SUCCESS IN 15 LANGUAGES

ENGLISH — EASTERN EUROPEAN
EASTERN EUROPEAN — ENGLISH

Semi-Annual Report 2008

Raiffeisen INTERNATIONAL
Member of RZB Group

Survey of Key Data

Raiffeisen International Group Monetary values in € mn	2008	2007	Change
Income statement	**1/1–30/6**	**1/1–30/6**	
Net interest income after provisioning	1,296.2	925.5	40.1%
Net commission income	702.9	572.2	22.8%
Trading profit	92.2	79.3	16.2%
General administrative expenses	(1,249.9)	(1,002.7)	24.6%
Profit before tax	842.7	606.6	38.9%
Profit after tax	646.4	477.0	35.5%
Consolidated profit (after minorities)	565.7	401.4	40.9%
Balance sheet	**30/6**	**31/12**	
Loans and advances to banks	10,835	11,053	(2.0)%
Loans and advances to customers	56,627	48,880	15.8%
Deposits from banks	22,547	19,927	13.2%
Deposits from customers	43,608	40,457	7.8%
Equity (including minorities and profit)	7,246	6,622	9.4%
Balance sheet total	80,699	72,743	10.9%
Key ratios	**1/1–30/6**	**1/1–31/12**	
Return on equity before tax	25.5%	25.7%	(0.2) PP
Return on equity after tax	19.6%	20.2%	(0.6) PP
Consolidated return on equity (after minorities)	19.6%	20.1%	(0.5) PP
Cost/income ratio	54.8%	57.6%	(2.8) PP
Return on assets before tax	2.21%	1.98%	0.23 PP
Net provisioning ratio (risk-weighted assets credit risk)	0.72%	0.84%	(0.12) PP
Risk/earnings ratio	13.4%	14.8%	(1.4) PP
Bank-specific information*)	**30/6**	**31/12**	
Risk-weighted assets (credit risk)	59,394	49,802	19.3%
Total own funds	7,192	6,684	7.6%
Total own funds requirement	5,587	4,317	29.4%
Excess cover	28.7%	54.8%	(26.1) PP
Core capital ratio (Tier 1), credit risk	9.6%	11.4%	(1.8) PP
Core capital ratio (Tier 1), incl. market and operational risk	8.2%	10.5%	(2.3) PP
Own funds ratio	10.3%	12.4%	(2.1) PP
Stock data	**30/6**	**30/6**	
Earnings per share in €	3.68	2.82	0.86 €
Price in €	81.17	117.70	(31.0)%
High in HY1 (closing price) in €	110.20	122.01	(9.7)%
Low in HY1 (closing price) in €	81.17	98.91	(17.9)%
Number of shares in mn	154.67	142.77	8.3%
Market capitalization	12,554	16,804	(25.3)%
Resources	**30/6**	**31/12**	
Number of staff on balance sheet date	61,844	58,365	6.0%
Number of business outlets	3,077	3,015	2.1%

*) Calculated according to the Austrian Banking Act (Bankwesengesetz, BWG). As part of the RZB Group, Raiffeisen International is not subject to the provisions of the Austrian Banking Act. The figures from 2007 accord with the provisions of Basel I; from 2008 onward, the own funds requirement is calculated according to Basel II.

Highlights

Best quarterly result in company history

Raiffeisen International registered consolidated profit (after tax and minorities) of € 311 million in the second quarter of 2008, the highest since its founding if one disregards the fourth quarter of 2006, which was subject to the one-off effect of selling Raiffeisenbank Ukraine. The first half of 2008 was thus the most successful in the company's history. Consolidated profit rose by 41 per cent to € 566 million. Earnings were driven by net interest income, which increased by 39 per cent, followed by net commission income with a plus of 23 per cent.

Balance sheet total tops € 80 billion for the first time

With an increase from the beginning of the year by 11 per cent, or € 8 billion, to € 80.7 billion, Raiffeisen International's balance sheet total topped € 80 billion for the first time as of 30 June 2008. The main reason for that again was lending growth. Loans and advances to customers rose from the beginning of the year by 16 per cent, or € 7.7 billion, to € 56.6 billion.

Bank launch in Kazakhstan

Already doing leasing business there, Raiffeisen International also plans to develop Kazakhstan as a banking market in the future. Its application for the required banking license is being prepared. The opening of Raiffeisen Bank in Almaty is planned for 2009. The emphasis will be on providing services to local and foreign corporate customers, followed by establishing a branch network to serve retail customers.

Contents

Overview of Raiffeisen International

Raiffeisen International has an extensive network to which 15 banks, 18 leasing companies, and 1 representative office belonged as of 30 June 2008. With its business operations in 17 Central and Eastern European markets, Raiffeisen International is one of the region's leading banking groups. It owes this status not only to its presence in numerous markets, but also to the top market positions of its network banks. In 8 markets, the network banks rank among the three leading banks of the respective country, measured in terms of balance sheet totals. In the Commonwealth of Independent States (CIS) Raiffeisen International is the largest foreign-owned banking group. The Group had almost 62,000 employees at the end of the second quarter of 2008, serving 14.4 million customers in 3,077 business outlets.

Raiffeisen International's markets

Data as of 30 June 2008	**Balance sheet total in € mn**	**Change***	**Business outlets**	**Number of employees**
Albania	*2,038*	*4.4%*	*100*	*1,385*
Belarus	*1,205*	*11.4%*	*90*	*2,039*
Bosnia and Herzegovina	*2,293*	*8.1%*	*96*	*1,672*
Bulgaria	*4,668*	*17.8%*	*179*	*3,484*
Croatia	*5,889*	*5.6%*	*67*	*2,244*
Czech Republic	*6,947*	*22.5%*	*108*	*2,566*
Hungary	*9,421*	*16.6%*	*148*	*3,690*
Kazakhstan	*99*	*(16.0)%*	*1*	*26*
Kosovo	*544*	*14.9%*	*44*	*666*
Poland	*7,041*	*18.2%*	*115*	*3,158*
Rumania	*5,803*	*3.6%*	*472*	*6,608*
Russia	*12,815*	*5.3%*	*246*	*9,592*
Serbia	*3,124*	*7.2%*	*93*	*2,150*
Slovakia	*8,768*	*11.8%*	*159*	*3,787*
Slovenia	*1,565*	*11.0%*	*15*	*350*
Ukraine	*6,696*	*8.6%*	*1,144*	*18,121*
Subtotal	***78,916***	***11.0%***	***3,077***	***61,538***
Other/Consolidation	*1,783*	*-*	*-*	*306*
Total, Raiffeisen International	***80,699***	***10.9%***	***3,077***	***61,844***

** Change of balance sheet total versus 31 December 2007. Growth in local currencies differs due to euro exchange rates.*

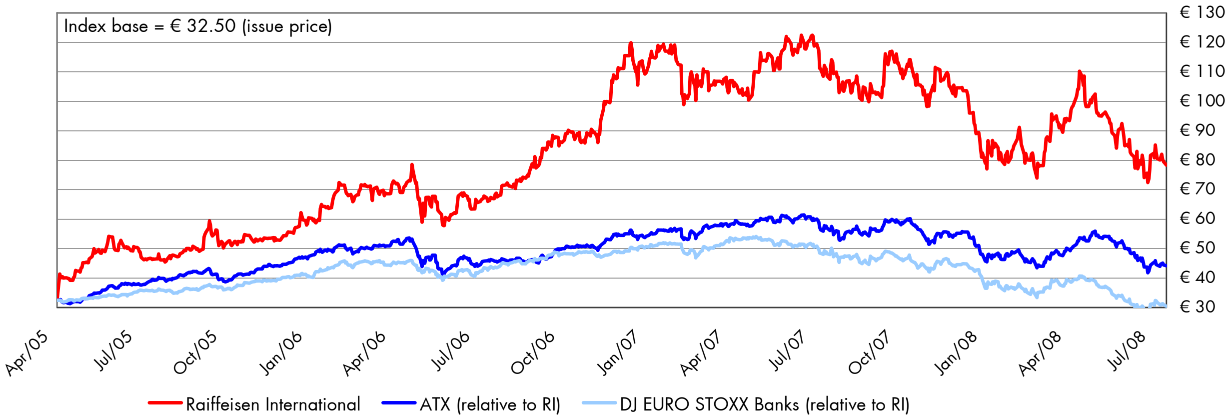
Raiffeisen International has been listed on the Vienna Stock Exchange since April 2005 and is included in various ATX and Dow Jones indices, among others. With an about 69 per cent stake, its main shareholder is Raiffeisen Zentralbank Österreich AG (RZB). With a balance sheet total of € 137.4 billion as of 31 December 2007, RZB is Austria's third-largest bank and the central institution of the Raiffeisen Banking Group (RBG), Austria's largest banking group. The remaining about 31 per cent of the shares of Raiffeisen International are in free float.

Raiffeisen International Stock

Inflation and economic worries burden financial markets

After starting the year badly, the international financial markets recovered slightly for a time. Sentiment also temporarily brightened a bit, and some of the price losses from the first quarter were made up by mid-May. Although some market participants considered the economic slowdown overcome, as a mere temporary dip, economic worries reemerged toward mid-year. Above all, the focus shifted to the sharp rise of crude oil prices and increasing food prices, leading to higher inflation rates worldwide. In Europe, for example, the inflation rate is now significantly above the 2 per cent target set by the European Central Bank (ECB). Not only the ECB, but also other central banks thus face the dilemma of wanting to stem the rise of prices with interest rate hikes, on the one hand, and not additionally jeopardize slowing economic activity, on the other.

Price performance compared with ATX and DJ Euro Stoxx Banks



Raiffeisen International: Volatile sideways movement

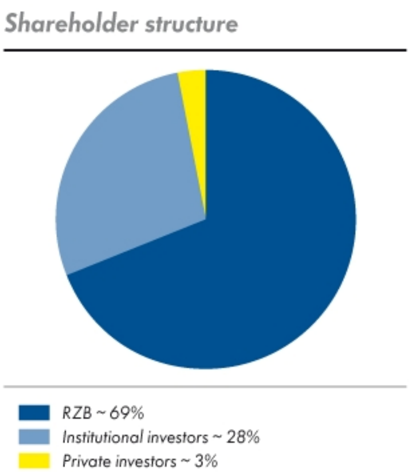
The price of Raiffeisen International shares was not able to escape the general market situation in the second quarter despite good business development. With an increase of 27.6 per cent from the beginning of the quarter to the beginning of May, the stock reached its high for the year so far at € 110.20 (intraday), but declined thereafter in a weak market environment. After a volatile sideways movement within a broad band, it ended the first half of the year at a price of € 81.17. Raiffeisen International outperformed the sector index, the DJ Euro Stoxx Banks, by 9.5 percentage points in the second quarter, thus beating many other European banks. However, the stock did not quite equal the performance of the ATX. At the time this publication went to press (4 August), the stock was quoting at € 78.30.

Broad-based capital market communication

Raiffeisen International considers participation in conferences an essential element in actively communicating with analysts and investors. The most important event in the second quarter of 2008 was an investor conference in London, at which the bank informed around 380 interested parties about the company. Almost 100 requests for subsequent one-on-one meetings were received, and about 50 investors were given more detailed information in small group talks. The company's presentation at a conference in New York with about 120 participants was likewise very well received. Additional talks in small groups were held there with 40 investors. At an event in Frankfurt, Raiffeisen International presented alongside companies mostly listed on the DAX index and completed 20 one-on-one meetings. A smaller conference in Stockholm furthermore offered the opportunity to meet with Scandinavian investors. Raiffeisen International also made a presentation in Austria, at the resort of Zürs.

Great interest in annual general meeting

The annual general meeting on 10 June 2008 in Vienna presented an opportunity, especially for private investors, to be informed directly by the Managing Board about the company's development in 2007. That interest was lively is shown by the many attendees. Numbering about 700, they made this annual general meeting one of the best-attended shareholder meetings in Austria. The welcoming speech by the Chairman of the Supervisory Board and the presentations by members of the Managing Board were webcast live, as in the previous years, and are now available at www.ri.co.at -> Investor Relations -> Events -> Annual General Meeting 2008. The annual general meeting approved the proposed dividend of € 0.93 per share as well as all other motions by a large majority. On that basis, a total of € 142.8 million was paid out to Raiffeisen International shareholders for the year 2007.



Shareholder structure

The majority shareholder of Raiffeisen International is RZB, whose stake amounts to about 69 per cent. Other institutional investors hold about 28 per cent of the free float, and private investors about 3 per cent. While the private investors are mainly from Austria, only 7 per cent of the institutional investors are from there. The United States has the largest share of the institutional investors (about 44 per cent). One-fourth of the institutional investors are from EU countries. Among the latter, Austria, the company's home base, and Great Britain, with its outstanding tradition in finance, are considered separately. British institutional investors have a share of almost 22 per cent. Institutional investors from other, previously unnamed countries hold the remainder of about 2 per cent.

Stock data

Price on 30 June 2008	€ 81.17
High/low (closing prices) in Q2 2008	€ 110.20 / € 81.17
Earnings per share for the first half of 2008	€ 3.68
Market capitalization as of 30 June 2008	€ 12.6 billion
Avg. daily trading volume (single counting) in Q2 2008	362,647 shares
Stock exchange turnover (single counting) in Q2 2008	€ 2.128 billion
Free float as of 30 June 2008	About 31%

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 outstanding as of 30 June 2008	154,667,500

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Business Development

Record result despite global financial market crisis

Thanks to strong positioning in Central and Eastern Europe, Raiffeisen International continued to hold up well in a market environment shaped by the ongoing financial market crisis. It achieved another record result in the first half of 2008 with consolidated profit of € 566 million (after tax and minorities). The increase by 41 per cent on the first half of 2007 was due to organic growth. In the second quarter of 2008, Raiffeisen International registered by far the best quarterly result in its history in the amount of € 311 million, if one disregards the fourth quarter of 2006 with the one-off effect of selling Raiffeisenbank Ukraine. The gratifying development of earnings thus confirms the resilience of Raiffeisen International's business model in the turbulent environment on international financial markets.

The strong rise of consolidated profit compared with the first half of last year is mainly due to profit from operating activities. The main earnings driver was again *net interest income* with a plus of 39 per cent, while *net commission income* increased by 23 per cent. General administrative expenses rose by 25 per cent, while new allocations to provisioning for impairment losses were raised by 31 per cent. Income tax (including deferred tax) increased by 52 per cent and reduced earnings by € 196 million.

In regional terms, the CIS showed the largest increase of profit before tax, which climbed by 75 per cent to € 306 million due to higher net interest income, lower allocations to provisioning for impairment losses, and valuation gains. In Southeastern Europe, profit before tax rose by 29 per cent to € 284 million. However, set against the good profit from operating activities are increased allocations to provisioning for impairment losses. Central Europe posted a 19 per cent plus in profit before tax (€ 253 million), for which a good interest result was responsible.

In the first half of 2008, 7 subsidiaries were included in the scope of consolidation for the first time, and 2 companies were sold and deconsolidated. In the year-earlier period, 18 subsidiaries joined, and 5 left. These changes in the scope of consolidation had no substantial effects that diminish the comparability of the periods.

Return on equity continues above 25 per cent

In the first half of 2008, the return on equity before tax of 25.5 per cent was nearly unchanged compared with the year-end level of 2007 (25.7 per cent) despite substantial additions to equity. The amount of average equity on which the calculation is based rose due to a capital increase and retained profit by 37 per cent from € 4.8 billion at year's end to now € 6.6 billion.

The consolidated return on equity (after tax and minorities) nevertheless declined only slightly to 19.6 per cent. Earnings per share for the first half of 2008 improved from € 2.82 in the comparable period last year to € 3.68, which represents an increase by € 0.86.

Significant improvement of the cost/income ratio

Development of the cost/income ratio in the first half of 2008 was very gratifying. At 54.8 per cent, it improved by 2.8 percentage points on the 2007 year-end value (57.6 per cent). Compared to the first half of 2007, *operating income* rose by 30 per cent, or € 530 million, to € 2,281 million. The earnings driver was net interest income with a plus of 39 per cent, followed by net commission income with a plus of 23 per cent, while trading profit increased by 16 per cent. Changes in the scope of consolidation were responsible for the decline of other operating income. Two real estate project companies were sold in the first half of 2008, which brought in divestment proceeds of € 6 million. Additions to and disposals from the Group had more effect in the first half of 2007. Thus, 3 asset management companies were consolidated for the first time in the first half of 2007 (€ 13 million from the release of negative goodwill), and 5 companies were deconsolidated (€ 14 million in income from disposal of Group assets).

General administrative expenses rose by 25 per cent, or € 247 million, on the year-earlier period to € 1,250 million. In relative terms, other administrative expenses registered the strongest growth with a plus of 28 per cent to € 521 million. In absolute terms, staff expenses registered the largest increase by € 120 million to € 612 million. The average number of staff rose by 12 per cent on the comparable period to 60,236.

Strong growth in customer segments

The *corporate customer* segment again registered significant earnings growth. Profit before tax rose by 51 per cent on the comparable period to € 484 million and was based largely on operating business. An increase of net interest income by 42 per cent to € 512 million had a very positive effect. Despite the volume growth, provisioning for impairment losses fell by € 12 million below last year's level to € 45 million. General administrative expenses rose by 29 per cent to € 259 million. The cost/income ratio improved further to 32.8 per cent. Other operating profit of € 16 million includes a contribution of about € 13 million from operating leasing. The return on equity fell slightly, by 2.1 percentage points to 28.4 per cent, because of the sharply increased equity base. The risk-weighted assets for credit risk according to Basel II came to € 31.4 billion, which means an increase of 49 per cent on the comparable period last year calculated according to Basel I. That is connected with the new method of calculation, which burdens loans and advances to banks and to the public sector with higher risk weightings. The segment's share of total earnings rose by 5 percentage points to 57 per cent.

Profit before tax in the *retail customer* segment improved by 29 per cent on the comparable period to € 288 million. The new allocations to impairment loss provisioning rose by 61 per cent (€ 155 million) and the general administrative expenses increased by 25 per cent to € 875 million. The return on equity fell slightly, by 1 percentage point to 28.1 per cent, due to the sharp increase of the equity base last year.

Operating income from the retail customer segment rose by 29 per cent to € 1,317 million, with the greatest growth coming from net interest income at 31 per cent. Despite continued high general administrative expenses, the cost/income ratio improved by 2.3 percentage points to 66.4 per cent. Risk-weighted assets (credit risk) came to € 17.6 billion at the end of the first half-year, which is a plus of only 15 per cent on the value from the comparable period last year calculated according to the Basel I rules. The Basel II rules result in a lower weighting of the credit volume of retail customers. The segment's share of total earnings fell by 3 percentage points to 34 per cent.

The *treasury* segment made a considerable earnings contribution of € 155 million (plus 69 per cent). That was achieved despite increased general administrative expenses mainly through improvement of net interest income by 133 per cent.

Balance sheet total tops € 80 billion for the first time

Raiffeisen International's consolidated balance sheet total increased by 11 per cent, or € 8.0 billion, from the end of last year to € 80.7 billion and thus topped the € 80 billion threshold for the first time. Compared with last year, growth amounted to 29 per cent. The predominant part of the increase is attributable to loans and advances to customers, i.e. credit growth. They increased by 16 per cent, or € 7.7 billion, from the beginning of the year to € 56.6 billion.

Changes in the scope of consolidation had no appreciable effect on the consolidated balance sheet, while the influence of exchange rate movements, particularly due to significantly stronger currencies in the CE region, was more significant with a plus of 3 per cent, or € 2.1 billion. Adjusted growth thus amounted to more than 8 per cent.

Loans and advances to customers rose by 16 per cent from the beginning of the year to € 56.6 billion. Adjusted for impairment loss provisioning of € 1.3 billion, lendings to customers had a 69 per cent share of the balance sheet total. Credits to retail customers rose by 19 per cent and thus more strongly than credits to corporate customers at 14 per cent. *Loans and advances to banks* declined slightly, by € 0.2 billion, as did the *cash reserve*, by € 0.7 billion.

Funding by means of *customer deposits,* grew by 8 per cent to € 43.6 billion. *Deposits from banks* rose by 13 per cent to € 22.5 billion.

Detailed review of items in the income statement

Profit from operating activities in periodic comparison

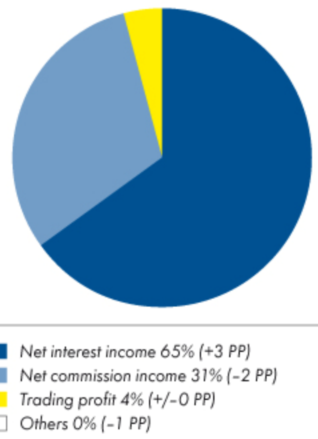
in € mn	1/1–30/6/ 2008	Change	1/1–30/6/ 2007	1/1–30/6/ 2006
Net interest income	1,498	38.8%	1,079	790
Net commission income	703	22.8%	572	416
Trading profit	92	16.2%	79	71
Other operating income	(11)	–	21	9
Operating income	**2,281**	**30.3%**	**1,751**	**1,286**
Staff expenses	(612)	24.4%	(492)	(349)
Other administrative expenses	(521)	28.4%	(406)	(314)
Depreciation/amortization/write-downs	(117)	11.4%	(105)	(81)
General administrative expenses	**(1,250)**	**24.6%**	**(1,003)**	**(744)**
Profit from operating activities	**1,031**	**37.8%**	**748**	**542**

Operating income

The very gratifying development of *net interest income*, which is the most important earnings component for Raiffeisen International, continued in the second quarter. Net interest income grew by 39 per cent on the comparable period last year from € 1,079 million to € 1,498 million. The increase was thus substantially above that of the average balance sheet total by 29 per cent. In the reporting period, there were no material effects due to changes in the scope of consolidation. Net interest income in the retail customer segment grew by € 202 million, or 31 per cent, on the comparable period in 2007 to € 860 million. The corporate customer segment registered a plus of 42 per cent to € 512 million. Significant increases of net interest income were registered in all regional segments. Group units developed best in the CIS, where the increase amounted to 43 per cent, mainly due to higher interest margins in Russia. The plus came to 36 per cent in Central Europe, and 37 per cent in Southeastern Europe. The total interest margin improved by 27 basis points on the first half of 2007 to 3.93 per cent. It was also 7 basis points higher than the full-year figure for 2007 despite heightened funding costs due to the global financial crisis.

Net commission income rose by 23 per cent to € 703 million. After the considerable pluses in the preceding periods, that growth was somewhat weaker due to lower income from securities transactions and other banking services. Significant increases were achieved in the main earnings components. Foreign exchange and notes/coins business contributed with a plus of 35 per cent to € 221 million, and loan and guarantee business grew by 38 per cent to € 92 million. A result of € 305 million was achieved in the area of payment transfers, which represents a plus of 23 per cent. Growth of net commission income from corporate customers amounted to 25 per cent, and from personal customers to 24 per cent, with almost two-thirds of the total contributed by personal customers. Viewed regionally, growth of net commission income was strongest in Southeastern Europe with a plus of 28 per cent to € 221 million, followed by Central Europe at 22 per cent to € 270 million and the CIS at 19 per cent to € 212 million.

Structure of operating income



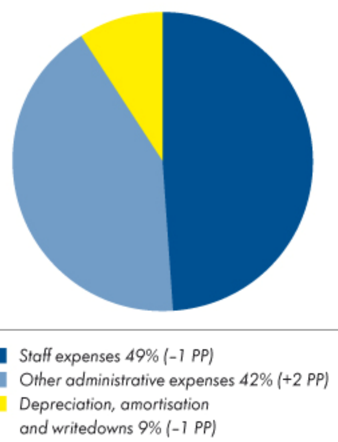
With a plus of 16 per cent, *trading profit* was below the growth of other operating profit components. It rose by € 13 million to € 92 million. The main earnings component was net income from currency-related business, which more than doubled from € 43 million last year to € 89 million. Due to the appreciation in value of the Ukrainian Hryvna, a valuation gain of € 24 million resulting from the ineffective part of the capital hedge had to be shown in the income statement according to the rules of hedge accounting. On the other hand, net income from *interest-related business* fell from € 28 million to € 12 million. These valuation losses on some securities, most of which were government bonds (especially in Slovakia, Hungary, and Croatia), are attributable to a market-driven widening of spreads. The opposite trend was observed last year.

Other operating income amounted to minus € 11 million after income of € 21 million last year. This figure includes the effects of consolidating asset management companies in Slovakia, Hungary, and Croatia for the first time, which resulted in a gain of € 13 million due to the related release of negative goodwill through the income statement.

General administrative expenses

Compared with the year-earlier period, *general administrative expenses* rose by € 247 million, or 25 per cent, to € 1,250 million. No noteworthy effects arose from changes in the scope of consolidation. Because of the relatively moderate increase of general administrative expenses despite continuing capital investment in distribution channel expansion, the cost/income ratio improved by 2.8 percentage points to 54.8 per cent.

Structure of general administrative expenses



Staff expenses accounted for 49 per cent, and hence the largest share, of general administrative expenses. They increased by € 120 million, or 24 per cent, to € 612 million. Wages and salaries were responsible for 77 per cent of staff expenses. The share of statutory social security costs amounted to 19 per cent, and voluntary staff expenses made up 3 per cent of the total. The increases in the regions varied. While staff expenses went up by 27 per cent in Central Europe, and by 25 per cent in Southeastern Europe, the rise in the CIS was the smallest at 20 per cent.

The average number of staff rose by 6,333, or 12 per cent, compared with the first half of 2007 to 60,236. With a plus of 3,320 employees, or 24 per cent, Southeastern Europe registered the largest increase in the average number. In Central Europe, the average number of staff grew by 1,699, or 15 per cent, while the figure for the CIS was 1,264, or 5 per cent, above that of the year-earlier period.

Other administrative expenses registered a higher percentage increase than that of staff expenses. They grew by 28 per cent, or € 115 million, on the comparable period to € 521 million. At 40 per cent, the strongest rise of other administrative expenses was in the CIS, particularly because of higher rental expenses, while the increase in Central Europe came to 23 per cent, and in Southeastern Europe to 19 per cent. The largest expense items were office space at € 141 million (plus 34 per cent), IT expense at € 67 million (plus 28 per cent), and advertising expense at € 61 million (plus 21 per cent).

The number of business outlets came to 3,077 at the end of June 2008. That represents a net addition of 62 business outlets in the reporting period. New outlets were opened predominantly in Southeastern Europe (75), and there particularly in Romania (34) and Bulgaria (27). In the CIS, 29 branches were closed on balance in the course of further optimization measures, with many new branches currently in preparation especially in Russia.

Depreciation/amortization/write-downs of tangible and intangible assets came to € 117 million, of which € 12 million was due to assets from operating leasing. The rise of depreciation/amortization/write-downs on the comparable period amounted to 11 per cent, or € 12 million. In the first half of 2008, a total of € 171 million was invested in tangible and intangible assets (excluding operating leasing), with the share of capital investment in intangible assets, and especially software systems, at 26 per cent.

Consolidated profit

New allocations to *provisioning for impairment losses* rose by 31 per cent, or € 48 million, compared with the year-earlier period to € 201 million. Group units in Central Europe, and especially in Hungary and the Czech Republic, are responsible for 37 per cent, or € 75 million, of that, which represents an increase of € 24 million on the comparable period last year. That was due in particular to a worsening economic trend in Hungary. Provisioning for impairment losses in Southeastern Europe, and particularly in Croatia, Bulgaria, and Albania, rose by € 36 million compared with the first half of 2007, of which more than two-thirds were portfolio-based loan loss provisions. On the other hand, in contrast to Central Europe and Southeastern Europe, provisioning declined significantly in the CIS, by € 12 million to € 69 million net.

The *risk/earnings ratio* amounted overall to 13.4 per cent. More than 77 per cent of all provisions were formed for retail customers, and the corporate customer segment accounted for the rest.

The € 13 million shown in the table below under *other profit (loss)* came primarily from net income from derivative financial instruments, which included € 7 million in valuation gains. Those resulted from interest rate swaps entered into to reduce interest rate risk.

An amount of € 6 million from *income from disposal of Group assets,* was due to the sale of two Hungarian real estate projects, *SCTD Kondorosi út Kft.*, Budapest, and *SCTH Budaörs Kft.*, Budapest. The € 11 million posted in the comparable period last year mainly consisted of income from the sale of a Hungarian subsidiary. Furthermore, losses from securities in the amount of minus € 1 million are to be assigned to net income (loss) from financial investments.

Development of consolidated profit in periodic comparison

in € mn	***1/1–30/6/ 2008***	***Change***	***1/1–30/6/ 2007***	***1/1–30/6/ 2006***
Profit from operating activities	***1,031***	***37.8%***	***749***	***542***
Provisioning for impairment losses	*(201)*	*31.4%*	*(153)*	*(125)*
Other profit	*13*	*10.9%*	*11*	*4*
Profit before tax	***843***	***38.9%***	***607***	***421***
Income taxes	*(196)*	*51.5%*	*(130)*	*(87)*
Profit after tax	***646***	***35.5%***	***477***	***334***
Minority interests in profit	*(81)*	*6.8%*	*(76)*	*(44)*
Consolidated profit	***566***	***40.9%***	***401***	***289***

Income taxes rose by 52 per cent, or € 66 million, to € 196 million, which was a larger increase than that of profit before tax at 39 per cent. At 23 per cent, the tax rate reached a higher level compared with last year. The increase resulted from earnings growth in regions with the highest tax rates, including particularly Russia and Ukraine.

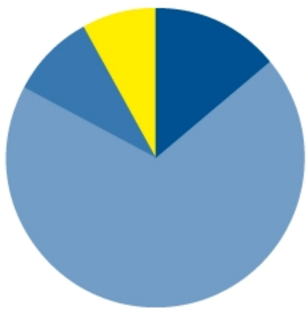
Profit after tax thus increased by 36 per cent, or € 169 million, to € 646 million before deduction of *minority interests in profit*, which are allocable to outside shareholders in various Group units. Altogether, they are entitled to € 81 million of the profit achieved in the first half of the year.

Consolidated profit allocable to Raiffeisen International shareholders increased by 41 per cent, or € 165 million, to € 566 million. Dividing that result by the average number of shares outstanding yields earnings per share of € 3.68 for the first half of 2008, which represents a plus of € 0.86 on the comparable period.

Balance sheet development

The balance sheet total of Raiffeisen International is reported at € 80.7 billion in the interim financial statement as of 30 June 2008. Compared with the end of 2007, that means growth of 11 per cent, or € 8.0 billion. The increase on year's end was predominantly organic, since no material changes occurred in the scope of consolidation. The revaluation of some CEE currencies, including the Czech koruna, Slovakian koruna, and Hungarian forint, had positive effects of about € 2.1 billion and thus accounted for just under 3 per cent of the balance sheet total. Adjusted for exchange rates, growth amounted to € 5.9 billion.

Structure of assets



Assets

On the asset side, growth of the balance sheet total in the first half of the year was largely attributable to the increase of *loans and advances to customers* by about 16 per cent, or € 7.7 billion, to € 56.6 billion. Adjusted for impairment loss provisioning of € 1.3 billion, loans and advances to customers had a 69 per cent share of balance sheet assets. Credits extended to corporate customers grew by € 4.4 billion. Lendings to retail customers, predominantly private individuals, increased by € 3.3 billion. The ratio of customer credits to customer deposits amounted to 130 per cent, which corresponds to a plus of 9 percentage points.

The level of *provisioning for impairment losses* increased from € 1.1 billion to € 1.3 billion in the first half of 2008 due to new allocations to provisions and taking into account the use of provisions.

Loans and advances to banks came to € 10.8 billion and were thus 2 per cent below the year-end figure in 2007. This slight decline is primarily attributable to lower investments with internationally operating commercial banks. The share of assets decreased by 1 percentage point to 14 per cent.

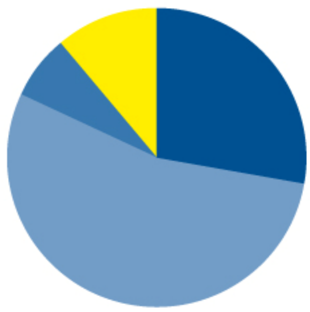
At the end of June, the total amount of all *securities and financial investments* stood at € 8.0 billion, of which more than 65 per cent, or € 5.2 billion, involved investments in debt securities issued by the public sector. Compared with the end of 2007, there was thus a plus of 15 per cent, which continues to be attributable to increased investments in fixed-income debt securities. While trading positions rose by 30 per cent – also largely due to increased investments in fixed-income debt securities – and securities valued through the income statement by 9 per cent, securities held to maturity remained nearly constant (minus 1 per cent). The share of balance sheet assets attributable to financial investments was unchanged at 9 per cent.

The cash reserve declined by € 0.8 billion compared with the year-end figure in 2007. The share of assets attributable to the item *other assets* decreased by 2 percentage points to 8 per cent.

Liabilities

As of 30 June 2008, the Group's liabilities and own funds exhibited negligible structural changes versus the end of 2007. With a share of 54 per cent, deposits from customers continued to dominate the liability side of the balance sheet. Deposits from banks accounted for about 28 per cent of the balance sheet total. The rest consisted of own funds (11 per cent) and other liabilities (7 per cent).

Structure of liabilities



Deposits from customers rose by about 8 per cent compared with the end of 2007 to € 43.6 billion. The largest plus was in Central Europe at € 2.2 billion, or 13 per cent. Deposits from customers in the CIS and Southeastern Europe grew by 7 per cent and 3 per cent, respectively. Time and sight deposits increased by 8 per cent to € 42.4 billion, while savings deposits were unchanged at € 1.2 billion.

Deposits from banks grew by 13.2 per cent from the beginning of the year to € 22.5 billion. While an increase was noted in Central Europe (plus 25 per cent, or € 0.4 billion), funding arrangements declined slightly in Southeastern Europe (minus 3 per cent) and the CIS (minus 1 per cent). Funding in the framework of money market transactions increased by € 1.8 billion, or 29 per cent, compared with the end of 2007.

Liabilities evidenced by paper showed a significant increase of 34 per cent, or € 0.8 billion, to € 3.1 billion, which was due to issues of debt securities in Bulgaria, Russia, Poland, Slovakia, and the Czech Republic.

The share of the balance sheet total attributable to *own funds*, consisting of equity and subordinated capital, was unchanged at 11 per cent. The increase by € 656 million to € 8.8 billion is mainly attributable to profit in the first half of the year. *Subordinated capital*, needed for local regulatory purposes, increased slightly, by 2 per cent to € 1.6 billion.

Equity on the balance sheet and regulatory capital

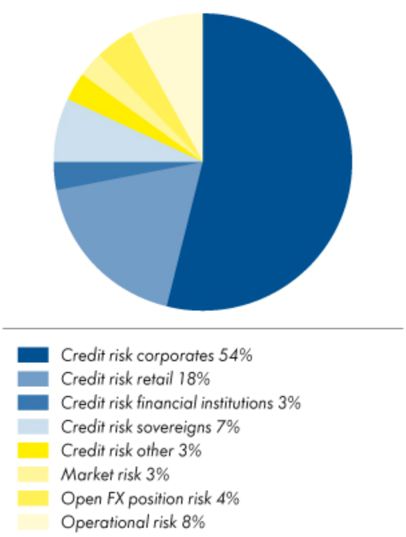
Equity shown on Raiffeisen International's balance sheet increased by 9 per cent, or € 624 million, from the end of 2007 to € 7,246 million. Set against that plus, resulting from the current year's profit of € 646 million and capital contributions from minority shareholders to various Group units in the amount of € 53 million, is a profit distribution of € 182 million. In June 2008, the annual general meeting of Raiffeisen International approved a dividend payout of € 0.93 per share, which makes a total of € 143 million. Other profit distributions in the amount of € 39 million go to minority shareholders of Group units.

Furthermore, positive changes in the exchange rates of some CEE currencies, minus associated capital hedges, caused equity to increase on balance by € 132 million. The greatest effects came from the revaluation of the Slovakian, Hungarian, and Czech currencies.

Since 1 January 2008, solvency has been calculated according to Basel II. In the absence of equivalent comparative figures for the end of 2007, the values in this report are compared with the regulatory own funds requirement calculated according to the old Basel I rule.

Regulatory own funds increased by 8 per cent, or € 508 million, to € 7,192 million. That does not include the current profit of the reporting year, which may not be taken into account yet in the calculation because of applicable Austrian regulations. *Core capital* (Tier 1) was nearly unchanged with a plus of € 58 million to € 5,750 million. The material changes in core capital resulted, on the one hand, from the significant revaluation of various CEE currencies and, on the other hand, from Raiffeisen International's dividend payout in the amount of € 143 million. *Additional own funds* (Tier 2) rose by € 455 million to € 1,412 million primarily because of the changed method of calculation since the launch of Basel II. Eligible short-term subordinated capital (Tier 3) increased moderately, by € 17 million to € 74 million.

Composition of own funds requirement



Set against own funds is a regulatory *own funds requirement* of € 5,587 million, which results in excess cover of about 29 per cent. The requirement amounted to € 4,317 million at the end of the year under the old regulation, and the increase of € 1,270 million is largely due to the Basel II effect, and especially to the newly included own funds requirement for operational risk, which amounts to € 441 million.

The ratio of core capital to credit risk fell accordingly by 1.8 percentage points to 9.6 per cent, and the own funds ratio decreased by 2.1 percentage points to 10.3 per cent.

Risk management

A bank's ability to capture and measure risks comprehensively and to monitor and manage them in real time is a decisive competitive factor. To ensure the Group's long-term success and permit targeted growth in the relevant markets, Raiffeisen International's risk management and risk controlling activities aim to ensure careful handling and professional management of credit, country, market, liquidity, and operational risks.

Raiffeisen International is exposed to all those types of risks in the framework of its business activity and in connection with the launch and subsequent establishment of financial products and services. The CEE region is distinguished by strong economic growth compared with established markets, but that may also be associated with higher volatility. At the time when this report was produced, Raiffeisen International knew of no risks of unusual extent.

In the beginning of 2008, the RZB Group switched to using the Basel II rules to calculate regulatory minimum own funds requirements. Raiffeisen International is not itself subject to those rules as a subsidiary group of RZB. However, since the results flow into the RZB Group, they are used for internal control and information purposes.

The own funds requirement according to Basel II for risk-weighted assets in the non-retail segment is calculated centrally in Vienna. The Basel II standardized approach is applied. In a centralized Group solution, the own funds calculation is carried out for all units of Raiffeisen International with the aid of standardized risk management software. For that purpose, the various options of the respective local legislatures and regulatory agencies are configured and are applied accordingly. The calculation of the own funds requirement for the retail portfolio is performed in the local units according to the rules of the Basel II standardized approach. The respective local options are also applied there. The results are transmitted to the central data warehouse in Vienna.

The own funds requirement for operational risk is calculated according to the standardized approach, except in the local units in Croatia and Ukraine, for which the own funds requirement is calculated according to the basic indicator approach. The standardized approach is used to calculate the own funds requirement for the trading book.

Outlook and targets unchanged

Building on our successful mid-market strategy, the corporate customers segment will make the largest contribution to profit before tax again in 2008. In the retail business, we continue to emphasize expansion of the branch network to support the broadening of our customer base. Moreover, we will further develop our product range in the areas of asset management and insurance in the current year.

Our goal for consolidated profit in 2008 is about € 1 billion.

We aim to grow the balance sheet total by at least 20 per cent per year in the period to 2010, with the strongest increases targeted in the retail customer segment.

We have set a return on equity (ROE) before tax of more than 25 per cent as a goal for 2010. That does not take account of any acquisitions or capital increases. The cost/income ratio should come to about 56 per cent, and our target risk/earnings ratio is about 15 per cent.

Segment Reports

Classification of segments

Raiffeisen International classifies its business according to customer groups:

- Corporate Customers
- Retail Customers
- Treasury
- Participations and Other

The secondary classification of segments for reporting is made according to regional aspects. The location of the respective business outlets is the criterion of segment assignment:

- ***Central Europe*** (CE)
  Czech Republic, Hungary, Poland, Slovakia, and Slovenia
- ***Southeastern Europe*** (SEE)
  Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Romania, and Serbia
- ***Commonwealth of Independent States*** (CIS)
  Belarus, Kazakhstan, Russia, and Ukraine

You will find a detailed description of the individual segments beginning on page 31. The figures stated are derived from the interim financial statements prepared according to the *International Financial Reporting Standards* (IFRS) underlying the consolidated financial statements. Divergences from locally published data are possible. Employees from the head office are added pro rata in the staff figures presented below.

Best quarterly result again in the CIS

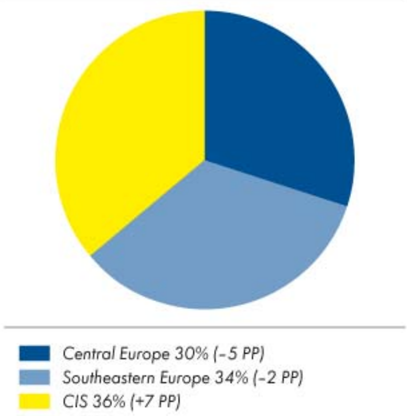
Of the three regional segments, the CIS registered the highest profit before tax in the first half of 2008 at € 306 million. The strong earnings increase of 75 per cent, or € 132 million, is primarily attributable to high interest income, moderate new allocations to provisioning, and valuation gains. Balance sheet assets grew by 23 per cent on the year-earlier period. The CIS contributed 36 per cent to total profit before tax and was thus 7 percentage points above its share in the comparable period last year.

Southeastern Europe generated the second-highest profit before tax at € 284 million. This considerable increase of 29 per cent, or € 64 million, was based mainly on solid growth of net interest and commission income and a lean cost structure. The contribution to total profit before tax amounted to 34 per cent, which represents a decline on the year-earlier figure by 2 percentage points. Balance sheet assets grew by 21 per cent compared with last year.

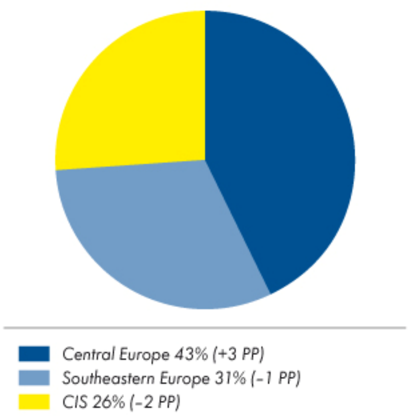
In Central Europe, profit before tax improved by 19 per cent, or € 41 million, to € 253 million. Increases in net interest and commission income were mainly responsible for that. This regional segment contributed 30 per cent to total earnings, which represents a decline by 5 percentage points on the year-earlier figure, which was positively influenced by non-recurring items. Balance sheet assets rose by 39 per cent compared with last year, which is the strongest increase of all the segments.

Central Europe continued to dominate in consolidated assets with a share of 43 per cent, which represents an increase of 3 percentage points. As in the previous year, Southeastern Europe had the second-largest share at 31 per cent, followed by the CIS at 26 per cent.

Segment shares of profit before tax (compared with 1/1-30/6/2007)



Segment shares of assets (compared with 30/6/2007)



Central Europe

in € mn	1/1–30/6/2008	1/1–30/6/2007	Change
Net interest income	502	369	35.8%
Provisioning for impairment losses	(75)	(52)	45.7%
Net interest income after provisioning	**426**	**318**	**34.2%**
Net commission income	270	222	21.8%
Trading profit	39	38	3.2%
Net income from derivative financial instruments	3	2	81.1%
Net income (loss) from financial investments and current financial assets	(9)	(8)	15.6%
General administrative expenses	(473)	(378)	25.2%
Other operating profit (loss)	(9)	8	–
Income from disposal of Group assets	6	12	(49.9)%
Profit before tax	**253**	**212**	**19.3%**
Share of profit before tax	30.0%	35.0%	(4.9) PP
Total assets*	34,624	24,905	39.0%
Risk-weighted assets (credit risk)*	24,199	16,698	44.9%
Total own funds requirement*	2,299	1,460	57.5%
Average number of staff	13,419	11,742	14.3%
Business outlets*	548	528	3.8%
Cost/income ratio	59.0%	59.4%	(0.4) PP
Average equity	2,641	1,906	38.6%
Return on equity before tax	**19.2%**	**22.3%**	**(3.1) PP**

* Reference date value as of 30 June

In the region of Central Europe, earnings developed positively in the first half of the year. Despite non-recurring items that enhanced earnings last year, *profit before tax* rose by 19 per cent, or € 41 million, on the comparable period to € 253 million. However, the *return on equity before tax* for Central Europe fell by 3.1 percentage points to 19.2 per cent. The main factors responsible for this decline were relatively high administrative costs and higher impairment loss provisioning in the region in addition to an increase of average equity by 39 per cent on the comparable period.

Net interest income grew by 36 per cent to € 502 million. That is slightly higher than the increase of average Group assets in Central Europe by 32 per cent. The net interest margin widened by 8 basis points to 3.15 per cent. However, compared with last year, total assets increased even more strongly with a plus of 39 per cent, or € 9.7 billion, to € 34.6 billion. That was due to significant expansion of the loan portfolio in the Czech Republic and Poland. Risk-weighted assets (credit risk) grew somewhat more strongly than balance sheet assets, by 45 per cent from € 16.7 billion to € 24.2 billion. That is partly attributable to the Basel II effect.

New allocations to *provisioning for impairment losses* rose by 46 per cent to € 75 million, due mainly to new allocations to specific provisions in Hungary. The *risk/earnings ratio* for the region thus increased by 1.0 percentage point on the comparable period to 15.0 per cent. The share of the loan portfolio attributable to non-performing loans rose by 0.17 percentage points on the comparable period to 2.72 per cent.

Net commission income grew by € 48 million to € 270 million, with the share arising from foreign exchange and notes/coins business rising to € 114 million. Net commission income in the areas of payment transfers and account services reached € 100 million. The Group unit in the Czech Republic posted the largest increase of net commission income. The share of operating income attributable to commission-related business was the highest of all the segments at 34 per cent due to dynamic growth of transaction volume and a favorable market environment in the region.

Trading profit in Central Europe was almost unchanged on the comparable period and amounted to € 39 million. A positive result of € 40 million was achieved from currency-related business. The region booked a balanced result in interest-related business for the first half of 2008.

Net income from derivative financial instruments amounted to € 3 million and was based on valuation gains from hedging transactions entered into in most countries of the region to minimize the loan portfolio's currency risk.

Net income (loss) from financial investments, which mainly arose from valuation losses of securities, was almost unchanged compared with the year-earlier period and amounted to minus € 9 million.

General administrative expenses rose on the comparable period by 25 per cent, or € 95 million, to € 473 million. Staff expenses amounted to € 228 million, and the average number of staff grew by 14 per cent to 13,419. Other administrative expenses went up by € 34 million to € 187 million. Depreciation/amortization/write-downs increased by € 6 million to € 42 million. The number of business outlets rose by 4 per cent, or 20, compared with last year to 548 outlets. The *cost/income ratio* dropped slightly, by 0.4 percentage points to 59.0 per cent.

Other operating profit (loss) amounted to minus € 9 million and consisted mainly of other tax expenses in Hungarian and Slovakian Group units. This item came to € 8 million in the comparable period, with € 9 million contributed by the initial consolidation of asset management companies in Slovakia and Hungary.

Net income from disposal of Group assets arose from the sale of two Hungarian real estate project companies, *SCTD Kondorosi út Kft.*, Budapest, and *SCTH Budaörs Kft.*, Budapest, and amounted to about € 6 million. Last year, the deconsolidation effect of selling a Hungarian energy production company led to income of € 11 million.

Southeastern Europe

in € mn	1/1–30/6/2008	1/1–30/6/2007	Change
Net interest income	446	326	36.9%
Provisioning for impairment losses	(57)	(20)	177.3%
Net interest income after provisioning	**390**	**306**	**27.5%**
Net commission income	221	173	27.7%
Trading profit	24	21	13.0%
Net income from derivative financial instruments	–	–	–
Net income (loss) from financial investments and current financial assets	(1)	1	–
General administrative expenses	(364)	(298)	22.3%
Other operating profit	15	17	(13.4)%
Profit before tax	**284**	**220**	**28.9%**
Share of profit before tax	33.6%	36.3%	(2.6) PP
Total assets*	24,703	20,423	21.0%
Risk-weighted assets (credit risk)*	18,356	12,965	41.6%
Total own funds requirement*	1,701	1,089	56.2%
Average number of staff	17,522	14,189	23.5%
Business outlets*	1,048	821	27.6%
Cost/income ratio	51.6%	55.4%	(3.8) PP
Average equity	2,030	1,357	49.6%
Return on equity before tax	**27.9%**	**32.4%**	**(4.5) PP**

* Reference date value as of 30 June

Southeastern Europe registered the second-highest earnings increase of all three regional segments in the reporting period. *Profit before tax* rose by 29 per cent to € 284 million thanks mainly to sharply higher net interest and commission income. Because of the higher equity base, the return on equity before tax went down by 4.5 percentage points from 32.4 per cent to 27.9 per cent.

Net interest income in the region grew by 37 per cent, or € 120 million, to € 446 million, while balance sheet assets rose by 21 per cent to € 24.7 billion. That resulted in significant improvement of the net interest margin by 41 basis points to 3.75 per cent. Risk-weighted assets (credit risk) increased by 42 per cent from € 13.0 billion before to € 18.4 billion. Basel II had somewhat more impact here, with the effect of increased weighting, as this region includes countries with lower ratings.

Starting from a very low level, *provisioning for impairment losses* rose by 177 per cent, or € 37 million, to € 57 million. The increase was partly connected with higher business volume, but was primarily due to new allocations to portfolio-based provisions in some Group units.

The risk/earnings ratio therefore rose to 12.7 per cent (plus 6.4 percentage points). The share of the loan portfolio attributable to non-performing loans increased slightly during the reporting period to 1.71 per cent.

Southeastern Europe registered the largest increase of *net commission income*. It rose by 28 per cent from € 173 million to € 221 million, of which payment transfers supplied € 80 million. Foreign exchange and notes/coins business contributed another € 47 million. The largest increases were posted by Group units in Serbia and Romania.

Trading profit in Southeastern Europe amounted to € 24 million. At € 32 million, currency-related business was 60 per cent above the figure for the comparable period. Losses from stock-related business amounted to € 5 million.

General administrative expenses rose by 22 per cent to € 364 million. Staff expenses increased from € 127 million to € 159 million. The average number of staff grew by 24 per cent, or 3,333, on the comparable period to 17,522. Other administrative expenses amounted to € 159 million and were thus 20 per cent higher than last year. Depreciation/amortization/write-downs, mostly for branch investments, also increased by 20 per cent to € 42 million. Starting from 821 at the end of the comparable period, the number of business outlets rose by 28 per cent to 1,048, with Southeastern Europe thus achieving the largest increase of all three segments in this respect. The cost/income ratio improved significantly, by 3.8 percentage points to 51.6 per cent.

Other operating profit fell by € 2 million compared with the previous period and amounted to € 15 million. Income from operating leasing contributed € 13 million to earnings in the first half of the year. The integration of *Raiffeisen Capital & Investment Romania S.A.*, Bucharest, which operates in the area of investment banking, yielded income from initial consolidation because of materiality in the amount of € 4 million.

CIS

in € mn	1/1–30/6/2008	1/1–30/6/2007	Change
Net interest income	549	383	43.3%
Provisioning for impairment losses	(69)	(81)	(14.4)%
Net interest income after provisioning	**480**	**302**	**58.9%**
Net commission income	212	177	19.3%
Trading profit	29	20	43.6%
Net income from derivative financial instruments	5	2	98.9%
Net income from financial investments and current financial assets	10	–	–
General administrative expenses	(413)	(327)	26.2%
Other operating profit (loss)	(17)	(4)	347.5%
Income from disposal of Group assets	–	3	–
Profit before tax	**306**	**174**	**75.4%**
Share of profit before tax	36.3%	28.8%	7.6 PP
Total assets*	21,372	17,316	23.4%
Risk-weighted assets (credit risk)*	16,838	11,735	43.5%
Total own funds requirement*	1,587	1,030	54.1%
Average number of staff	29,294	27,971	4.7%
Business outlets*	1,481	1,607	(7.8)%
Cost/income ratio	53.4%	56.6%	(3.3) PP
Average equity	1,930	1,303	48.1%
Return on equity before tax	**31.7%**	**26.8%**	**4.9 PP**

* Reference date value as of 30 June

Profit before tax in the CIS grew by 75 per cent, or € 132 million, to € 306 million in the first half of 2008. The region thus registered by far the largest increase of all three segments. This rise resulted mainly from high growth of net interest income, low allocations to provisions, and valuation gains. The return on equity before tax went up by 4.9 percentage points to 31.7 per cent.

Net interest income in the region rose by 43 per cent, or € 166 million, to € 549 million and thus developed significantly more dynamically than balance sheet assets, which increased by € 4.1 billion to € 21.4 billion. The net interest margin improved strongly, by 40 basis points to 5.25 per cent.

Compared with 30 June 2007, risk-weighted assets (credit risk) rose by 44 per cent to € 16.8 billion and hence more strongly than balance sheet assets. That includes especially an increased weighting due to Basel II, since the comparative figures from last year were still based on the calculation according to Basel I. The increase resulted from the consistently lower ratings of the countries in this region and different criteria for collateral.

Provisioning for impairment losses fell in the first half of 2008 from € 81 million in the comparable period to € 69 million. This reduction was possible thanks to the release of portfolio-based provisions in Russia and Ukraine. The risk/earnings ratio improved by 8.6 percentage points to 12.6 per cent. The share of the loan portfolio attributable to non-performing loans rose by 0.5 percentage points and reached 2.34 per cent.

Net commission income registered an increase of € 35 million to € 212 million. Payment transfers made the largest contribution to income at € 116 million. Foreign exchange and notes/coins business supplied another € 61 million.

Trading profit grew from € 20 million to € 29 million. A small loss of € 4 million arose from currency-related business. The total included € 24 million of income due to the part of the capital hedge recognized through the income statement. Due to the appreciation in value of the Ukrainian Hryvna, a valuation gain of € 24 million resulting from the ineffective part of the capital hedge had to be shown in the income statement according to the rules of hedge accounting. Interest-related business brought income of € 10 million.

Net income from derivative financial instruments amounted to € 5 million. That was based mainly on a valuation result in Russia, where interest rate swaps were entered into to reduce interest rate risk. Due to the mild recovery of the five-year US dollar swap rate in the second quarter, the result from those swaps improved significantly compared with the previous quarters.

Net income from financial investments amounted to € 10 million and derived mainly from divestments of other equity participations.

General administrative expenses rose by 26 per cent, or € 86 million, to € 413 million. Staff expenses grew from € 167 million to € 200 million, which means a rise of 20 per cent. The region showed the highest average number of staff at 29,294. The increase on the comparable period came to 1,323. Other administrative expenses rose by 39 per cent, or € 45 million, to € 159 million, with significant increases of rental costs in the Russian Group units being mainly responsible for that. Depreciation/amortization/write-downs remained almost at the comparable period's level and amounted to € 33 million. The region's cost/income ratio improved by 3.3 percentage points to 53.4 per cent.

The segment's *other operating profit (loss)* came to minus € 17 million. That was based mainly on allocations to other expense provisions and expenses for other taxes not dependent on income.

Last year, there was *net income from disposal of group assets* of € 3 million to be taken into account. In the reporting period, there were no disposals from the scope of consolidation.

Consolidated Financial Statements

(Interim report as of 30 June 2008)

Income statement

in € mn	Notes	1/1–30/6 2008	1/1–30/6 2007	Change
Interest income		2,825.0	2,044.7	38.2%
Current income from associates		1.0	0.3	186.3%
Interest expenses		(1,328.4)	(966.2)	37.5%
Net interest income	(2)	**1,497.6**	**1,078.8**	**38.8%**
Provisioning for impairment losses	(3)	(201.4)	(153.3)	31.4%
Net interest income after provisioning		**1,296.2**	**925.5**	**40.1%**
Commission income		824.2	671.6	22.7%
Commission expense		(121.3)	(99.4)	22.0%
Net commission income	(4)	**702.9**	**572.2**	**22.8%**
Trading profit	(5)	92.2	79.3	16.2%
Valuation result from derivatives	(6)	7.4	4.2	78.1%
Net income from financial investments	(7)	(0.7)	(7.2)	(90.9)%
General administrative expenses	(8)	(1,249.9)	(1,002.7)	24.6%
Other operating profit/loss	(9)	(11.2)	20.9	(153.7)%
Income from disposal of group assets		5.8	14.3	(59.3)%
Profit before tax		**842.7**	**606.6**	**38.9%**
Income taxes		(196.3)	(129.6)	51.5%
Profit after tax		**646.4**	**477.0**	**35.5%**
Minority interests in profit		(80.7)	(75.6)	6.8%
Consolidated profit		**565.7**	**401.4**	**40.9%**

in €	1/1–30/6 2008	1/1–30/6 2007	Change
Earnings per share	**3.68**	**2.82**	**0.86**

Earnings per share are obtained by dividing consolidated profit by the average number of common shares outstanding. As of 30 June 2008, the number of common shares outstanding was 153.6 million compared with 142.2 million as of 30 June 2007.

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 € mn	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 commission income	322.8	354.8	330.8	372.0
Trading profit	41.4	7.1	37.5	54.6
Valuation result 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 operating profit/loss	(2.5)	(23.5)	5.8	(17.0)
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**

in € mn	Q3/2006	Q4/2006	Q1/2007	Q2/2007
Net interest income	460.9	513.1	505.0	573.8
Provisioning for impairment losses	(104.3)	(79.6)	(75.9)	(77.4)
Net interest income after provisioning	**356.6**	**433.6**	**429.1**	**496.4**
Net commission income	245.4	272.4	275.1	297.2
Trading profit	40.5	63.0	35.6	43.7
Valuation result from derivatives	(0.5)	(0.9)	(2.7)	6.8
Net income from financial investments	100.8	4.1	0.8	(8.0)
General administrative expenses	(412.2)	(537.3)	(476.5)	(526.2)
Other operating profit/loss	0.9	(14.4)	17.0	3.9
Income from disposal of group assets	–	506.6	14.1	0.2
Profit before tax	**331.5**	**727.0**	**292.5**	**314.1**
Income taxes	(53.7)	(64.0)	(61.7)	(67.9)
Profit after tax	**277.8**	**663.0**	**230.8**	**246.3**
Minority interests in profit	(27.7)	(20.2)	(38.2)	(37.4)
Consolidated profit	**250.1**	**642.8**	**192.6**	**208.8**

Balance sheet

Assets in € mn	Notes	30/6 2008	31/12 2007	Change
Cash reserve		2,956	3,664	(19.3)%
Loans and advances to banks	(11,30)	10,835	11,053	(2.0)%
Loans and advances to customers	(12,30)	56,627	48,880	15.8%
Impairment losses on loans and advances	(13)	(1,297)	(1,103)	17.5%
Trading assets	(14,30)	3,662	2,809	30.4%
Derivatives	(15,30)	218	92	136.1%
Financial investments	(16,30)	4,330	4,133	4.8%
Investments in associates	(30)	28	24	16.3%
Intangible fixed assets	(17)	1,145	1,137	0.7%
Tangible fixed assets	(18)	1,238	1,154	7.3%
Other assets	(19,30)	957	899	6.4%
Total assets		**80,699**	**72,743**	**10.9%**

Equity and liabilities in € mn	Notes	30/6 2008	31/12 2007	Change
Deposits from banks	(20,30)	22,547	19,927	13.2%
Deposits from customers	(21,30)	43,608	40,457	7.8%
Liabilities evidenced by paper	(22,30)	3,116	2,320	34.3%
Provisions for liabilities and charges	(23,30)	363	315	15.1%
Trading liabilities	(24,30)	910	541	68.2%
Derivatives	(25,30)	224	154	45.1%
Other liabilities	(26,30)	1,122	874	28.4%
Subordinated capital	(27,30)	1,563	1,532	2.0%
Equity	(28)	7,246	6,622	9.4%
Consolidated equity		5,737	4,986	15.0%
Consolidated profit		566	841	–
Minority interests		944	795	18.8%
Total equity and liabilities		**80,699**	**72,743**	**10.9%**

Statement of changes in equity

in € mn	Subscribed capital	Capital reserves	Retained earnings	Consolidated profit	Minority interests	Total
Equity as of 1/1/2007	**434**	**1,390**	**980**	**1,182**	**604**	**4,590**
Capital increases	–	–	–	–	19	19
Transferred to retained earnings	–	–	1,081	(1,081)	–	–
Dividend payments	–	–	–	(101)	(29)	(130)
Comprehensive income	–	–	53	401	78	532
Own shares/share incentive program	(1)	(11)	–	–	–	(12)
Other changes	–	–	(16)	–	11	(5)
Equity as of 30/6/2007	**433**	**1,379**	**2,097**	**401**	**684**	**4,994**

in € mn	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**

Comprehensive income

	Group equity		Minority interests	
in € mn	30/6/2008	30/6/2007	30/6/2008	30/6/2007
Consolidated profit	**566**	**401**	**81**	**76**
Exchange differences	100	23	52	2
Capital hedge	- 21	30	–	–
Cash flow hedge	- 6	–	–	–
Sundry income and expenses directly recognized in equity	21	–	1	–
Deferred taxes on sundry income and expenses directly recognized in equity	- 7	–	–	–
Comprehensive income	**653**	**454**	**134**	**78**

The item sundry income and expenses directly recognized in equity solely includes valuation results of securities categorised as *financial assets available-for-sale*.

Cash flow statement

in € mn	1/1–30/6 2008	1/1–30/6 2007
Cash and cash equivalents at the end of the previous period	**3,664**	**4,064**
Net cash from operating activities	(561)	(1,039)
Net cash from investing activities	(79)	55
Net cash from financing activities	(97)	(127)
Effect of exchange rate changes	29	26
Cash and cash equivalents at the end of period	**2,956**	**2,979**

Segment reporting

Raiffeisen International primarily divides its business according to the following customer and proprietary business segments:

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

The *corporate customer* segment encompasses business with local and international medium-sized enterprises and key accounts. *Retail customers* comprises private individuals and small and medium-sized enterprises whose annual revenues generally do not exceed € 5 million. The *Treasury* segment includes the Treasury department´s proprietary trading as well as investment banking activities, which are only carried out by a few group units. Besides non-banking business, the *Participations and other* segment also encompasses the management of equity participations. In addition, this segment covers other cross-segment activities, including especially those in the parent company *Raiffeisen International Bank-Holding AG*.

Secondary segment reporting shows earnings components and portfolio figures by regional aspects. The basis for the classification is the location of the head office of the respective business outlets.

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

a) Segment reporting by business segment

1/1–30/6/2008 in € mn	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	512.1	860.3	122.2	3.0	1,497.6
Provisioning for impairment losses	(44.8)	(154.7)	(0.1)	(1.8)	(201.4)
Net interest income after provisioning	467.3	705.6	122.1	1.2	1,296.2
Net commission income	250.7	448.5	5.7	(2.1)	702.9
Trading profit	8.4	2.0	80.8	1.0	92.2
Valuation result from derivatives	0.2	(0.2)	7.4	–	7.4
Net income from financial investments	(0.6)	(0.0)	(11.6)	11.6	(0.7)
General administrative expenses	(258.5)	(874.9)	(49.6)	(66.9)	(1,249.9)
Other operating profit	16.3	6.6	0.1	(34.2)	(11.2)
Income from disposal of group assets	–	–	–	5.8	5.8
Profit before tax	**483.7**	**287.6**	**154.9**	**(83.6)**	**842.7**
Risk-weighted assets (credit risk)*	31,417	17,626	6,290	4,060	59,394
Own funds requirement*	2,666	1,665	938	319	5,587
Average number of staff	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%**

* Reference date value as of 30 June

1/1–30/6/2007 in € mn	Corporate customers	Retail customers	Treasury	Participations and other	Total
Net interest income	361.8	657.9	52.5	6.7	1,078.8
Provisioning for impairment losses	(56.4)	(96.0)	0.0	(0.9)	(153.3)
Net interest income after provisioning	**305.3**	**561.9**	**52.5**	**5.8**	**925.5**
Net commission income	200.4	362.8	5.8	3.3	572.2
Trading profit	4.6	1.8	77.0	(4.0)	79.3
Valuation result from derivatives	0.0	(0.2)	4.3	–	4.2
Net income from financial investments	0.8	0.0	(9.7)	1.7	(7.2)
General administrative expenses	(200.0)	(702.7)	(38.1)	(61.9)	(1,002.7)
Other operating profit	9.7	(0.3)	(0.3)	11.7	20.9
Income from disposal of group assets	–	–	–	14.3	14.3
Profit before tax	**320.8**	**223.3**	**91.5**	**(29.1)**	**606.6**
Risk-weighted assets (credit risk)*	21,107	15,371	1,137	3,783	41,399
Own funds requirement*	1,689	1,230	358	303	3,579
Average number of staff	7,929	43,197	1,160	1,617	53,903
Cost/income ratio	34.7%	68.7%	28.2%	–	57.3%
Average equity	2,103	1,536	585	342	4,567
Return on Equity before tax	**30.5%**	**29.1%**	**31.3%**	**–**	**26.6%**

* Reference date value as of 30 June

b) Segment reporting by region

1/1–30/6/2008 in € mn	Central Europe	Southeastern Europe	CIS	Total
Net interest income	501.8	446.3	549.5	1,497.6
Provisioning for impairment losses	(75.4)	(56.6)	(69.4)	(201.4)
Net interest income after provisioning	**426.4**	**389.7**	**480.1**	**1,296.2**
Net commission income	269.9	221.2	211.7	702.9
Trading profit	38.9	24.0	29.3	92.2
Valuation result from derivatives	2.8	(0.3)	4.9	7.4
Net income from financial investments	(9.0)	(1.5)	9.8	(0.7)
General administrative expenses	(473.0)	(364.4)	(412.5)	(1,249.9)
Other operating profit/loss	(8.6)	14.7	(17.3)	(11.2)
Income from disposal of group assets	5.8	–	–	5.8
Profit before tax	**253.2**	**283.5**	**306.0**	**842.7**
Total assets*	34,624	24,703	21,372	80,699
Risk-weighted assets (credit risk)*	24,199	18,356	16,838	59,394
Own funds requirement*	2,299	1,701	1,587	5,587
Average number of staff	13,419	17,522	29,294	60,236
Cost/income ratio	59.0%	51.6%	53.4%	54.8%
Average equity	2,641	2,030	1,930	6,601
Return on Equity before tax	**19.2%**	**27.9%**	**31.7%**	**25.5%**

* Reference date value as of 30 June

1/1–30/6/2007 in € mn	Central Europe	Southeastern Europe	CIS	Total
Net interest income	369.4	326.0	383.3	1,078.8
Provisioning for impairment losses	(51.8)	(20.4)	(81.1)	(153.3)
Net interest income after provisioning	**317.6**	**305.6**	**302.2**	**925.5**
Net commission income	221.6	173.3	177.4	572.2
Trading profit	37.7	21.2	20.4	79.3
Valuation result from derivatives	1.5	0.2	2.5	4.2
Net income from financial investments	(7.8)	0.6	0.0	(7.2)
General administrative expenses	(377.9)	(297.9)	(326.9)	(1,002.7)
Other operating profit/loss	7.8	17.0	(3.9)	20.9
Income from disposal of group assets	11.6	–	2.7	14.3
Profit before tax	**212.2**	**220.0**	**174.4**	**606.6**
Total assets*	24,905	20,423	17,316	62,644
Risk-weighted assets (credit risk)*	16,698	12,965	11,735	41,399
Own funds requirement*	1,460	1,089	1,030	3,579
Average number of staff	11,742	14,189	27,971	53,903
Cost/income ratio	59.4%	55.4%	56.6%	57.3%
Average equity	1,906	1,357	1,303	4,567
Return on Equity before tax	**22.3%**	**32.4%**	**26.8%**	**26.6%**

* Reference date value as of 30 June

Notes

Accounting and valuation principles

The consolidated financial statements of Raiffeisen International are prepared in conformity 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 2008 is prepared in conformity with IAS 34. In the interim reporting, exactly the same accounting and valuation principles and consolidation methods are applied as in the preparation of the 2007 consolidated financial statements.

Changes in the scope of consolidation

	Fully consolidated		Equity method	
Number of units	1/1–30/6 2008	1/1–31/12 2007	1/1–30/6 2008	1/1–31/12 2007
As of beginning of period	121	105	3	3
Included for the first time in the financial period	7	29	–	–
Excluded in the financial period	(2)	(10)	–	–
Merged in the financial period	–	(3)	–	–
As of end of period	**126**	**121**	**3**	**3**

The following companies were initially integrated in the consolidated financial statements:

Name	Share	Included as of	Fact
Holeckova Property s.r.o., Prague (CZ)	69.0%	1/6	Foundation
Orchideus Property, s.r.o., Prague (CZ)	69.0%	1/2	Foundation
Raiffeisen Capital & Investment S.A., Bucharest (RO)	99.5%	1/1	Materiality
Rb Kereskedhöház Kft, Budapest (HU)	70.3%	1/1	Materiality
RB Russia Finance Limited, Dublin (IRL)	0.0%	1/1	Foundation
REAL ESTATE RENT 3 DOO, Belgrade (SRB)	75.0%	1/4	Foundation
ROOF Consumer Bulgaria 2007 - I B.V., Amsterdam (NL)	0.0%	1/3	Foundation

RB Russia Finance Limited, Dublin, a special purpose vehicle to raise capital for *ZAO Raiffeisenbank*, Moscow, was integrated as of 1 January 2008.

ROOF Consumer Bulgaria 2007 – I B.V., Amsterdam, was founded in connection with a securitisation of unsecured consumer loans in Bulgaria and therefore consolidated for the first time as of 1 March 2008 due to control principle from an economic point of view.

As of 20 May 2008, 2 real estate project companies – *SCTD Kondorosi út Kft.*, Budapest, and *SCTH Budaörs Kft.*, Budapest, – were sold and excluded from the group. This resulted in a profit of € 5.8 million.

Notes to the income statement

(1) Income statement according to valuation categories

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

in € mn	1/1–30/6 2008	1/1–30/6 2007	Change
Gains (losses) on financial assets and liabilities held-for-trading	(201.7)	13.1	–
Result from financial assets and liabilities at fair value through profit or loss	31.4	28.8	9.0%
Result from financial assets available-for-sale	14.8	0.6	> 500%
Result from loans and receivables	2,426.0	1,765.0	37.5%
Result from financial assets held-to-maturity	78.6	72.9	7.9%
Result from financial liabilities measured at amortized cost	(1,326.4)	(966.3)	37.3%
Result from derivatives (hedging)	79.5	15.1	427.4%
Revaluations from exchange differences	291.9	72.3	303.6%
Other operating income/expenses	(551.4)	(394.9)	39.6%
Total profit before tax from continuing operations	**842.7**	**606.6**	**38.9%**

(2) Net interest income

in € mn	1/1–30/6 2008	1/1–30/6 2007
Interest income	**2,818.3**	**2,042.0**
from loans and advances to banks	278.6	226.3
from loans and advances to customers	2,189.7	1,589.5
from financial investments	122.0	108.4
from leasing claims	157.8	100.8
from derivative financial instruments (non-trading), net	70.2	17.0
Current income from shareholdings	**3.4**	**1.4**
Interest-like income	**3.3**	**1.6**
Total interest and interest-like income	**2,825.0**	**2,045.0**
Current income from associates	**1.0**	**0.3**
Interest expenses	**(1,324.8)**	**(960.9)**
on deposits from banks	(495.4)	(328.3)
on deposits from customers	(715.8)	(550.3)
on liabilities evidenced by paper	(69.0)	(43.5)
on subordinated capital	(44.6)	(38.8)
Interest-like expenses	**(3.6)**	**(5.3)**
Total interest and interest-like expenses	**(1,328.4)**	**(966.2)**
Net interest income	**1,497.6**	**1,078.8**

(3) Provisioning for impairment losses

in € mn	1/1–30/6 2008	1/1–30/6 2007
Individual loan loss provisions	**(132.6)**	**(79.6)**
Allocation to provisions for impairment losses	(236.4)	(210.5)
Release of provisions for impairment losses	122.2	148.3
Direct write-downs	(27.1)	(31.9)
Income received on written-down claims	8.7	14.5
Portfolio-based loan loss provisions	**(68.8)**	**(74.2)**
Allocation to provisions for impairment losses	(157.3)	(158.0)
Release of provisions for impairment losses	88.5	83.8
Gains from the sales of loans	**–**	**0.5**
Total	**(201.4)**	**(153.3)**

(4) Net commission income

in € mn	1/1–30/6 2008	1/1–30/6 2007
Payment transfer business	305.0	247.3
Loan administration and guarantee business	92.0	66.9
Securities business	22.7	26.1
Foreign currency and precious-metals business	221.4	164.3
Management of investment and pension funds	20.5	13.4
Other banking services	41.3	54.2
Total	**702.9**	**572.2**

(5) Trading profit

in € mn	1/1–30/6 2008	1/1–30/6 2007
Interest-based transactions	11.5	27.9
Currency-based transactions	89.0	43.4
Equity-/index-based transactions	(8.5)	6.3
Other transactions	0.2	1.7
Total	**92.2**	**79.3**

The increase in the result from currency-based transactions is due to the result arising from the ineffective part of a capital hedge amounting to € 24 million.

(6) Valuation result from derivatives

in € mn	1/1–30/6 2008	1/1–30/6 2007
Net result from hedge accounting	0.5	0.1
Net result from other derivatives	7.2	4.1
Net result from credit derivatives	(0.3)	–
Total	**7.4**	**4.2**

(7) Income from financial investments

in € mn	1/1–30/6 2008	1/1–30/6 2007
Net income from financial investments held-to-maturity and equity participations	**11.8**	**(0.1)**
Net valuations of financial investments held-to-maturity and equity participations	(0.1)	(0.1)
Net proceeds from sales of financial investments held-to-maturity and equity participations	11.9	–
Net income from securities at fair value through profit and loss	**(12.5)**	**(7.1)**
Net valuations of securities at fair value through profit and loss	(13.7)	(7.2)
Net proceeds from sales of securities at fair value through profit and loss	1.2	0.1
Total	**(0.7)**	**(7.2)**

(8) General administrative expenses

in € mn	1/1–30/6 2008	1/1–30/6 2007
Staff expenses	(611.5)	(491.5)
Other administrative expenses	(521.2)	(406.0)
Depreciation on intangible and tangible fixed assets	(117.2)	(105.2)
Total	**(1,249.9)**	**(1,002.7)**

(9) Other operating profit

in € mn	1/1–30/6 2008	1/1–30/6 2007
Sales revenues from non-banking activities	97.2	24.4
Expenses arising from non-banking activities	(86.8)	(16.1)
Net result from additional leasing services	1.0	(0.5)
Net result from real estate	1.5	1.5
Net result from operating lease	17.1	9.1
Net proceeds from disposal of tangible and intangible fixed assets	(1.4)	(0.5)
Other taxes	(26.5)	(20.5)
Income from release of negative goodwill	3.6	12.8
Net expense from allocation and release of other provisions	(14.8)	(0.7)
Sundry operating income	8.7	33.1
Sundry operating expenses	(10.8)	(21.7)
Total	**(11.2)**	**20.9**

Notes to the balance sheet

(10) Balance sheet according to valuation categories

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

Assets according to valuation categories in € mn	30/6/2008	31/12/2007	Change
Trading assets	3,875	2,896	33.8%
Financial assets at fair value through profit or loss	1,713	1,566	9.4%
Financial assets available-for-sale	62	40	55.4%
Loans and advances	70,078	63,348	10.6%
Financial assets held-to-maturity	2,503	2,528	(1.0)%
Derivatives (hedging)	5	6	(16.9)%
Other assets	2,463	2,358	4.5%
Total assets	**80,699**	**72,743**	**10.9%**

Positive market values of derivatives not designated as hedging instrument according to IAS 39 hedge accounting are reported in the valuation category *trading assets*. The valuation category *financial assets available-for-sale* comprises solely other equity participations. *Loans and advances* are reported net of any provisions for impairment losses. *Other assets* comprise intangible and tangible fixed assets as well as investments in associates and other affiliated companies.

Equity and liabilities according to valuation categories in € mn	30/6/2008	31/12/2007	Change
Trading liabilities	1,134	688	64.9%
Liabilities at amortized cost	71,956	65,111	10.5%
Derivatives (hedging)	–	8	–
Provisions for liabilities and charges	363	315	15.1%
Equity	7,246	6,622	9.4%
Total equity and liabilities	**80,699**	**72,743**	**10.9%**

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

(11) Loans and advances to banks

in € mn	30/6/2008	31/12/2007
Giro and clearing business	1,879	1,472
Money market business	6,356	6,379
Loans to banks	2,593	3,191
Purchased loans	3	–
Leasing claims	2	2
Claims evidenced by paper	2	9
Total	**10,835**	**11,053**

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

in € mn	30/6/2008	31/12/2007
Central Europe	1,818	2,200
Southeastern Europe	2,683	2,975
CIS	2,050	1,051
Austria	3,160	3,433
Other countries	1,124	1,394
Total	**10,835**	**11,053**

Loans and advances break down into the following bank segments:

in € mn	30/6/2008	31/12/2007
Central banks	4,474	4,360
Commercial banks	6,352	6,674
Multinational development banks (MDB)	9	19
Total	**10,835**	**11,053**

(12) Loans and advances to customers

in € mn	30/6/2008	31/12/2007
Credit business	27,107	24,537
Money market business	9,081	7,897
Mortgage loans	15,795	12,433
Purchased loans	584	564
Leasing claims	4,055	3,442
Claims evidenced by paper	5	7
Total	**56,627**	**48,880**

Loans and advances to customers break down into asset classes according to Basel II definition as follows:

in € mn	30/6/2008	31/12/2007
Sovereigns	1,032	966
Corporate customers – large	29,164	25,693
Corporate customers – small business	5,389	4,496
Retail customers – private individuals	17,957	15,003
Retail customers – small and medium-sized entities	2,945	2,594
Other	140	127
Total	**56,627**	**48,880**

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

in € mn	30/6/2008	31/12/2007
Central Europe	24,592	20,328
Southeastern Europe	12,783	10,976
CIS	15,200	14,186
Austria	20	18
Other countries	4,032	3,373
Total	**56,627**	**48,880**

(13) Impairment losses on loans and advances

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

in € mn	30/6/2008	31/12/2007
Sovereigns	2	2
Banks	1	1
Corporate customers – large	519	465
Corporate customers – small business	145	127
Retail customers – private individuals	528	423
Retail customers – small and medium-sized entities	102	86
Total	**1,297**	**1,103**

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

in € mn	As of 1/1/2008	Change in consolidated group	Allocation*	Release	Usage**	Transfers, exchange differences	As of 30/6/2008
Individual loan loss provisions	**804**	**–**	**255**	**(122)**	**(29)**	**13**	**920**
Central Europe	302	–	118	(58)	(20)	24	367
Southeastern Europe	191	–	53	(39)	(7)	–	198
CIS	310	–	84	(25)	(3)	(11)	355
Portfolio-based provisions	**367**	**–**	**157**	**(89)**	**–**	**4**	**441**
Central Europe	126	–	54	(39)	–	11	152
Southeastern Europe	66	–	55	(12)	–	–	109
CIS	175	–	48	(38)	–	(6)	179
Total	**1,171**	**–**	**412**	**(211)**	**(29)**	**18**	**1,361**

* Allocation includes direct write-downs and income on written down claims.

** 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:

30/6/2008 in € mn	Total gross carrying amount	Individual loan loss provisions	Portfolio-based provisions	Total net carrying amount	Individually impaired assets
Banks	10,835	–	1	10,834	–
Sovereigns	1,032	2	–	1,030	10
Corporate customers – large	29,164	401	119	28,644	1,186
Corporate customers – small business	5,389	103	42	5,244	250
Retail customers – private individuals	17,957	301	227	17,429	471
Retail customers – small and medium-sized entities	2,945	70	32	2,843	144
Other	140	–	–	140	–
Total	**67,462**	**877**	**420**	**66,165**	**2,061**

31/12/2007 in € mn	Total gross carrying amount	Individual loan loss provisions	Portfolio-based provisions	Total net carrying amount	Individually impaired assets
Banks	11,053	–	–	11,053	–
Sovereigns	966	2	–	964	32
Corporate customers – large	25,694	357	108	25,229	1,122
Corporate customers – small business	4,496	98	29	4,369	268
Retail customers – private individuals	15,003	237	185	14,580	295
Retail customers – small and medium-sized entities	2,594	61	25	2,508	262
Other	127	–	–	127	–
Total	**59,933**	**755**	**348**	**58,830**	**1,978**

(14) Trading assets

in € mn	30/6/2008	31/12/2007
Bonds, notes and other fixed-interest securities	2,570	2,049
Shares and other variable-yield securities	73	78
Positive fair values of derivative financial instruments	883	528
Call/time deposits for trading purposes	–	14
Pledged securities ready to be sold/repledged by transferee	136	140
Total	**3,662**	**2,809**

(15) Derivatives

in € mn	30/6/2008	31/12/2007
Positive fair values of derivatives in fair value hedges (IAS 39)	5	6
Positive fair values of banking book derivatives without hedge accounting	213	86
Total	**218**	**92**

(16) Financial investments

in € mn	30/6/2008	31/12/2007
Bonds, notes and other fixed-interest securities	4,130	3,931
Shares and other variable-yield securities	74	102
Pledged securities ready to be sold/repledged by transferee	11	16
Equity participations	115	84
Total	**4,330**	**4,133**

(17) Intangible fixed assets

in € mn	30/6/2008	31/12/2007
Goodwill	756	757
Software	206	191
Other intangible fixed assets	183	189
Total	**1,145**	**1,137**

(18) Tangible fixed assets

in € mn	30/6/2008	31/12/2007
Land and buildings used by the Group for own purposes	533	505
Other land and buildings (investment property)	22	16
Office furniture and equipment as well as other tangible fixed assets	454	450
Leased assets (operating lease)	229	183
Total	**1,238**	**1,154**

(19) Other assets

in € mn	30/6/2008	31/12/2007
Tax assets	208	166
Receivables arising from non-banking activities	67	83
Prepayments and other deferrals	254	228
Clearing claims from securities and payment transfer business	39	100
Lease in progress	110	102
Any other business	279	220
Total	**957**	**899**

(20) Deposits from banks

in € mn	30/6/2008	31/12/2007
Giro and clearing business	544	522
Money market business	8,085	6,293
Long-term loans	13,918	13,112
Total	**22,547**	**19,927**

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

in € mn	30/6/2008	31/12/2007
Central Europe	2,027	1,620
Southeastern Europe	438	452
CIS	742	750
Austria	11,852	10,732
Other countries	7,488	6,373
Total	**22,547**	**19,927**

The deposits break down into the following bank segments:

in € mn	30/6/2008	31/12/2007
Central banks	74	53
Commercial banks	21,887	19,482
Multinational development banks (MDB)	586	392
Total	**22,547**	**19,927**

(21) Deposits from customers

in € mn	30/6/2008	31/12/2007
Sight deposits	18,380	17,585
Time deposits	23,987	21,628
Savings deposits	1,241	1,244
Total	**43,608**	**40,457**

Deposits break down as follows according to Basel II definition:

in € mn	30/6/2008	31/12/2007
Sovereigns	1,914	1,199
Corporate customers – large	15,495	14,875
Corporate customers – small business	2,709	2,965
Retail customers – private individuals	19,414	17,461
Retail customers – small and medium-sized entities	3,659	3,500
Others	417	457
Total	**43,608**	**40,457**

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

in € mn	30/6/2008	31/12/2007
Central Europe	19,178	17,006
Southeastern Europe	13,202	12,868
CIS	9,663	9,071
Austria	197	143
Other countries	1,368	1,370
Total	**43,608**	**40,457**

(22) Liabilities evidenced by paper

in € mn	30/6/2008	31/12/2007
Bonds and notes issued	2,375	1,620
Money market instruments issued	11	–
Other liabilities evidenced by paper	730	700
Total	**3,116**	**2,320**

(23) Provisions for liabilities and charges

in € mn	30/6/2008	31/12/2007
Taxes	109	82
Contingent liabilities and commitments	64	68
Pending legal issues	62	46
Overdue vacation	33	34
Others	95	85
Total	**363**	**315**

(24) Trading liabilities

in € mn	30/6/2008	31/12/2007
Negative fair values of derivative financial instruments	872	502
Call/time deposits for trading purposes	38	39
Total	**910**	**541**

(25) Derivatives

in € mn	30/6/2008	31/12/2007
Negative fair values of derivatives in cash flow hedges (IAS 39)	–	8
Negative fair values of bankbook derivatives without hedge accounting	224	146
Total	**224**	**154**

(26) Other liabilities

in € mn	30/6/2008	31/12/2007
Liabilities arising from non-banking business	115	112
Accruals and deferred items	189	193
Liabilities arising from dividends	1	–
Clearing claims from securities and payment transfer business	471	259
Any other business	346	310
Total	**1,122**	**874**

(27) Subordinated capital

in € mn	30/6/2008	31/12/2007
Hybrid tier 1 capital	504	504
Subordinated liabilities	873	930
Supplementary capital	186	98
Total	**1,563**	**1,532**

(28) Equity and minorities

in € mn	30/6/2008	31/12/2007
Consolidated equity	5,736	4,986
Subscribed capital	468	469
Capital reserves	2,564	2,588
Retained earnings	2,704	1,929
Consolidated profit	566	841
Minority interests	944	795
Total	**7,246**	**6,622**

Additional notes

(29) Contingent liabilities and commitments

in € mn	30/6/2008	31/12/2007
Contingent liabilities	5,082	4,598
Commitments (irrevocable credit lines)	6,350	8,081

Moreover revocable credit lines were granted to an amount of € 6,851million (2007: € 5,493 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. Relevant 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:

30/6/2008 in € mn	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	2,896	18	8	–	–
Loans and advances to customers	–	–	85	–	24
Trading assets	42	–	–	11	2
Financial investments	–	–	53	–	62
Investments in associates	–	–	–	28	–
Other assets including derivatives	41	–	2	–	–
Deposits from banks	10,809	60	1,875	23	96
Deposits from customers	4	–	45	3	10
Liabilities evidenced by paper	36	–	–	–	–
Provisions for liabilities and charges	6	–	–	–	–
Trading liabilities	32	–	4	–	–
Other liabilities including derivatives	122	–	2	–	–
Subordinated capital	849	23	533	–	–
Guarantees given	284	–	–	–	–
Guarantees received	156	2	–	–	26

31/12/2007 in € mn	Parent companies	Companies with significant influence	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	3,263	56	6	–	22
Loans and advances to customers	–	–	194	–	22
Trading assets	22	–	5	–	1
Financial investments	–	–	44	11	40
Investments in associates	–	–	–	24	–
Other assets (including derivatives)	42	–	1	–	–
Deposits from banks	9,940	36	1,263	13	130
Deposits from customers	2	–	37	2	19
Liabilities evidenced by paper	43	–	–	–	–
Provisions for liabilities and charges	2	–	–	–	–
Trading liabilities	24	–	–	–	–
Other liabilities (including derivatives)	105	–	2	–	–
Subordinated capital	824	23	532	–	–
Guarantees given	386	–	2	10	2
Guarantees received	149	1	1	–	1

(31) Regulatory own funds

As a subsidiary of Raiffeisen Zentralbank Österreich Aktiengesellschaft, Raiffeisen International Bank-Holding AG 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) are comprised of as follows (The figures as of 31 December 2007 are based on Basel I and are adapted to the new reporting scheme):

in € mn	30/6/2008	31/12/2007
Paid-in capital	3,032	3,057
Earned capital	1,365	1,259
Minority interests	1,079	1,079
Hybrid tier 1 capital	500	500
Intangible fixed assets	(226)	(203)
Core capital (tier 1 capital)	**5,750**	**5,692**
Deductions from the core capital	(22)	(11)
Eligible core capital (after deductions)	**5,728**	**5,681**
Additional own funds according to Section 23 (1) 5 BWG	91	91
Hidden reserves	441	–
Long-term subordinated own funds	881	866
Additional own funds (tier 2 capital)	**1,412**	**957**
Deductions from the additional own funds	(22)	(11)
Eligible additional own funds (after deductions)	**1,390**	**946**
Tier 2 capital available to be redesignated as tier 3 capital	74	57
Short-term subordinated capital (tier 3 capital)	**74**	**57**
Total own funds	**7,192**	**6,684**
Total own funds requirement	**5,587**	**4,317**
Excess own funds	1,605	2,367
Excess cover ratio	28.7%	54.8%
Core capital ratio (tier 1), credit risk	9.6%	11.4%
Core capital ratio (tier 1), incl. market and operational risk	8.2%	10.5%
Own funds ratio	10.3%	12.4%

The total own funds requirement is as follows (The figures as of 31 December 2007 are based on Basel I and are adapted to the new reporting scheme):

in € mn	30/6/2008	31/12/2007
Risk-weighted assets according to Section 22 BWG	59,394	49,802
of which 8 per cent minimum own funds for the credit risk according to Sections §§ 22a to 22h BWG	4,752	3,984
Own funds requirement for position risk in bonds, equities and commodities	162	146
Own funds requirement for open currency positions	232	187
Own funds requirement for the operational risk	441	–
Total own funds requirement	**5,587**	**4,317**

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

in € mn	30/6/2008
Central governments and central banks	3,936
Regional governments	649
Public administration and non-profit organisations	108
Multinational development banks	11
Banks	2,036
Corporates	37,503
Retail (including small and medium-sized entities)	12,657
Investment funds	63
Other positions	2,431
Total	**59,394**

(32) Average number of staff

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

Full-time equivalents	1/1–30/6 2008	1/1–30/6 2007
Central Europe	13,360	11,661
Southeastern Europe	17,445	14,125
CIS	29,165	27,901
Austria	266	216
Total	**60,236**	**53,903**

(33) Statement of all members of the Management Board to 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 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 disclosed.

The Managing Board

Herbert Stepic	Martin Grüll	Aris Bogdaneris
Rainer Franz	Peter Lennkh	Heinz Wiedner

Financial Calendar for 2008 and 2009

26 September 2008	Capital Markets Day in St. Petersburg, Russia
23 October 2008	Start of Quiet Period
6 November 2008	Third Quarter Report, Conference Call

26 February 2009	Start of Quiet Period
26 March 2009	2008 Annual Report, Analyst Conference, Conference Call
30 April 2009	Start of Quiet Period
14 May 2009	First Quarter Report, Conference Call
9 June 2009	Annual General Meeting
17 June 2009	Ex Dividend and Dividend Payment Date
30 July 2009	Start of Quiet Period
13 August 2009	Semi-Annual Report, Conference Call
29 October 2009	Start of Quiet Period
12 November 2009	Third Quarter Report, Conference Call

Publication Details

Published by Raiffeisen International Bank-Holding AG, Am Stadtpark 9, 1030 Vienna, Austria
Edited by Investor Relations
Copy deadline: 4 August 2008
Produced in Vienna
Website: www.ri.co.at
This report is also available in German.

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

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