net income from financial investments amounted to € 8 million. After a negative result in the comparable period, this increase was brought about by valuation gains on securities, especially in Romania.

General administrative expenses altogether were nearly unchanged on the comparable period at € 362 million. Staff expenses fell by € 3 million to € 157 million. The average number of employees increased by 8 per cent, or 1,408, on the comparable period to 18,918. Other administrative expenses amounted to € 157 million and were thus 3 per cent below the comparable period's level despite expansion of the business outlet network. Depreciation/amortization/write-downs, mostly for capital investments in branches, increased by 13 per cent to € 48 million. Starting from 1,050 business outlets at the end of the comparable period, their number rose by 15 per cent to 1,206. Southeastern Europe thereby showed the largest increase of all segments, achieved mainly through strong branch network expansion in Romania (plus 92 branches). The cost/income ratio improved slightly by 0.3 percentage points to 50.7 per cent.

Other net operating income remained almost unchanged on the comparable period in the preceding year at € 14 million. In addition to relatively small expense items, income from operating leasing business contributed € 19 million in the reporting period.

Income taxes declined by 53 per cent on the comparable period to € 22 million. Consolidated profit after tax and minorities amounted to € 106 million.

## Russia

| In € million | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|
| Net interest income | 373 | 20.2 % | 311 |
| Provisioning for impairment losses | (252) | >500.0 % | (37) |
| **Net interest income after provisioning** | **122** | **(55.5) %** | **273** |
| Net fee and commission income | 99 | 5.9 % | 93 |
| Net trading income | (20) | – | 1 |
| Net income from derivatives | 17 | 237.1 % | 5 |
| Net income from financial investments | 2 | (79.6) % | 8 |
| General administrative expenses | (192) | (8.9) % | (211) |
| of which staff expenses | (91) | (8.9) % | (100) |
| of which other administrative expenses | (86) | (12.7) % | (99) |
| of which depreciation/amortization/write-downs | (16) | 19.3 % | (13) |
| Other net operating income | 2 | – | (4) |
| **Profit before tax** | **29** | **(82.4) %** | **166** |
| Income taxes | (6) | (86.9) % | (46) |
| **Profit after tax** | **23** | **(80.7) %** | **120** |
| Minority interests in profit | (2) | 490.3 % | 0 |
| **Consolidated profit** | **21** | **(82.3) %** | **120** |
| | | | |
| Share of profit before tax | 13 % | (6.5) PP | 19 % |
| Share of profit after tax | 13 % | (5.3) PP | 18 % |
| Risk-weighted assets (credit risk)[1] | 9,014 | (8.6) % | 9,866 |
| Total own funds requirement[1] | 839 | (8.1) % | 913 |
| Total assets[1] | 12,476 | (4.7) % | 13,086 |
| Liabilities[1] | 10,999 | (7.3) % | 11,865 |
| Risk/earnings ratio | 67.4 % | 55.4 PP | 12.0 % |
| Cost/income ratio | 42.4 % | (10.3) PP | 52.7 % |
| Average equity | 1,086 | (5.2) % | 1,146 |
| Return on equity before tax | 5.4 % | (23.6) PP | 29.0 % |
| Consolidated return on equity (after minorities) | 3.9 % | (17.1) PP | 21.0 % |
| Average number of employees | 9,799 | 5.9 % | 9,252 |
| Number of employees (as of reporting date)[1] | 9,185 | (4.2) % | 9,592 |
| Number of business outlets[1] | 229 | (7.7) % | 246 |

1 Reporting date values as of 30 June

In Russia, profit before tax fell by 82 per cent, or € 137 million, to € 29 million despite a comparatively high increase of net interest income. As in the other segments, provisioning for impairment losses was the reason for that. The return on equity before tax consequently declined by 23.6 percentage points to 5.4 per cent.

Net interest income increased by 20 per cent, or € 62 million, on the comparable period to € 373 million largely due to margin improvement on the asset side. Balance sheet assets fell by 5 per cent, or € 0.6 billion, to € 12.5 billion. The net interest margin improved significantly by 53 basis points to 5.39 per cent.

Credit risk-weighted assets fell by 9 per cent to € 9.0 billion and thus somewhat more sharply than balance sheet assets, which declined by 5 per cent. This difference exists primarily because the items that increased year-on-year and are held at the central bank are weighted lower.

Provisioning for impairment losses rose from € 37 million in the comparable period to € 252 million in the reporting period. This increase is largely attributable to individual provisions in the amount of € 213 million and mostly concern loans to corporate customers. Allocations to portfolio-related provisions were somewhat lower than in the comparable period. The share of the loan portfolio attributable to non-performing loans rose by 5.6 percentage points to 7.2 per cent.

Net fee and commission income registered an increase by 6 per cent, or € 6 million, to € 99 million. The payment transfer business contributed € 35 million (minus 13 per cent). Income from foreign exchange and notes/coins business rose by 32 per cent on the comparable period in 2008 to € 33 million. Earnings from the credit and guarantee business almost doubled to € 14 million.

Net trading income fell from € 1 million in the comparable period to minus € 20 million in the first half of 2009. That resulted primarily from the valuation of various foreign exchange forward contracts due to the change of forward rates. On the other hand, interest-related business brought income of € 22 million, which largely derived from valuation gains on fixed-income securities due to the downward development of interest rates.

Net income from derivatives amounted to € 17 million in the reporting period. It was based mainly on a valuation gain from interest rate swaps that had been used to reduce yield curve risk.

Net income from financial investments came to € 2 million in Russia. A loss of € 2 million resulted from the redemption of held-to-maturity securities. On the other hand, valuation gains of € 4 million on the portfolio of marked-to-market securities had a positive effect.

General administrative expenses fell by 9 per cent, or € 19 million, to € 192 million thanks to cost reduction and currency effects. Staff expenses declined by 9 per cent, or € 9 million, to € 91 million. The average number of employees in the region rose by 6 per cent, or 547, on the comparable period to 9,799. Other administrative expenses fell by 13 per cent, or € 13 million, to € 86 million. Depreciation/amortization/write-downs rose by € 3 million to € 16 million. The region's cost/income ratio improved by 10.3 percentage points to 42.4 per cent.

The segment's other net operating income came to € 2 million and thus remained above the level of the comparable period in 2008. Expenses for taxes not dependent on income were mainly responsible for that result.

Income taxes fell by 87 per cent on the comparable period to € 6 million. Consolidated profit after tax and minorities amounted to € 21 million, which represents a decline of 82 per cent.

## CIS other

| In € million | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|
| Net interest income | 249 | 1.7 % | 244 |
| Provisioning for impairment losses | (261) | >500.0 % | (32) |
| **Net interest income after provisioning** | **(12)** | **–** | **212** |
| Net fee and commission income | 83 | (28.5) % | 116 |
| Net trading income | 24 | 494.6 % | 4 |
| Net income from derivatives | 1 | – | – |
| Net income from financial investments | 12 | >500.0 % | 2 |
| General administrative expenses | (155) | (15.8) % | (185) |
| of which staff expenses | (83) | (17.3) % | (101) |
| of which other administrative expenses | (54) | (17.0) % | (65) |
| of which depreciation/amortization/write-downs | (18) | (3.8) % | (19) |
| Other net operating income | 1 | – | (11) |
| **Profit before tax** | **(48)** | **–** | **138** |
| Income taxes | 12 | – | (42) |
| **Profit after tax** | **(36)** | **–** | **96** |
| Minority interests in profit | (1) | (86.5) % | (8) |
| **Consolidated profit** | **(37)** | **–** | **88** |
| | | | |
| Share of profit before tax | (21) % | (37.2) PP | 16 % |
| Share of profit after tax | (20) % | (33.8) PP | 14 % |
| Risk-weighted assets (credit risk)[1] | 6,738 | (1.4) % | 6,832 |
| Total own funds requirement[1] | 605 | (1.9) % | 616 |
| Total assets[1] | 7,001 | (12.5) % | 8,000 |
| Liabilities[1] | 6,100 | (12.8) % | 6,998 |
| Risk/earnings ratio | 105.0 % | 92.0 PP | 13.1 % |
| Cost/income ratio | 43.7 % | (8.6) PP | 52.3 % |
| Average equity | 764 | (3.9) % | 795 |
| Return on equity before tax | – | – | 34.7 % |
| Consolidated return on equity (after minorities) | – | – | 24.4 % |
| Average number of employees | 19,038 | (4.4) % | 19,913 |
| Number of employees (as of reporting date)[1] | 18,575 | (8.0) % | 20,186 |
| Number of business outlets[1] | 1,149 | (6.8) % | 1,235 |

[1] Reporting date values as of 30 June

This segment's profit before tax declined by € 186 million in the reporting period to minus € 48 million, which resulted from very high provisioning for impairment losses. Moreover, currency devaluations had an especially strong impact in the segment.

Net interest income in the CIS other segment rose by 2 per cent, or € 5 million, to € 249 million. Balance sheet assets fell by 13 per cent, or € 1 billion, year–on-year to € 7.0 billion. The net interest margin increased slightly by 28 basis points to 6.56 per cent.

While the balance sheet total declined by 13 per cent, credit risk-weighted assets (as defined by Basel II) only fell by 1 per cent to € 6.7 billion. The high volume of arrears had an effect in the calculation by way of a higher risk weighting.

Provisioning for impairment losses rose from € 32 million in the comparable period to € 261 million in the reporting period. This increase concerned extensive individual provisions connected with loans to private individuals in Ukraine. Portfolio-related provisions were formed only to a small extent. The share of the loan portfolio attributable to non-performing loans rose by 12.2 percentage points to 15.5 per cent. It was 18.2 per cent in Ukraine, and 2.5 per cent in Belarus.

Net fee and commission income registered a decline of € 33 million to € 83 million due to economic and currency-related influences. Payment transfer business made the most important earnings contribution at € 56 million. Foreign exchange and notes/coins business contributed € 25 million.

Net trading income grew from € 4 million to € 24 million. That resulted almost entirely from currency-related business, largely derived from valuation gains on a strategic currency position in Belarus. Interest-related business yielded income of € 4 million, which arose in Ukraine.

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

Net income from financial investments came to € 12 million. Valuation gains on the portfolio of marked-to-market securities that accrued at the Group subsidiary in Ukraine had a positive effect.

General administrative expenses declined altogether by 16 per cent, or € 30 million, to € 155 million. In particular, staff expenses fell by 17 per cent, or € 18 million, to € 83 million. The region's average number of employees came to 19,038, which means a reduction on the comparable period by 4 per cent, or 875 employees.

Other administrative expenses fell by 17 per cent, or € 11 million, to € 54 million, which was connected with the reduction of business outlets in Ukraine (minus 96 business outlets). Depreciation/amortization/write-downs amounted to € 18 million and were thus down by 4 per cent on the comparable period in 2008. The region's cost/income ratio improved significantly by 8.6 percentage points to 43.7 per cent.

The segment's other net operating income amounted to € 1 million.

Income taxes went from minus € 42 million in the comparable period to plus € 12 million due to the formation of deferred tax assets. Consolidated profit after tax and minority interests decreased to minus € 37 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 businesses 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

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

| 1/1-30/6/2008<br>In € million | Corporate customers | Retail customers | Treasury | Participations and other | Total |
|---|---|---|---|---|---|
| Net interest income | 512 | 860 | 122 | 3 | 1,498 |
| Provisioning for impairment losses | (45) | (155) | – | (2) | (201) |
| **Net interest income after provisioning** | **467** | **706** | **122** | **1** | **1,296** |
| Net fee and commission income | 251 | 448 | 6 | (2) | 703 |
| Net trading income | 8 | 2 | 81 | 1 | 92 |
| Net income from derivatives | – | – | 7 | – | 7 |
| Net income from financial investments | (1) | – | (12) | 12 | (1) |
| General administrative expenses | (258) | (875) | (50) | (67) | (1,250) |
| Other net operating income | 16 | 7 | 0 | (34) | (11) |
| Net income from disposal of group assets | – | – | – | 6 | 6 |
| **Profit before tax** | **484** | **288** | **155** | **(84)** | **843** |
| Risk-weighted assets (credit risk)[1] | 31,417 | 17,626 | 6,290 | 4,060 | 59,394 |
| Total own funds requirement[1] | 2,666 | 1,665 | 938 | 319 | 5,587 |
| Average number of employees | 9,306 | 47,555 | 1,448 | 1,928 | 60,236 |
| Cost/income ratio | 32.8 % | 66.4 % | 23.8 % | – | 54.8 % |
| Average equity | 3,404 | 2,050 | 717 | 431 | 6,601 |
| Return on equity before tax | 28.4 % | 28.1 % | 43.2 % | – | 25.5 % |

[1] Reporting date values as of 30 June

## *Corporate customers*

The corporate customer division registered an earnings decline in the reporting period. Profit before tax fell by 74 per cent to € 126 million. The significant rise of provisioning for impairment losses to € 386 million was mainly responsible for that. This was largely a result of allocations in the Russian unit, whose business is strongly geared to corporate customers.

Operating income was only 8 per cent below the preceding year's level. Altogether, it fell from € 787 million to € 726 million. Net interest income rose by 2 per cent on the comparable period to € 521 million. This increase was due, amongst other things, to the contribution from the Russian unit, where higher risk associated costs were in part balanced out by increased margins. On the other hand, net fee and commission income registered a decline by 24 per cent to € 191 million, which was largely attributable to cyclically-induced declines of business at the units in Russia and Romania.

General administrative expenses dropped by 15 per cent to € 220 million. The cost/income ratio improved by 2.6 percentage points to 30.2 per cent.

Other net operating income rose by 31 per cent to € 21 million. The business area of operating leasing in Croatia continued to make the largest contribution at € 11 million.

Credit risk-weighted assets reached € 27.7 billion. That represents a sharp decline by 12 per cent on the comparable period in 2008, which was primarily due to the reduction of off-balance-sheet items.

The return on equity before tax fell by 20.6 percentage points to 7.8 per cent because of the decline in earnings.

## *Retail customers*

The retail customer division's profit before tax was negative again, as in the preceding quarter, and for the first half of the year amounted to minus € 130 million. In the comparable period of 2008, a profit of € 288 million was achieved. Due to the worsened risk situation, substantially higher provisioning for impairment losses became necessary in the amount of € 579 million, which caused the earnings decline. A huge increase of provisioning for impairment losses was made primarily in the Ukrainian, Russian and Hungarian units, where business with private individuals has a large share of the total.

Operating income from this division was down by 4 per cent on the comparable period at € 1,263 million. Net interest income rose by 1 per cent to € 868 million. Net fee and commission income fell by 14 per cent to € 388 million mainly due to the decline of business relevant for fees and commissions in the Ukrainian unit.

General administrative expenses fell by 7 per cent in the reporting period to € 813 million primarily for currency-related reasons. Consequently, the cost/income ratio improved further by 2.0 percentage points to 64.4 per cent.

Credit risk-weighted assets fell by 2 per cent year-on-year and amounted to € 17.3 billion at the end of the reporting period.

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

## *Treasury*

The treasury division achieved profit before tax of € 115 million, which represents a decline of 26 per cent on the comparable period. The result was achieved despite a sharp decline of net interest income thanks to a 57 per cent improvement of net trading income.

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

Net trading income amounted to € 127 million and was largely influenced by currency-related transactions in Romania and by appreciation of the securities portfolio, which had suffered value losses primarily in the fourth quarter of 2008.

Net income from derivatives rose significantly to € 13 million, with the valuation of the interest rate swap in Russia making the predominant contribution.

Net income from financial investments was positive in contrast to the comparable period in the preceding year and amounted to € 27 million. That resulted largely from the valuation of fixed-income securities in the Ukrainian unit.

The reduction of general administrative expenses amounted to 13 per cent year-on-year. Operating income showed a comparatively strong decline of 43 per cent to € 119 million. Consequently, the cost/income ratio increased by 12.6 percentage points to 36.3 per cent.

Credit risk-weighted assets fell by 6 per cent to € 5.9 billion.

The division's return on equity before tax fell by 9.7 percentage points to 33.6 per cent because of the decline in profit.

## *Participations and other*

Profit before tax in the participations and other division improved to € 42 million. The result was positive mainly because it contains 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 the preceding year. Those remain in the division and are not distributed to the other divisions.

# Consolidated financial statements
## (Interim report as of 30 June 2009)

## Income statement

| In € million | Notes | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|---|
| Interest income | | 2,969.5 | 5.1 % | 2,825.0 |
| Current income from associates | | 0.5 | (49.7) % | 1.0 |
| Interest expenses | | (1,474.2) | 11.0 % | (1,328.4) |
| **Net interest income** | (2) | **1,495.8** | **(0.1) %** | **1,497.6** |
| Provisioning for impairment losses | (3) | (968.5) | 380.9 % | (201.4) |
| **Net interest income after provisioning** | | **527.3** | **(59.3) %** | **1,296.2** |
| Fee and commission income | | 694.2 | (15.8) % | 824.2 |
| Fee and commission expense | | (109.4) | (9.8) % | (121.3) |
| **Net fee and commission income** | (4) | **584.8** | **(16.8) %** | **702.9** |
| Net trading income | (5) | 118.9 | 29.0 % | 92.2 |
| Net income from derivatives | (6) | 19.0 | 156.9 % | 7.4 |
| Net income from financial investments | (7) | 31.3 | – | (0.7) |
| General administrative expenses | (8) | (1,143.1) | (8.5) % | (1,249.9) |
| Other net operating income | (9) | 15.5 | – | (11.2) |
| Net income from disposal of group assets | | 0.1 | (98.3) % | 5.8 |
| **Profit before tax** | | **153.8** | **(81.7) %** | **842.7** |
| Income taxes | | (34.7) | (82.3) % | (196.3) |
| **Profit after tax** | | **119.1** | **(81.6) %** | **646.4** |
| Minority interests in profit | | (41.0) | (49.2) % | (80.7) |
| **Consolidated profit** | | **78.1** | **(86.2) %** | **565.7** |

| € | 1/1-30/6 2009 | Change | 1/1-30/6 2008 |
|---|---|---|---|
| **Earnings per share** | **0.51** | **(3.17)** | **3.68** |

Earnings per share are obtained by dividing consolidated profit by the average number of common shares outstanding. As of 30 June 2009, the number of common shares outstanding was 153.7 million compared with 153.6 million as of 30 June 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 | Q3/2008 | Q4/2008 | Q1/2009 | Q2/2009 |
|---|---|---|---|---|
| Net interest income | 844.1 | 890.3 | 767.1 | 728.7 |
| Provisioning for impairment losses | (164.2) | (414.8) | (445.2) | (523.3) |
| **Net interest income after provisioning** | **679.9** | **475.6** | **321.9** | **205.4** |
| Net fee and commission income | 394.9 | 398.6 | 293.7 | 291.1 |
| Net trading income | 35.2 | 40.3 | 45.6 | 73.3 |
| Net income from derivatives | (6.3) | (21.0) | (4.9) | 23.9 |
| Net income from financial investments | 10.8 | (35.8) | (2.9) | 34.2 |
| General administrative expenses | (689.7) | (693.5) | (573.6) | (569.5) |
| Other net operating income | (6.4) | 1.8 | 3.7 | 11.8 |
| Net income from disposal of group assets | (0.2) | 2.2 | 0.1 | – |
| **Profit before tax** | **418.3** | **168.1** | **83.6** | **70.2** |
| Income taxes | (99.3) | (55.3) | (19.9) | (14.8) |
| **Profit after tax** | **319.0** | **112.8** | **63.7** | **55.4** |
| Minority interests in profit | (23.2) | 7.7 | (7.5) | (33.5) |
| **Consolidated profit** | **295.8** | **120.5** | **56.2** | **21.9** |

| In € million | Q3/2007 | Q4/2007 | Q1/2008 | Q2/2008 |
|---|---|---|---|---|
| Net interest income | 625.0 | 715.1 | 711.1 | 786.5 |
| Provisioning for impairment losses | (88.8) | (114.9) | (93.0) | (108.3) |
| **Net interest income after provisioning** | **536.2** | **600.2** | **618.1** | **678.1** |
| Net fee and commission income | 322.8 | 354.8 | 330.9 | 372.0 |
| Net trading income | 41.4 | 7.1 | 37.6 | 54.6 |
| Net income from derivatives | (26.3) | (8.0) | (36.7) | 44.1 |
| Net income from financial investments | (2.9) | 0.8 | (1.5) | 0.9 |
| General administrative expenses | (535.0) | (646.3) | (584.4) | (665.5) |
| Other net operating income | (2.5) | (23.5) | 5.8 | (17.0) |
| Net income from disposal of group assets | 13.1 | (0.9) | – | 5.8 |
| **Profit before tax** | **346.8** | **284.2** | **369.6** | **473.1** |
| Income taxes | (87.2) | (47.4) | (90.2) | (106.0) |
| **Profit after tax** | **259.6** | **236.8** | **279.4** | **367.1** |
| Minority interests in profit | (35.3) | (21.3) | (24.9) | (55.8) |
| **Consolidated profit** | **224.3** | **215.6** | **254.4** | **311.3** |

# Balance sheet

| **Assets**<br>In € million | **Notes** | **30/6 2009** | **Change** | **31/12 2008** |
|---|---|---|---|---|
| Cash reserve | | 6,228 | (12.6) % | 7,130 |
| Loans and advances to banks | (11,30) | 7,181 | (20.5) % | 9,038 |
| Loans and advances to customers | (12,30) | 53,512 | (7.6) % | 57,902 |
| Provisioning for impairment losses | (13) | (2,497) | 52.1 % | (1,641) |
| Trading assets | (14,30) | 3,172 | (15.7) % | 3,763 |
| Derivatives | (15,30) | 589 | (31.9) % | 865 |
| Financial investments | (16,30) | 6,566 | 27.8 % | 5,137 |
| Investments in associates | (30) | 3 | 18.7 % | 3 |
| Intangible fixed assets | (17) | 941 | (1.2) % | 952 |
| Tangible fixed assets | (18) | 1,272 | 0.7 % | 1,264 |
| Other assets | (19,30) | 895 | (9.1) % | 985 |
| **Total assets** | | **77,862** | **(8.8) %** | **85,397** |

| **Equity and liabilities**<br>In € million | **Notes** | **30/6 2009** | **Change** | **31/12 2008** |
|---|---|---|---|---|
| Deposits from banks | (20,30) | 22,610 | (13.7) % | 26,213 |
| Deposits from customers | (21,30) | 42,276 | (4.4) % | 44,206 |
| Liabilities evidenced by paper | (22,30) | 2,827 | (16.7) % | 3,393 |
| Provisions for liabilities and charges | (23,30) | 330 | (24.4) % | 437 |
| Trading liabilities | (24,30) | 724 | (50.4) % | 1,460 |
| Derivatives | (25,30) | 351 | (57.8) % | 832 |
| Other liabilities | (26,30) | 757 | 16.1 % | 653 |
| Subordinated capital | (27,30) | 1,772 | 5.2 % | 1,684 |
| Equity | (28) | 6,215 | (4.7) % | 6,518 |
| Consolidated equity | | 5,178 | 12.2 % | 4,613 |
| Consolidated profit | | 78 | (92.1) % | 982 |
| Minority interests | | 959 | 3.9 % | 923 |
| **Total equity and liabilities** | | **77,862** | **(8.8) %** | **85,397** |

# Statement of changes in equity

| In € million | Subscribed 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 | – | – | – | – | 53 | 53 |
| Transferred to retained earnings | – | – | 698 | (698) | – | – |
| Dividend payments | – | – | – | (143) | (39) | (181) |
| Comprehensive income | – | – | 87 | 566 | 134 | 787 |
| Own shares/share incentive program | (1) | (24) | – | – | 1 | (24) |
| Other changes | – | – | (11) | – | – | (11) |
| **Equity as of 30/6/2008** | **468** | **2,564** | **2,704** | **566** | **944** | **7,246** |

| In € million | Subscribed 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** |
| Transferred to retained earnings | – | – | 839 | (839) | – | – |
| Dividend payments | – | – | – | (143) | (42) | (185) |
| Comprehensive income | – | – | (240) | 78 | 47 | (115) |
| Own shares/share incentive program | – | (1) | – | – | – | (1) |
| Other changes | – | – | (33) | – | 31 | (2) |
| **Equity as of 30/6/2009** | **469** | **2,567** | **2,143** | **78** | **959** | **6,215** |

## Comprehensive income

| In € million | Group equity 1/1-30/6 2009 | Group equity 1/1-30/6 2008 | Minority interests 1/1-30/6 2009 | Minority interests 1/1-30/6 2008 |
|---|---|---|---|---|
| **Consolidated profit** | **78** | **566** | **41** | **81** |
| Exchange differences | (232) | 100 | 6 | 52 |
| Capital hedge | (18) | (21) | – | – |
| Cash flow hedge | 9 | (6) | – | – |
| Valuation result of available-for-sale financial assets | 3 | 21 | – | 1 |
| Deferred taxes on income and expenses directly recognized in equity | (2) | (7) | – | – |
| **Comprehensive income** | **(162)** | **653** | **47** | **134** |

# Cash flow statement

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| **Cash and cash equivalents at the end of the previous period** | **7,130** | **3,664** |
| Net cash from operating activities | (7) | (561) |
| Net cash from investing activities | (492) | (79) |
| Net cash from financing activities | (98) | (97) |
| Effect of exchange rate changes | (306) | 29 |
| **Cash and cash equivalents at the end of period** | **6,228** | **2,956** |

# Segment reporting

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

- ***Central Europe***
  Czech Republic, Hungary, Poland, Slovakia, and Slovenia
- ***Southeastern Europe***
  Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Romania, and Serbia
- ***Russia***
- ***CIS other***
  Belarus, Kazakhstan, and Ukraine

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

| 1/1-30/6/2009<br>In € million | Central Europe | Southeastern Europe | Russia | CIS other | Reconciliation | Total |
|---|---|---|---|---|---|---|
| Net interest income | 464.2 | 443.2 | 373.5 | 248.5 | (33.7) | 1,495.8 |
| Provisioning for impairment losses | (228.8) | (226.9) | (251.7) | (261.0) | – | (968.5) |
| **Net interest income after provisioning** | **235.3** | **216.3** | **121.8** | **(12.5)** | **(33.7)** | **527.3** |
| Net fee and commission income | 200.2 | 200.3 | 99.0 | 82.7 | 2.6 | 584.8 |
| Net trading income | 58.3 | 55.7 | (19.7) | 23.9 | 0.8 | 118.9 |
| Net income from derivatives | 4.6 | (2.7) | 17.5 | 0.8 | (1.2) | 19.0 |
| Net income from financial investments | 21.8 | 7.6 | 1.7 | 11.7 | (11.5) | 31.3 |
| General administrative expenses | (400.2) | (361.7) | (192.4) | (155.4) | (33.5) | (1,143.1) |
| of which staff expenses | (188.9) | (157.4) | (90.7) | (83.1) | (23.7) | (543.8) |
| of which other administrative expenses | (174.4) | (156.6) | (86.1) | (54.2) | (8.4) | (479.8) |
| of which depreciation | (36.9) | (47.7) | (15.6) | (18.0) | (1.4) | (119.6) |
| Other net operating income | (2.3) | 13.9 | 1.5 | 0.5 | 2.1 | 15.5 |
| Net income from disposal of group assets | 0.1 | – | – | – | – | 0.1 |
| **Profit before tax** | **117.8** | **129.3** | **29.3** | **(48.3)** | **(74.5)** | **153.8** |
| Income taxes | (27.2) | (21.7) | (6.0) | 12.1 | 8.1 | (34.7) |
| **Profit after tax** | **90.6** | **107.7** | **23.3** | **(36.2)** | **(66.4)** | **119.1** |
| Minority interests in profit | (32.3) | (1.9) | (2.0) | (1.1) | (3.7) | (41.0) |
| **Consolidated profit** | **58.4** | **105.7** | **21.3** | **(37.3)** | **(70.1)** | **78.1** |
| Share of profit before tax | 51.6 % | 56.7 % | 12.8 % | (21.2) % | – | 100.0 % |
| Share of profit after tax | 48.9 % | 58.1 % | 12.6 % | (19.5) % | – | 100.0 % |
| Risk-weighted assets (credit risk)[1] | 21,943 | 17,163 | 9,014 | 6,738 | (156) | 54,701 |
| Own funds requirement[1] | 2,004 | 1,553 | 839 | 605 | 344 | 5,345 |
| Total assets[1] | 33,615 | 23,937 | 12,476 | 7,001 | 833 | 77,862 |
| Liabilities[1] | 31,243 | 21,202 | 10,999 | 6,100 | 2,104 | 71,648 |
| Risk/earnings ratio | 49.3 % | 51.2 % | 67.4 % | 105.0 % | – | 64.7 % |
| Cost/income ratio | 55.6 % | 50.7 % | 42.4 % | 43.7 % | – | 51.6 % |
| Average equity | 2,445 | 1,966 | 1,086 | 764 | (17) | 6,245 |
| Return on equity before tax | 9.6 % | 13.2 % | 5.4 % | – | – | 4.9 % |
| Consolidated return on equity (after minorities) | 6.7 % | 12.1 % | 3.9 % | – | – | 2.9 % |
| Average number of staff | 13,871 | 18,918 | 9,799 | 19,038 | 343 | 61,969 |
| Business outlets[1] | 583 | 1,206 | 229 | 1,149 | – | 3,167 |

[1] Reporting date values as of 30 June

| 1/1-30/6/2008<br>In € million | Central Europe | Southeastern Europe | Russia | CIS other | Reconciliation | Total |
|---|---|---|---|---|---|---|
| Net interest income | 500.8 | 448.9 | 310.7 | 244.3 | (7.2) | 1,497.6 |
| Provisioning for impairment losses | (75.8) | (56.4) | (37.3) | (31.9) | – | (201.4) |
| **Net interest income after provisioning** | **424.9** | **392.6** | **273.5** | **212.4** | **(7.2)** | **1,296.2** |
| Net fee and commission income | 270.2 | 220.0 | 93.4 | 115.7 | 3.5 | 702.9 |
| Net trading income | 39.1 | 27.9 | 0.6 | 4.0 | 20.6 | 92.2 |
| Net income from derivatives | 2.2 | 0.2 | 5.2 | – | (0.2) | 7.4 |
| Net income from financial investments | (9.0) | (1.5) | 8.3 | 1.5 | 0.0 | (0.7) |
| General administrative expenses | (458.7) | (363.1) | (211.2) | (184.6) | (32.4) | (1,249.9) |
| of which staff expenses | (227.4) | (159.5) | (99.5) | (100.5) | (24.6) | (611.5) |
| of which other administrative expenses | (189.4) | (161.3) | (98.6) | (65.3) | (6.5) | (521.2) |
| of which depreciation | (41.9) | (42.3) | (13.1) | (18.7) | (1.2) | (117.2) |
| Other net operating income | (7.9) | 14.1 | (3.6) | (11.0) | (2.9) | (11.2) |
| Net income from disposal of group assets | 5.8 | – | – | – | – | 5.8 |
| **Profit before tax** | **266.9** | **290.1** | **166.2** | **138.1** | **(18.6)** | **842.7** |
| Income taxes | (53.8) | (46.2) | (45.8) | (41.8) | (8.6) | (196.3) |
| **Profit after tax** | **213.0** | **243.9** | **120.4** | **96.3** | **(27.2)** | **646.4** |
| Minority interests in profit | (57.3) | (13.8) | (0.3) | (8.3) | (1.1) | (80.7) |
| **Consolidated profit** | **155.8** | **230.1** | **120.1** | **88.0** | **(28.3)** | **565.7** |
| Share of profit before tax | 31.0 % | 33.7 % | 19.3 % | 16.0 % | – | 100.0 % |
| Share of profit after tax | 31.6 % | 36.2 % | 17.9 % | 14.3 % | – | 100.0 % |
| Risk-weighted assets (credit risk)[1] | 24,919 | 18,105 | 9,866 | 6,832 | (327) | 59,394 |
| Own funds requirement[1] | 2,259 | 1,601 | 913 | 616 | 198 | 5,587 |
| Total assets[1] | 33,543 | 24,355 | 13,086 | 8,000 | 1,716 | 80,699 |
| Liabilities[1] | 31,238 | 21,770 | 11,865 | 6,998 | 1,582 | 73,453 |
| Risk/earnings ratio | 15.1 % | 12.6 % | 12.0 % | 13.1 % | – | 13.4 % |
| Cost/income ratio | 57.2 % | 51.1 % | 52.7 % | 52.3 % | – | 54.8 % |
| Average equity | 2,744 | 2,045 | 1,146 | 795 | (129) | 6,601 |
| Return on equity before tax | 19.5 % | 28.4 % | 29.0 % | 34.7 % | – | 25.5 % |
| Consolidated return on equity (after minorities) | 14.8 % | 25.2 % | 21.0 % | 24.4 % | – | 19.6 % |
| Average number of staff | 13,295 | 17,510 | 9,252 | 19,913 | 266 | 60,236 |
| Business outlets[1] | 546 | 1,050 | 246 | 1,235 | – | 3,077 |

[1] Reporting date values as of 30 June

# 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 unaudited interim report as of 30 June 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.

## Changes in consolidated group

| | Fully consolidated | | Equity method | |
|---|---|---|---|---|
| Number of units | 30/6/2009 | 31/12/2008 | 30/6/2009 | 31/12/2008 |
| As of beginning of period | 131 | 121 | 1 | 3 |
| Included for the first time in the financial period | 3 | 19 | – | – |
| Excluded in the financial period | – | (7) | – | (2) |
| Merged in the financial period | – | (2) | – | – |
| **As of end of period** | **134** | **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 |
| 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 |

# Notes to the income statement

## (1) Income statement according to measurement categories

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

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Net income from financial assets and liabilities held-for-trading | 299.1 | (201.7) |
| Net income from financial assets and liabilities at fair value through profit or loss | 141.9 | 31.4 |
| Net income from financial assets available-for-sale | 5.5 | 14.8 |
| Net income from loans and receivables | 1,693.6 | 2,426.0 |
| Net income from financial assets held-to-maturity | 86.2 | 78.6 |
| Net income from financial liabilities measured at acquisition cost | (1,463.6) | (1,326.4) |
| Net income from derivatives (hedging) | 3.2 | 79.5 |
| Net revaluations from exchange differences | (69.5) | 291.9 |
| Other net operating income/expenses | (542.6) | (551.4) |
| **Total profit before tax from continuing operations** | **153.8** | **842.7** |

## (2) Net interest income

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| **Interest income** | **2,963.4** | **2,818.3** |
| from loans and advances to banks | 130.3 | 278.6 |
| from loans and advances to customers | 2,393.6 | 2,189.7 |
| from financial investments | 199.3 | 122.0 |
| from leasing claims | 145.2 | 157.8 |
| from derivative financial instruments (non-trading), net | 94.9 | 70.2 |
| **Current income from shareholdings** | **2.5** | **3.4** |
| **Interest-like income** | **3.6** | **3.3** |
| **Interest and interest-like income, total** | **2,969.5** | **2,825.0** |
| **Current income from associates** | **0.5** | **1.0** |
| **Interest expenses** | **(1,471.4)** | **(1,324.8)** |
| on deposits from banks | (499.9) | (495.4) |
| on deposits from customers | (861.7) | (715.8) |
| on liabilities evidenced by paper | (67.5) | (69.0) |
| on subordinated capital | (42.3) | (44.6) |
| **Interest-like expenses** | **(2.9)** | **(3.6)** |
| **Interest and interest-like expenses, total** | **(1,474.2)** | **(1,328.4)** |
| **Net interest income** | **1,495.8** | **1,497.6** |

## (3) Provisioning for impairment losses

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| **Individual loan loss provisions** | **(819.2)** | **(132.6)** |
| Allocation to provisions for impairment losses | (967.9) | (236.4) |
| Release of provisions for impairment losses | 163.6 | 122.2 |
| Direct write-downs | (25.6) | (27.1) |
| Income received on written-down claims | 10.7 | 8.7 |
| **Portfolio-based loan loss provisions** | **(151.0)** | **(68.8)** |
| Allocation to provisions for impairment losses | (309.0) | (157.3) |
| Release of provisions for impairment losses | 158.1 | 88.5 |
| **Gains from sale of loan** | **1.7** | **–** |
| **Total** | **(968.5)** | **(201.4)** |

## (4) Net fee and commission income

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Payment transfer business | 257.0 | 305.0 |
| Loan administration and guarantee business | 95.5 | 92.0 |
| Securities business | 15.8 | 22.7 |
| Foreign currency and precious-metals business | 167.3 | 221.4 |
| Management of investment and pension funds | 11.4 | 20.5 |
| Agency services for own and third-party products | 13.7 | 6.6 |
| Credit derivatives business | (0.8) | (0.6) |
| Other banking services | 24.9 | 35.3 |
| **Total** | **584.8** | **702.9** |

## (5) Net trading income

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Interest-based transactions | 65.4 | 11.5 |
| Currency-based transactions | 51.7 | 89.0 |
| Equity-/index-based transactions | 1.3 | (8.5) |
| Other transactions | 0.4 | 0.2 |
| **Total** | **118.9** | **92.2** |

## (6) Net income from derivatives

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Net income from hedge accounting | 3.6 | 0.5 |
| Net income from credit derivatives | (1.1) | (0.3) |
| Net income from other derivatives | 16.4 | 7.2 |
| **Total** | **19.0** | **7.4** |

## (7) Income from financial investments

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| **Net income from financial investments held-to-maturity** | **(1.5)** | **–** |
| Net valuation from sales of financial investments held-to-maturity | (1.5) | – |
| **Net income from equity participations** | **2.7** | **11.8** |
| Net valuations from equity participations | (0.1) | (0.1) |
| Net proceeds from sales of equity participations | 2.8 | 11.9 |
| **Net income from securities at fair value through profit and loss** | **30.1** | **(12.5)** |
| Net valuations of securities at fair value through profit and loss | 29.8 | (13.7) |
| Net proceeds from sales of securities at fair value through profit and loss | 0.3 | 1.2 |
| **Total** | **31.3** | **(0.7)** |

## (8) General administrative expenses

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Staff expenses | (543.8) | (611.5) |
| Other administrative expenses | (479.8) | (521.2) |
| Depreciation on intangible and tangible fixed assets | (119.5) | (117.2) |
| **Total** | **(1,143.1)** | **(1,249.9)** |

## (9) Other operating profit

| In € million | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Sales revenues from non-banking activities | 67.0 | 97.2 |
| Expenses arising from non-banking activities | (63.7) | (86.8) |
| Net income from additional leasing services | 1.0 | 1.0 |
| Net income from investment property | 1.5 | 1.5 |
| Net income from operating lease | 21.6 | 17.1 |
| Net proceeds from disposal of tangible and intangible fixed assets | (2.3) | (1.4) |
| Other taxes | (26.3) | (26.5) |
| Income from release of negative goodwill | – | 3.6 |
| Net expense from allocation and release of other provisions | 6.3 | (14.8) |
| Sundry operating income | 24.4 | 8.7 |
| Sundry operating expenses | (14.0) | (10.8) |
| **Total** | **15.5** | **(11.2)** |

# 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**<br>In € million | **30/6 2009** | **31/12 2008** |
|---|---|---|
| Trading assets | 3,729 | 4,611 |
| Financial assets at fair value through profit or loss | 3,198 | 2,042 |
| Financial assets available-for-sale | 54 | 56 |
| Loans and advances | 65,289 | 73,373 |
| Financial assets held-to-maturity | 3,272 | 3,018 |
| Derivatives (hedging) | 32 | 17 |
| Other assets | 2,288 | 2,280 |
| **Total assets** | **77,862** | **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**<br>In € million | **30/6 2009** | **31/12 2008** |
|---|---|---|
| Trading liabilities | 1,033 | 2,241 |
| Liabilities at amortised cost | 70,242 | 76,150 |
| Derivatives (hedging) | 42 | 51 |
| Provisions for liabilities and charges | 330 | 437 |
| Equity | 6,215 | 6,518 |
| **Total equity and liabilities** | **77,862** | **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 | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Giro and clearing business | 1,162 | 1,643 |
| Money market business | 5,258 | 4,348 |
| Loans to banks | 753 | 3,009 |
| Purchased loans | 3 | 2 |
| Leasing claims | 3 | 4 |
| Claims evidenced by paper | 1 | 32 |
| **Total** | **7,181** | **9,038** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central Europe | 771 | 2,454 |
| Southeastern Europe | 942 | 1,043 |
| Russia | 495 | 535 |
| CIS other | 389 | 302 |
| Austria | 3,156 | 3,125 |
| Other countries | 1,428 | 1,580 |
| **Total** | **7,181** | **9,038** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central banks | 1,651 | 3,664 |
| Commercial banks | 5,525 | 5,355 |
| Multilateral development banks (MDB) | 5 | 19 |
| **Total** | **7,181** | **9,038** |

## (12) Loans and advances to customers

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Credit business | 24,460 | 27,885 |
| Money market business | 7,629 | 8,033 |
| Mortgage loans | 17,464 | 17,249 |
| Purchased loans | 403 | 724 |
| Leasing claims | 3,553 | 4,009 |
| Claims evidenced by paper | 3 | 3 |
| **Total** | **53,512** | **57,902** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Sovereigns | 1,153 | 1,104 |
| Corporate customers – large | 26,918 | 29,564 |
| Corporate customers – small business | 4,469 | 5,057 |
| Retail customers – private individuals | 18,363 | 19,268 |
| Retail customers – small and medium-sized entities | 2,576 | 2,868 |
| Other | 33 | 41 |
| **Total** | **53,512** | **57,902** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central Europe | 23,817 | 24,621 |
| Southeastern Europe | 12,458 | 12,934 |
| Russia | 7,078 | 8,819 |
| CIS other | 5,940 | 6,602 |
| Austria | 23 | 24 |
| Other countries | 4,196 | 4,904 |
| **Total** | **53,512** | **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 | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Sovereigns | 5 | 2 |
| Banks | 6 | 4 |
| Corporate customers – large | 1,040 | 686 |
| Corporate customers – small business | 254 | 166 |
| Retail customers – private individuals | 1,012 | 669 |
| Retail customers – small and medium-sized entities | 180 | 114 |
| **Total** | **2,497** | **1,641** |

The following table shows the geographic breakdown of provisioning (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 30/6/2009 |
|---|---|---|---|---|---|---|---|
| **Individual loan loss provisions** | **1,112** | **–** | **983** | **(164)** | **(76)** | **(27)** | **1,828** |
| Central Europe | 450 | – | 272 | (99) | (38) | (5) | 580 |
| Southeastern Europe | 239 | – | 218 | (50) | (23) | – | 384 |
| Russia | 223 | – | 225 | (12) | (6) | (12) | 418 |
| CIS other | 200 | – | 268 | (3) | (9) | (10) | 446 |
| **Portfolio-based provisions** | **599** | **–** | **309** | **(158)** | **–** | **(12)** | **738** |
| Central Europe | 166 | – | 108 | (50) | – | 2 | 226 |
| Southeastern Europe | 148 | – | 85 | (28) | – | (9) | 196 |
| Russia | 150 | – | 57 | (18) | – | (9) | 180 |
| CIS other | 135 | – | 59 | (62) | – | 4 | 136 |
| **Total** | **1,711** | **–** | **1,292** | **(322)** | **(76)** | **(39)** | **2,566** |

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

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

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

| 30/6/2009<br>In € million | Total gross carrying amount | Individual loan loss provisions | Portfolio-based provisions | Total net carrying amount | Individually impaired assets | Fair value |
|---|---|---|---|---|---|---|
| Banks | 7,181 | 6 | – | 7,175 | 27 | 7,175 |
| Sovereigns | 1,153 | 5 | – | 1,148 | 14 | 1,121 |
| Corporate customers – large | 26,918 | 828 | 212 | 25,878 | 2,603 | 26,335 |
| Corporate customers – small business | 4,469 | 204 | 50 | 4,215 | 538 | 4,378 |
| Retail customers – private individuals | 18,363 | 616 | 396 | 17,351 | 1,259 | 18,212 |
| Retail customers – small and medium-sized entities | 2,576 | 123 | 57 | 2,396 | 268 | 2,506 |
| Other | 33 | – | – | 33 | – | 33 |
| **Total** | **60,693** | **1,782** | **715** | **58,196** | **4,708** | **59,761** |

| 31/12/2008<br>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 | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Bonds, notes and other fixed-interest securities | 2,219 | 2,231 |
| Shares and other variable-yield securities | 21 | 37 |
| Positive fair values of derivative financial instruments | 932 | 1,495 |
| **Total** | **3,172** | **3,763** |

## (15) Derivatives

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Positive fair values of derivatives in fair value hedges (IAS 39) | 32 | 17 |
| Positive fair values of credit derivatives | 2 | 5 |
| Positive fair values of other derivatives | 555 | 843 |
| **Total** | **589** | **865** |

## (16) Financial investments

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Bonds, notes and other fixed-interest securities | 6,257 | 4,952 |
| Shares and other variable-yield securities | 183 | 67 |
| Equity participations | 126 | 118 |
| **Total** | **6,566** | **5,137** |

## (17) Intangible fixed assets

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Goodwill | 595 | 610 |
| Software | 224 | 217 |
| Other intangible fixed assets | 122 | 125 |
| **Total** | **941** | **952** |

## (18) Tangible fixed assets

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Land and buildings used by the Group for own purposes | 501 | 496 |
| Other land and buildings (investment property) | 9 | 11 |
| Office furniture and equipment as well as other tangible fixed assets | 522 | 532 |
| Leased assets (operating lease) | 240 | 225 |
| **Total** | **1,272** | **1,264** |

## (19) Other assets

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Tax assets | 197 | 156 |
| Receivables arising from non-banking activities | 36 | 40 |
| Prepayments and other deferrals | 234 | 253 |
| Clearing claims from securities and payment transfer business | 91 | 163 |
| Lease in progress | 141 | 141 |
| Assets held for sale (IFRS 5) | 6 | 4 |
| Inventories | 50 | 78 |
| Any other business | 140 | 150 |
| **Total** | **895** | **985** |

## (20) Deposits from banks

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Giro and clearing business | 777 | 741 |
| Money market business | 4,261 | 5,960 |
| Long-term loans | 17,572 | 19,512 |
| **Total** | **22,610** | **26,213** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central Europe | 1,611 | 1,609 |
| Southeastern Europe | 1,107 | 556 |
| Russia | 62 | 1,333 |
| CIS other | 82 | 180 |
| Austria | 14,183 | 15,144 |
| Other countries | 5,565 | 7,390 |
| **Total** | **22,610** | **26,213** |

The deposits break down into the following bank segments:

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central banks | 694 | 1,330 |
| Commercial banks | 21,364 | 24,328 |
| Multilateral development banks (MDB) | 552 | 555 |
| **Total** | **22,610** | **26,213** |

## (21) Deposits from customers

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Sight deposits | 15,558 | 16,243 |
| Time deposits | 25,566 | 27,011 |
| Savings deposits | 1,152 | 952 |
| **Total** | **42,276** | **44,206** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Sovereigns | 2,031 | 2,238 |
| Corporate customers – large | 13,592 | 15,343 |
| Corporate customers – small business | 2,490 | 3,084 |
| Retail customers – private individuals | 20,784 | 20,327 |
| Retail customers – small and medium-sized entities | 3,020 | 2,908 |
| Others | 359 | 304 |
| **Total** | **42,276** | **44,206** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Central Europe | 19,970 | 20,432 |
| Southeastern Europe | 11,765 | 13,143 |
| Russia | 5,192 | 5,834 |
| CIS other | 2,836 | 2,985 |
| Austria | 297 | 259 |
| Other countries | 2,216 | 1,552 |
| **Total** | **42,276** | **44,206** |

## (22) Liabilities evidenced by paper

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Bonds and notes issued | 2,208 | 2,630 |
| Money market instruments issued | – | 8 |
| Other liabilities evidenced by paper | 619 | 755 |
| **Total** | **2,827** | **3,393** |

## (23) Provisions for liabilities and charges

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Taxes | 53 | 108 |
| Contingent liabilities and commitments | 70 | 69 |
| Pending legal issues | 38 | 41 |
| Overdue vacation | 29 | 32 |
| Bonus payments | 92 | 138 |
| Others | 48 | 49 |
| **Total** | **330** | **437** |

## (24) Trading liabilities

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Negative fair values of derivative financial instruments | 702 | 1,449 |
| Call/time deposits for trading purposes | 22 | 11 |
| **Total** | **724** | **1,460** |

## (25) Derivatives

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Negative fair values of derivatives in fair value hedges (IAS 39) | 5 | 1 |
| Negative fair values of derivatives in cash flow hedges (IAS 39) | 37 | 50 |
| Negative fair values of credit derivatives | – | 2 |
| Negative fair values of other derivatives | 309 | 779 |
| **Total** | **351** | **832** |

## (26) Other liabilities

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Liabilities arising from non-banking business | 80 | 67 |
| Accruals and deferred items | 105 | 175 |
| Liabilities arising from dividends | 1 | 8 |
| Clearing claims from securities and payment transfer business | 351 | 195 |
| Any other business | 220 | 207 |
| **Total** | **757** | **653** |

## (27) Subordinated capital

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Hybrid tier 1 capital | 501 | 503 |
| Subordinated liabilities | 971 | 1,089 |
| Supplementary capital | 300 | 92 |
| **Total** | **1,772** | **1,684** |

## (28) Equity and minorities

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Consolidated equity | 5,178 | 4,613 |
| Subscribed capital | 469 | 469 |
| Capital reserves | 2,567 | 2,568 |
| Retained earnings | 2,143 | 1,577 |
| Consolidated profit | 78 | 982 |
| Minority interests | 959 | 923 |
| **Total** | **6,215** | **6,518** |

# Additional notes

## (29) Contingent liabilities and commitments

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Contingent liabilities | 4,721 | 5,052 |
| Commitments (irrevocable credit lines) | 4,956 | 6,343 |

Moreover, revocable credit lines were granted to an amount of € 6,018 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, Vienna, as majority shareholder are shown in the tables below:

| 30/6/2009<br>In € million | Parent companies | Affiliated companies | Companies valued at equity | Other interests |
|---|---|---|---|---|
| Loans and advances to banks | 2,470 | 9 | – | 1 |
| Loans and advances to customers | – | 154 | 15 | 24 |
| Trading assets | 108 | – | – | – |
| Financial investments | 2 | 72 | – | 54 |
| Investments in associates | – | – | 3 | – |
| Other assets including derivatives | 337 | 1 | – | – |
| Deposits from banks | 13,227 | 1,369 | – | 117 |
| Deposits from customers | – | 42 | 3 | 8 |
| Liabilities evidenced by paper | 23 | – | – | – |
| Provisions for liabilities and charges | 5 | – | – | – |
| Trading liabilities | 131 | – | – | – |
| Other liabilities including derivatives | 125 | 2 | – | 2 |
| Subordinated capital | 934 | 588 | – | – |
| Guarantees given | 371 | 3 | – | – |
| Guarantees received | 249 | – | – | 1 |

| 31/12/2008<br>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* | **30/6/2009** | **31/12/2008** |
|---|---|---|
| *Paid-in capital* | *3,035* | *3,037* |
| *Earned capital*[1] | *1,428* | *1,546* |
| *Minority interests*[1] | *964* | *1,005* |
| *Hybrid tier 1 capital* | *500* | *500* |
| *Intangible fixed assets* | *(233)* | *(228)* |
| ***Core capital (tier 1 capital)*** | ***5,695*** | ***5,860*** |
| *Deductions from the core capital* | *(13)* | *(14)* |
| ***Eligible core capital (after deductions)*** | ***5,683*** | ***5,846*** |
| *Additional own funds according to Section 23 (1) 5 BWG* | *91* | *91* |
| *Provision excess of internal rating approach positions* | *24* | *58* |
| *Long-term subordinated own funds* | *1,070* | *897* |
| ***Additional own funds (tier 2 capital)*** | ***1,185*** | ***1,046*** |
| *Deduction items: participations, securitizations* | *(13)* | *(12)* |
| ***Eligible additional own funds (after deductions)*** | ***1,172*** | ***1,034*** |
| *Deduction items: insurances* | *(1)* | *(1)* |
| *Tier 2 capital available to be redesignated as tier 3 capital* | *97* | *112* |
| ***Total own funds*** | ***6,950*** | ***6,992*** |
| ***Total own funds requirement*** | ***5,345*** | ***5,767*** |
| *Excess own funds* | *1,605* | *1,225* |
| *Excess cover ratio* | *30.0%* | *21.2 %* |
| *Core capital ratio (tier 1), credit risk* | *10.4 %* | *9.7 %* |
| *Core capital ratio (tier 1), total* | *8.5 %* | *8.1 %* |
| *Own funds ratio* | *10.4 %* | *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 | 30/6/2009 | 31/12/2008 |
|---|---|---|
| Risk-weighted assets according to Section 22 BWG | 54,701 | 60,388 |
| of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG | 4,376 | 4,831 |
| Standardized approach | 3,593 | 4,053 |
| Internal rating approach | 783 | 778 |
| Own funds requirement for position risk in bonds, equities and commodities | 108 | 152 |
| Own funds requirement for open currency positions | 380 | 343 |
| Own funds requirement for the operational risk | 481 | 440 |
| **Total own funds requirement** | **5,345** | **5,767** |

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

| In € million | 30/6/2009 | 31/12/2008 |
|---|---|---|
| **Risk-weighted assets according to the standardized approach** | **44,907** | **50,665** |
| Central governments and central banks | 4,122 | 3,927 |
| Regional governments | 354 | 498 |
| Public administration and non-profit organizations | 67 | 53 |
| Multilateral development banks (MDB) | 28 | 28 |
| Banks | 1,432 | 1,824 |
| Corporates | 23,953 | 28,438 |
| Retail (including small and medium-sized entities) | 12,566 | 13,586 |
| Investment funds | 49 | 69 |
| Other positions | 2,337 | 2,241 |
| **Risk-weighted assets according to the internal rating approach** | **9,794** | **9,723** |
| Banks | 489 | 384 |
| Corporates | 9,211 | 9,334 |
| Equity exposures | 94 | 4 |
| **Total** | **54,701** | **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 | 1/1-30/6 2009 | 1/1-30/6 2008 |
|---|---|---|
| Central Europe | 13,871 | 13,295 |
| Southeastern Europe | 18,918 | 17,510 |
| Russia | 9,799 | 9,252 |
| CIS other | 19,038 | 19,913 |
| Austria | 340 | 266 |
| Other | 3 | – |
| **Total** | **61,969** | **60,236** |

## (33) Managing Board's statement on the interim report

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

The Managing Board

Herbert Stepic | Martin Grüll | Aris Bogdaneris

Rainer Franz | Peter Lennkh | Heinz Wiedner

## Financial calendar for 2009 and 2010

| | |
|---|---|
| 29 October 2009 | Start of the quiet period |
| 12 November 2009 | Third Quarter report, conference call |

| | |
|---|---|
| 23 Februar 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 |

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