Third Quarter Report 2011

Raiffeisen Bank International

Survey of key data

Raiffeisen Bank International Group Monetary values in € million	2011	Change	2010
Income statement	**1/1-30/9**		**1/1-30/9**
Net interest income	2,724	0.6%	2,707
Net provisioning for impairment losses	(782)	(14.4)%	(913)
Net fee and commission income	1,125	3.3%	1,088
Net trading income	293	13.5%	258
General administrative expenses	(2,287)	6.2%	(2,153)
Profit before tax	1,032	3.5%	997
Profit after tax	760	(10.9)%	853
Consolidated profit	745	(4.8)%	783
Statement of financial position	**30/9**		**31/12**
Loans and advances to banks	28,376	31.8%	21,532
Loans and advances to customers	81,321	7.5%	75,657
Deposits from banks	37,607	11.7%	33,659
Deposits from customers	68,936	19.6%	57,633
Equity	10,348	(0.5)%	10,404
Total assets	148,368	13.1%	131,173
Key ratios	**1/1-30/9**		**1/1-30/9**
Return on equity before tax	13.6%	(0.5) PP	14.1%
Return on equity after tax	10.0%	(2.0) PP	12.0%
Consolidated return on equity	11.0%	(1.4) PP	12.4%
Cost/income ratio	55.8%	2.6 PP	53.2%
Return on assets before tax	0.99%	0.08 PP	0.91%
Net interest margin	2.61%	0.13 PP	2.48%
Net provisioning ratio (average risk-weighted assets, credit risk)	1.36%	(0.31) PP	1.67%
Bank-specific information[1]	**30/9**		**31/12**
Risk-weighted assets (credit risk)	80,433	6.4%	75,601
Total own funds	12,196	(3.3)%	12,608
Total own funds requirement	8,068	6.4%	7,585
Excess cover ratio	51.2%	(15.1) PP	66.2%
Core tier 1 ratio, total	7.9%	(1.0) PP	8.9%
Tier 1 ratio, credit risk	10.9%	(1.2) PP	12.2%
Tier 1 ratio, total	8.7%	(1.0) PP	9.7%
Own funds ratio	12.1%	(1.2) PP	13.3%
Stock data	**30/9**		**30/9**
Earnings per share in €	3.06	(6.0)%	3.25
Price in €	22.16	(35.2)%	34.20
High (closing prices) in €	45.10	5.5%	42.75
Low (closing prices) in €	19.19	(33.9)%	29.01
Number of shares in million	195.51	–	195.51
Market capitalization in € million	4,331	(35.2)%	6,686
Resources	**30/9**		**31/12**
Number of employees as of reporting date	60,247	0.8%	59,782
Business outlets	2,933	(0.9)%	2,961

[1] Calculated according to the Austrian Banking Act (Bankwesengesetz, BWG) for illustrative purposes. RBI as part of the RZB Group is not subject to the Austrian Banking Act.

Contents

In this report RBI denotes the RBI Group. If RBI AG is used it denotes Raiffeisen Bank International AG. For reasons of transparency and comparison the figures for the first three quarters 2010 are comparable figures for the RBI structure after applying the merger retrospectiviely to 1 January 2010.

Adding and subtracting rounded amounts in tables and charts may lead to minor discrepancies. Changes in tables are not based on rounded amounts.

Overview of RBI

Raiffeisen Bank International (RBI) is active as a universal bank in 17 markets in Central and Eastern Europe (CEE) through a closely knit network of subsidiaries, leasing companies and specialist financial services providers. Approximately 57,000 staff in around 3,000 business outlets serve around 13.7 million customers in this region. In Austria RBI is one of the top corporate and investment banks. It is also the only Austrian bank to be represented not only in the world's financial centers, but also in the growth markets of Asia with its own branches and representative offices. In all, RBI has some 60,000 employees.

The markets of RBI

In € million	**Total assets**	**Change[1]**	**Business outlets**	**Number of staff**
Czech Republic	*8,988*	*13.7%*	*128*	*3,171*
Hungary	*8,290*	*(2.9)%*	*144*	*3,188*
Poland	*7,234*	*4.4%*	*116*	*3,149*
Slovakia	*9,453*	*5.4%*	*156*	*3,807*
Slovenia	*1,668*	*3.6%*	*17*	*342*
Reconciliation	*(25)*	*2.0%*	*–*	*–*
CE segment	***35,608***	***5.0%***	***561***	***13,657***
Albania	*2,156*	*7.3%*	*104*	*1,378*
Bosnia and Herzegovina	*2,144*	*4.5%*	*98*	*1,583*
Bulgaria	*3,705*	*(2.2)%*	*189*	*3,346*
Croatia	*5,490*	*(6.3)%*	*81*	*2,102*
Kosovo	*702*	*4.3%*	*52*	*717*
Romania	*6,292*	*1.0%*	*544*	*6.065*
Serbia	*2,214*	*4.0%*	*85*	*1,772*
Reconciliation	*(72)*	*70.6%*	*–*	*–*
SEE segment	***22,630***	***(0.3)%***	***1,153***	***16,963***
Russia segment	***13,975***	***12.3%***	***192***	***8,697***
Belarus	*1,347*	*(10.9)%*	*96*	*2,234*
Kazakhstan	*72*	*(3.1)%*	*1*	*11*
Ukraine	*5,341*	*(3.7)%*	*917*	*15,528*
Reconciliation	*(2)*	*–*	*–*	*–*
CIS other segment	***6,758***	***(5.2)%***	***1,014***	***17,773***
Group corporates segment	***21,596***	***(8.0)%***	***8***	
Group markets segment	***28,565***	***5.0%***	***4***	***3.157[2]***
Corporate center segment	***52,695***	***93.9%***	***1***	
Reconciliation	*(33,460)*	*46.1%*	*–*	*–*
Total	***148,368***	***13.1%***	***2,933***	***60,247***

[1] Change of total assets versus figures 31 December 2010. Change expressed in local currencies varies due to fluctuation euro exchange rates.

[2] Allocation of staff to Group corporates, Group markets and Corporate center is not possible.

RBI in the capital markets

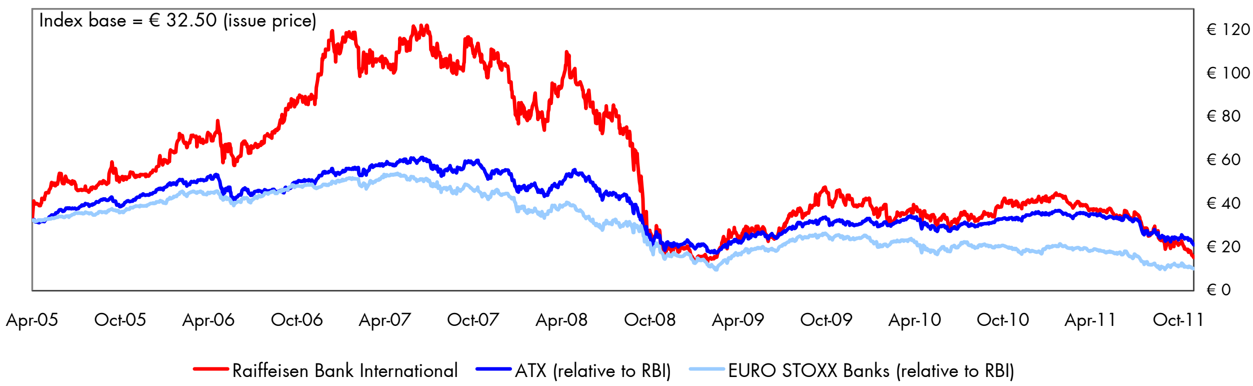
European debt crisis hits capital markets

The international capital markets were strongly affected by the European debt crisis in the period under review. Defensive asset classes such as gold emerged as the winners, while prices plummeted on the extremely volatile equity markets in the light of the threat of double-dip recessions in parts of Europe and the US. Within the eurozone, politicians were searching for a solution to the sovereign debt problems in Greece, Ireland, Italy, Portugal and Spain. Despite the European Central Bank buying up bonds in an attempt to prevent risk premiums for Spanish and Italian government bonds rising any further, the rating agencies dropped the rating of Italy and Spain once again.

This environment also generated unease in the banking sector, as reflected in the rating downgrades for Italian, Spanish and British banks. Moreover, a number of European banks had to post net book value write-offs.

Financial service providers in Hungary came under additional pressure when the Parliament in Budapest passed a law on foreign currency lending which allows private individuals to repay foreign currency mortgage loans early at an exchange rate well below the market rate. As a result banks will have to bear the entire shortfall against the current market rate. After Austria and Hungary introduced special bank levies back in 2010, the Slovakian Parliament also agreed to levy a similar charge on banks.

Price performance since 25 April 2005 compared with the ATX and EURO STOXX Banks

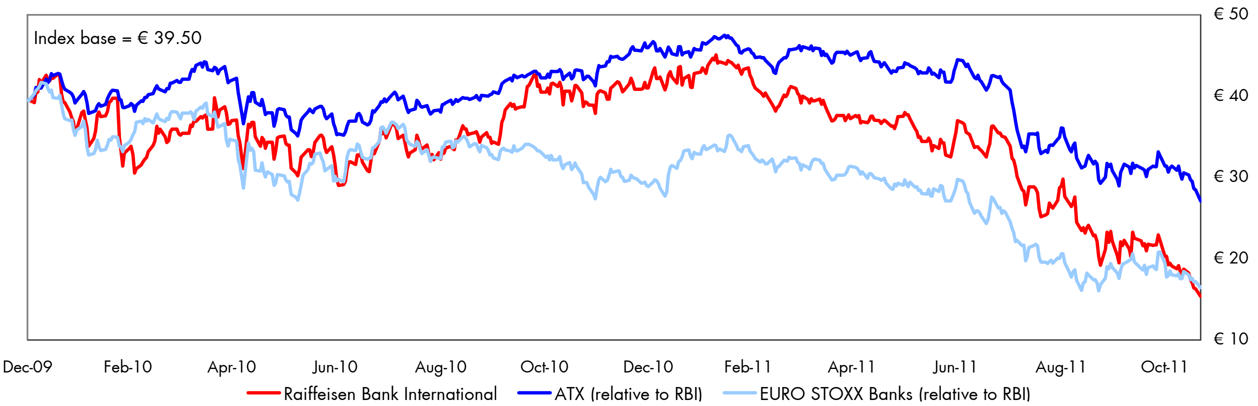


Development of the RBI share price

RBI shares did not remain unaffected by the generally tough environment. The highest closing price in the last quarter was € 37.00 on 1 July, with the lowest recorded on 23 September, at € 19.19. The fall mirrored the performance of other European bank stocks.

Shares closed at € 35.54 on 30 June and € 22.16 on 30 September, comprising a total decline of 37.7 per cent for the third quarter of 2011. The EURO STOXX Banks and the ATX lost 34.3 per cent and 29.6 per cent, respectively, over the same period. After 30 September, RBI share price continued to decline. On 21 November, the editorial deadline of this report, shares were trading at € 15.34. This means that the price has dropped 30.8 per cent between the start of the fourth quarter and the time of writing as a result of a generally very weak development of bank stocks.

Price performance since 1 January 2010 compared with the ATX and EURO STOXX Banks



Active capital market communication

In a telephone conference on 25 August, the Managing Board presented the 2011 semi-annual results and took questions from over 180 participants. At the end of the third quarter, the RBI Management undertook a two-week roadshow. To launch the event, RBI invited over 50 participants to an analyst lunch in Vienna on 15 September. The Managing Board then gave a series of presentations in London, Warsaw, Washington, D.C. and New York, providing a wide range of interested investors and analysts with a personal update on RBI and current developments. Further roadshows were undertaken in London, Milan and Paris.

RBI strives to keep market participants well-informed. In the interest of ongoing optimization of its communications, it has made teleconference presentations and other important events available as online webcasts since the beginning of 2010. These can be viewed at any time at www.rbinternational.com → Investor Relations → Reports & Presentations → Presentations & Webcast.

Stock data

RBI has been listed on the Vienna Stock Exchange since 25 April 2005 (until 12 October 2010 as Raiffeisen International). It is represented in several leading national and international indices, including the ATX and the EURO STOXX Banks. Raiffeisen Zentralbank Österreich AG (RZB) holds 78.5 per cent of RBI's shares, with the remaining shares in free float.

Price as of 30 September 2011	*€ 22.16*
High/low (closing prices) in third quarter 2011	*€ 37.00 / € 19.19*
Earnings per share from 1 January to 30 September 2011	*€ 3.06*
Market capitalization as of 30 September 2011	*€ 4.331 billion*
Avg. daily volume (single counting) in third quarter 2011	*306,828 shares*
Stock exchange trading (single counting) in third quarter 2011	*€ 553 million*
Free float as of 30 September 2011	*21.5%*

Stock details

ISIN	*AT0000606306*
Ticker symbols	*RBI (Vienna Stock Exchange)*
	RBI AV (Bloomberg)
	RBIV.VI (Reuters)
Market segment	*Prime Market*
Number of shares issued as of 30 September 2011	*195,505,124*

Rating details

Rating agency	*Long-term rating*	*Short-term rating*	*Outlook*	*Individual rating*
Moody's Investors Service	*A1*	*P-1*	*stable*	*D+*
Standard & Poor's	*A*	*A-1*	*negative*	*n/a*
Fitch Ratings	*A*	*F1*	*stable*	*bbb*

Financial calendar 2012

1 March 2012	*Start of quiet period*
29 March 2012	*2011 annual report, analyst conference, conference call*
30 March 2012	*RBI Investor Presentation, London*
10 May 2012	*Start of quiet period*
24 May 2012	*First quarter report, conference call*
20 June 2012	*Annual General Meeting*
27 June 2012	*Ex-dividend date and dividend payment date*
15 August 2012	*Start of quiet period*
29 August 2012	*Semi-annual report, conference call*
14 November 2012	*Start of quiet period*
28 November 2012	*Third quarter report, conference call*

Group Investor Relations

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Group management report

General economic environment

CEE growth rate above eurozone

Although performance varied considerably across the individual regions in Central and Eastern Europe (CEE) in 2010 and Southeastern Europe (SEE) stayed in recession, in 2011 all regions are expected to record positive economic growth. According to expectations, in 2011 total growth in CEE will be around 1.9 percentage points above the eurozone and is likely to be around 2 percentage points above the eurozone level for the next few years.

The Central European region (the Czech Republic, Hungary, Poland, Slovakia and Slovenia), having recovered from the crisis in 2010, posted total growth of 3.0 per cent. Slovakia and Poland were the top performers, advancing 4.0 and 3.8 per cent respectively. Whereas growth in Hungary and Slovenia was considerably more muted at 1.3 per cent and 1.2 per cent respectively. Exports, particularly those going to the eurozone, were the key growth driver. In contrast, domestic demand has done little to boost growth so far. The region is set to maintain largely robust growth of 3.0 per cent for 2011. In the eurozone, however, an economic slowdown has already begun, which is likely to cause growth to flatten off in Central Europe during 2012.

The economies in Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia) performed at very different rates: In the second quarter of 2011, Romania and Serbia saw a further slight slowdown, while Bulgaria and Croatia rallied somewhat, following a slump in Croatian economic growth in the first quarter. Economic growth in Southeastern Europe declined 0.8 per cent in 2010, but is expected to be 2.0 per cent in the year under review. However, cautious lending policies, high levels of unemployment and meager wage growth have curbed private consumption. The sovereign debt crisis has still not yet been resolved, which is depressing the investment climate. As the Southeastern Europe region has very close trading links with the countries of the eurozone, the anticipated recession in peripheral European countries will have a knock-on effect. As a result only a weak GDP growth of 0.4 per cent is forecasted for 2012.

High oil and commodity prices boosted growth in the CIS region (Belarus, Russia and Ukraine). Although growth significantly outperformed the CEE region as a whole in 2010 (4.1 per cent) and is expected to amount to 3.9 per cent in 2011, there is no avoiding the fact that the CIS region has not been able to match the 7.2 per cent average annualized growth recorded in the boom years of 2000 to 2007 and will probably not be able to repeat these growth rates in the coming years. In terms of countries, Russia is particularly sensitive to the price of oil. Even after support for domestic consumption prior to the presidential elections, the Russian economy is expected to grow by just 3.2 per cent in 2012. In Ukraine the revival of the IMF's aid program, suspended in spring 2011, is of major significance. An agreement with the IMF would allay investors' concerns and therefore make it easier to finance the budget deficit. If the ratio of imports to exports worsens or the turbulence in the capital markets intensifies, it would be difficult to keep the Ukrainian hryvnia pegged to the US dollar. Belarus will still be dealing with the consequences of the currency and liquidity crisis in 2012. In 2011, the Belarusian rouble was devalued by two-thirds and prices doubled. The government now needs to tackle concerns about devaluation and inflation. Additionally, a marked economic slowdown, if not a recession, is expected in 2012. It seems unlikely that the IMF will approve a loan, but Russia will probably provide at least some limited financial assistance.

Annual real GDP growth in per cent compared to the previous year

Country		2010	2011e	2012f	2013f
CE	Czech Republic	2.2	1.9	(1.2)	1.2
	Hungary	1.3	1.5	(2.0)	1.5
	Poland	3.8	3.9	2.2	3.3
	Slovakia	4.0	3.3	(0.5)	2.5
	Slovenia	1.2	1.2	(1.5)	1.5
	CE	**3.0**	**3.0**	**0.5**	**2.4**
SEE	Albania	3.9	3.0	2.5	3.5
	Bosnia and Herzegovina	0.7	1.9	0.0	2.0
	Bulgaria	0.2	2.0	1.2	2.5
	Croatia	(1.2)	0.5	(1.0)	1.5
	Kosovo	4.0	4.0	3.0	4.0
	Romania	(1.9)	2.5	0.5	2.5
	Serbia	1.0	2.0	1.0	2.0
	SEE	**(0.8)**	**2.0**	**0.4**	**2.3**
CIS	Belarus	7.6	6.0	0.0	3.0
	Russia	4.0	3.8	3.2	4.0
	Ukraine	4.2	4.7	3.5	4.0
	CIS	**4.1**	**3.9**	**3.1**	**4.0**
CEE		**3.2**	**3.4**	**2.0**	**3.3**
Austria		**2.3**	**3.2**	**(0.5)**	**1.5**
Germany		**3.6**	**2.9**	**(0.8)**	**1.4**
Eurozone		**1.7**	**1.5**	**(1.0)**	**1.1**

Effects on the banking sector

In most CEE markets, the uptrend in non-performing loans eased considerably in 2011. The CEE banking sector, however, is currently in a period of upheaval due to the continued high rate of loan defaults, growing local refinancing requirements and tougher regulatory requirements. Before the crisis (2005 to 2008), bank assets advanced rapidly year after year, but in 2009, 2010 and 2011, most CEE banking markets either stagnated or slightly declined. Banks have been very cautious when it comes to lending, especially consumer loans. Nevertheless, banking sector growth is expected to pick up in the long term, particularly as the large CEE banking markets (like the Czech Republic, Poland, Russia and Slovakia) still show considerable potential for lending and banking services. That said, growth rates will no longer match boom levels. This is, however, good news for sustainable performance in the medium to long term as it lessens the chances of the banking sector overheating once again.

Performance and financials

The comparable figures used in this report for the first three quarters of 2010 and for the reporting date, 30 September 2010, are the figures for the RBI structure after applying the merger of Raiffeisen International and the principal business areas of RZB retrospectively to 1 January 2010.

RBI's performance in the third quarter of 2011 was marked by two key elements. Firstly, earnings were hit by concerns about the finance sector in relation to the sovereign debt crisis in some eurozone countries, which resulted in wider credit spreads. Secondly, the prospects in Hungary deteriorated, due both to political measures (legislation on early repayment of foreign currency mortgage loans at fixed rates) and to a further decline in loan portfolio quality among the Hungarian Group units. The decline was triggered by a combination of high levels of debt among Hungarian local municipalities and the general economic environment in Hungary.

The sovereign debt crisis increased volatility on the financial markets and generated valuation losses on financial investments (minus € 146 million) and, on the other hand, gains on derivatives used for hedging purposes (€ 149 million). The changed situation in Hungary necessitated a considerable increase in impairment losses for loans and advances for this country in the third quarter, amounting to € 258 million. The rise in general administrative expenses and the bank levies in Austria and Hungary also had a negative impact on profit. Taxes in the period under review were disproportionately high, partly due to deferred tax expenses in Hungary.

Operating result affected by bank levies

Despite stable net interest income and a positive trend in net trading as well as fee and commission income, the operating result for the first nine months of 2011 fell by 4 per cent or € 84 million to € 1,813 million. Reasons for the decrease were the 6 per cent rise in general administrative expenses (particularly as a result of salary adjustments in several markets) and the bank levies in Austria and Hungary totaling € 95 million (previous year's comparable period: € 31 million).

Overall decline in net provisioning for impairment losses – negatively impacted by Hungary

Although most markets saw a sharp decrease in net provisioning for impairment losses as the market environment improved, in Hungary provisioning had to be doubled year-on-year to € 373 million. Nevertheless, provisioning declined by 14 per cent to € 782 million across the Group. The segments Russia (down 75 per cent), CIS other (down 56 per cent) and Group corporates (down 49 per cent) improved considerably. The decline was mainly a result of the improved environment for corporate customers: in the Corporate customers division, net provisioning dropped 24 per cent to € 309 million. Due to the aforementioned problems in Hungary, provisioning for retail customers fell only 2 per cent to € 489 million.

NPL ratio improved by 0.6 percentage points

While growth in non-performing loans slowed down over the last quarters, the level of non-performing loans remained largely unchanged compared to the year-end figure with an increase of € 31 million to € 6,821 million, also due to currency effects. In terms of segments, Russia (down 19 per cent) and Group corporates (down 16 per cent) recorded decreases, whereas Southeastern Europe and Central Europe saw non-performing loans increase by 18 per cent and 3 per cent respectively. While gains in Serbia and Croatia were triggered by a few individual cases involving large customers, in the Czech Republic mainly retail customers were responsible for the increase.

The non-performing loan ratio (ratio of non-performing loans to total customer loans) fell by 0.6 percentage points compared with the year-end of 2010, to 8.4 per cent. The coverage ratio (ratio of impairment losses to NPLs) rose further by 4.2 percentage points to 70.5 per cent.

Profit before tax up 4 per cent year-on-year

Despite a weaker third quarter, profit before tax advanced 4 per cent or € 35 million year-on-year, to reach € 1,032 million at the end of the nine-month period. The reduced profitability in the third quarter was due to higher provisioning for impairment losses in Hungary and to market-related valuation losses on securities.

Consolidated profit hit by higher taxes

Income taxes rose by € 128 million to € 272 million. This increase was primarily driven by higher earnings in the Group units, but deferred tax expenses on valuation gains increased as well. Only a small proportion of deferred tax assets could be recognized to offset the losses in Hungary.

As a result of the losses in Hungary, profit attributable to non-controlling interests decreased by 80 per cent to € 14 million. Non-controlling interests make up around 30 per cent of the Hungarian Group units, putting the loss attributable to these interests at € 98 million. Therefore, the consolidated profit for the first nine months of 2011 came to € 745 million, a decline of 5 per cent or € 38 million year-on-year. Earnings per share amounted to € 3.06, compared with € 3.25 for the same period in 2010.

Return on equity before tax at 2010 level

The return on equity before tax for the first nine months of 2011 remained almost unchanged year-on-year at 13.6 per cent (down 0.5 percentage points). Average equity underlying the return on equity calculation rose by 7 per cent as a result of the addition of retained earnings to € 10.1 billion.

Total assets up 13 per cent boosted by liquidity

Total assets grew 13 per cent or € 17.2 billion to € 148.4 billion in the first nine months of the year, although currency effects reduced total assets by around 1 per cent. The growth in assets reflected higher short-term loans to banks, partly as a result of repo transactions, leading to an increase of € 6.8 billion in loans and advances to banks. Loans and advances to customers after impairment losses rose by € 5.4 billion, driven largely by loans to large customers and repo transactions with non-banks. On the liabilities side, the increase was due mainly to two balance sheet items. Deposits from customers advanced by € 11.3 billion, primarily coming from institutional and corporate customers (€ 9.4 billion) and to a lesser extent from retail customers (€ 1.9 billion). The loan/deposit ratio (loans and advances to customers divided by customer deposits) improved by 13 percentage points compared with the end of 2010 to 118 per cent. Deposits from banks rose by € 3.9 billion due to short-term deposits while debt securities issued decreased by € 1.4 billion as a result of the redemption of several issues, particularly a € 1.5 billion state-guaranteed bond issued in 2009.

Equity virtually unchanged

Equity including non-controlling interests was down 1 per cent or € 56 million, compared with the beginning of the year, to € 10,348 million. An increase of € 760 million due to profit after tax was offset by a decrease of € 463 million for dividend payments for the financial year 2010 and other comprehensive income of minus € 379 million. Other comprehensive income was impacted by a negative currency difference of € 335 million linked to the devaluations in Russia, Belarus and Poland. The derecognition of the net valuations on a cash flow hedge required when these hedging activities ceased also generated a loss of € 36 million (after adjustments for deferred tax).

Comparison of results year-on-year

Five subsidiaries were deconsolidated in the reporting period due to non-materiality. However, the data remains comparable between the two periods since these changes did not have a material effect on any of the items in the income statement. The average exchange rates used in the income statement developed as follows: the Czech koruna appreciated by 4 per cent and the Hungarian forint by 1 per cent. By contrast, the Belarusian rouble lost 32 per cent, the Ukrainian hryvnia 6 per cent, and the Albanian lek, the Russian rouble and the Croatian kuna all dropped 2 per cent. The US dollar lost 6 per cent year-on-year.

Operating result

In € million	1/1-30/9/2011	1/1-30/9/2010	Change absolute	Change in %
Net interest income	2,724	2,707	16	0.6%
Net fee and commission income	1,125	1,088	36	3.3%
Net trading income	293	258	35	13.5%
Other net operating income	(42)	(5)	(37)	>500.0%
Operating income	**4,099**	**4,049**	**50**	**1.2%**
Staff expenses	(1,141)	(1,057)	(84)	7.9%
Other administrative expenses	(884)	(853)	(31)	3.7%
Depreciation	(262)	(243)	(19)	7.9%
General administrative expenses	**(2,287)**	**(2,153)**	**(134)**	**6.2%**
Operating result	**1,813**	**1,897**	**(84)**	**(4.4)%**

Net interest income

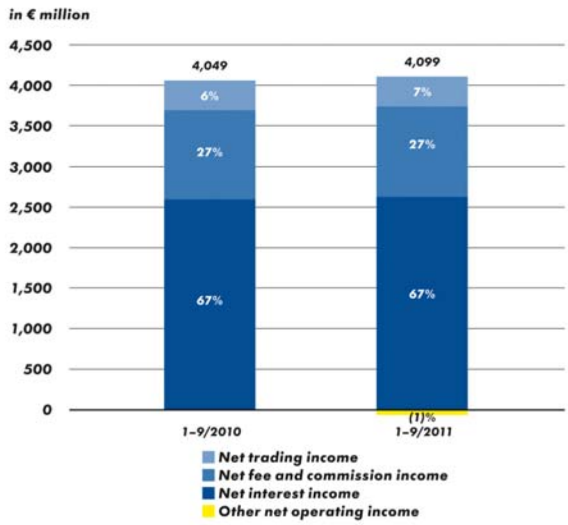
Net interest income advanced by 1 per cent or € 16 million to € 2,724 million in the first nine months of 2011, compared to the same period in 2010, and constituted again the largest contributor to operating income at 67 per cent.

The main driver of this development was the net interest margin (the ratio of net interest income to average total assets), which rose by 13 basis points to 2.61 per cent. Interest margins rose in all segments with the exception of CIS other. In Ukraine, net interest income was reduced by the decrease in the volume of lending to customers and the depreciation of the currency. In Russia, the net interest margin improved by 30 basis points, driven by new business and more favorable refinancing conditions. Higher volumes also increased net interest income in Russia. Loans and advances to customers rose year-on-year by 9 per cent or € 5,664 million across the Group to € 81,321 million.

Net fee and commission income

Net fee and commission income improved by 3 per cent or € 36 million over the prior year period to € 1,125 million. The largest contribution came from net income from the payment transfer business amounting to € 453 million, up € 14 million year-on-year. The decisive elements here were changes to card fees in the Czech Republic. Net income from the loan and guarantee business also grew, rising by 7 per cent or € 15 million to € 221 million. At € 242 million, net income from the foreign currency, notes/coins and precious-metals business remained stable compared with the same period in 2010. The main contributors in this regard were Poland, Hungary and Russia. Net income from the securities business fell by 2 per cent or € 2 million to € 93 million, while net income from the management of investment and pension funds rose by 5 per cent. Net income from agency services for own and third-party products remained unchanged. In contrast, net income from the credit derivatives business fell by € 3 million, as declining volumes meant lower portfolio commissions.

Structure of operating income



Net trading income

Net trading income improved by 14 per cent or € 35 million year-on-year to € 293 million. Net income from currency-based transactions doubled to € 163 million. The steepest rise in net income was recorded by the CIS other segment, which posted a € 31 million increase, most of which stemmed from Belarus. This reflected € 30 million in valuation gains arising from a strategic currency position taken in part to hedge equity and was caused by the sharp devaluation of the Belarusian rouble. Net income from currency-based transactions also advanced € 34 million due to valuation gains arising from currency swaps in Russia. Net income from interest-based transactions fell by € 80 million. In particular in Russia it was down by € 54 million on the previous year's comparable period, which had been unusually strong as a result of recoveries on interest-rate products. Net income from valuation gains on interest rate swaps was down year-on-year due to flattening of the interest curve in the Group markets and Corporate center segments.

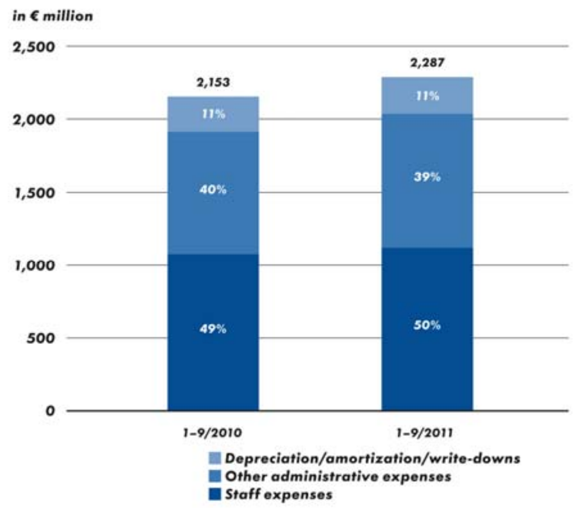
Other net operating income

Other net operating income decreased from minus € 5 million as of 30 September 2010, to minus € 42 million in the reporting period, a development mainly caused by the bank levy introduced in Austria in 2011 (€ 62 million). Moreover, there was also a goodwill impairment totaling € 3 million for the Hungarian Raiffeisen Bank Zrt. Net income from investment property including operating leasing (real estate) gained € 9 million year-on-year, mainly as a result of new leasing contracts in Croatia and a new Group unit in Russia. Net income from non-banking activities made a positive contribution to results, rising by € 9 million to € 31 million. Expenses for allocations to provisions for litigation were down by € 6 million compared to the same period in 2010 to € 1 million.

General administrative expenses

General administrative expenses rose by 6 per cent or € 134 million compared with the same period in 2010 to € 2,287 million. As a result, the cost/income ratio increased by 2.6 percentage points to 55.8 per cent.

Structure of general administrative expenses



Staff expenses, which were the largest item in general administrative expenses, accounting for 50 per cent, rose by 8 per cent or € 84 million year-on-year. This increase was mainly due to market-induced salary adjustments and bonus payments in certain markets, but also to changes in social security laws in Russia and Slovakia, whereas in the Czech Republic, Romania and Ukraine, the reason can be found in the rise in the number of staff. The increase in staff expenses in the Czech Republic was largely due to the expansion of the branch network and investments in higher-value bank advisory services. The average number of staff amounted to 60,006, a rise of 963 persons compared with the first nine months of 2010.

Other administrative expenses rose by 4 per cent or € 31 million on the previous year's comparable period. The largest increases were in advertising, PR and promotional expenses (plus 18 per cent), deposit insurance fees (plus 16 per cent) and IT expenses (plus 13 per cent). By contrast, legal, advisory and consulting expenses fell by 10 per cent (€ 8 million), after significantly higher expenses had been incurred in the previous year in connection with the merger of Raiffeisen International with the principal business areas of RZB. The number of business outlets as of 30 September 2011 was 2,933, a decrease of 31 compared to the prior-year period. The largest reductions were in Ukraine (minus 16), Serbia (minus 13), Russia (minus 10) and Poland (minus 9). By contrast, there were increases in the Czech Republic (plus 18) and Romania (plus 2).

Depreciation and amortization of tangible and intangible fixed assets rose by 8 per cent or € 19 million compared with the prior-year period to € 262 million. The amortization of intangible assets saw the most pronounced increase, namely up € 15 million to € 104 million. This was partly linked to the installation of new software, which led to a shortening of the useful lives of the systems they were replacing, but was also driven by new software projects in Ukraine, Romania and Austria.

Consolidated profit

In € million	1/1-30/9/2011	1/1-30/9/2010	Change absolute	Change in %
Operating result	**1,813**	**1,897**	**(84)**	**(4.4)%**
Net provisioning for impairment losses	*(782)*	*(913)*	*132*	*(14.4)%*
Other results	*1*	*14*	*(13)*	*(94.6)%*
Profit before tax	**1,032**	**997**	**35**	**3.5%**
Income taxes	*(272)*	*(144)*	*(128)*	*88.6%*
Profit after tax	**760**	**853**	**(93)**	**(10.9)%**
Profit attributable to non-controlling interests	*(14)*	*(70)*	*55*	*(79.5)%*
Consolidated profit	**745**	**783**	**(38)**	**(4.8)%**

Net provisioning for impairment losses

The net provisioning for impairment losses for the first nine months of 2011 amounted to € 782 million. This represents a decline of 14 per cent or € 132 million from the level in the first nine months of 2010 (€ 913 million). The decrease mainly reflects the economic recovery in most markets, leading to an improvement in credit standing and thus to a lower increase in non-performing loans. Moreover, active measures, such as loan restructuring where necessary, had already been undertaken by RBI during the financial and economic crisis to stabilize and improve the quality of the loan portfolio. The changed situation in Hungary introduced considerable pressure in the third quarter, necessitating further substantial provisioning for impairment losses. This was up € 247 million year-on-year, including € 52 million relating to the law approved by the Hungarian Parliament on the possibility of early repayment of foreign currency mortgage loans at preferential rates (with the shortfall to be made up by the banks). This corresponds to an assumed early repayment rate of around 15 per cent.

Of the overall net provisioning for impairment losses, € 687 million were accounted for by individual loan loss provisions, representing a year-on-year fall of € 248 million. The volume of provisioning for corporate customers decreased significantly, although portfolio-based loan loss provisions in Hungary added € 119 million, mainly in relation to retail customers. € 6 million were released from loan terminations and sales.

The improved provisioning requirements were reflected in the net provisioning ratio (the ratio of net provisioning for impairment losses to average credit risk-weighted assets), which declined by 31 basis points year-on-year to 1.36 per cent. The ratio at 31 December 2010 stood at 1.66 per cent.

Non-performing loans as of 30 September amounted to € 6,821 million. Including currency movements, this was € 31 million higher than the figure as of 31 December 2010. The NPL ratio, the ratio of non-performing loans to total loans and advances to customers, improved by 0.6 percentage points to 8.4 per cent, due to higher volumes. Non-performing loans were matched by impairment losses for loans and advances amounting to € 4,811 million. This resulted in a coverage ratio of 70.5 per cent, an improvement of 4.2 percentage points on the year-end 2010.

Other results

Other results dropped € 13 million year-on-year to € 1 million in the first nine months of 2011. This item consists of net income from derivatives and designated liabilities, net income from financial investments and net income from disposal of group assets. Net income from derivatives and designated liabilities rose by € 276 million to € 149 million, mainly due to the revaluation gains arising from derivatives used by Group headquarters for hedging purposes.

Net income from financial investments turned from € 136 million at the end of the third quarter of 2010 to minus € 146 million as of 30 September 2011. This decrease was mainly triggered by a net loss from the revaluation and disposal of securities reported at fair value in the wake of the upheavals on the bond markets, particularly in the third quarter. The item was also depressed by a € 59 million write-off against an equity participation linked to a loan commitment which had a corresponding release of provisions for impairment losses.

Net income from the disposal of group assets – five subsidiaries ceased to be consolidated for immateriality reasons – amounted to minus € 3 million in the third quarter of 2011. In the same period in 2010, the deconsolidation of 47 subsidiaries caused by a change in the materiality thresholds generated net income of € 5 million.

Income taxes

Tax expenses amounted to € 272 million during the reporting period, compared with € 144 million in the first three quarters of 2010. The tax rate was 26 per cent (compared to 15 per cent in the previous year). This increase is mainly due to deferred tax expenses which amounted to € 27 million in the third quarter, compared with a deferred tax income of € 76 million in the previous year. Deferred taxes are used to offset differences between IFRS and tax accounts. In the first nine months of 2010, deferred tax income was recognized on valuation differences of derivatives and own issues, while in the first three quarters of 2011 a deferred tax expense was recognized on valuation gains, primarily from liabilities measured at fair value. The losses in Hungary also had a negative impact on the tax rate, as only part of the losses could be offset by deferred tax assets. The rise in current tax expense was driven by higher income in Poland and Russia and by tax payments in Austria resulting from previous periods.

Comparison of results with the previous quarter

Operating result

In € million	Q3/2011	Q2/2011	Change absolute	Change in %
Net interest income	943	897	46	5.1%
Net fee and commission income	388	380	8	2.1%
Net trading income	37	133	(96)	(72.3)%
Other net operating income	(15)	(3)	(13)	493.3%
Operating income	**1,352**	**1,407**	**(55)**	**(3.9)%**
Staff expenses	(385)	(376)	(9)	2.3%
Other administrative expenses	(298)	(300)	2	(0.7)%
Depreciation	(90)	(86)	(5)	5.4%
General administrative expenses	**(772)**	**(761)**	**(11)**	**1.5%**
Operating result	**579**	**646**	**(66)**	**(10.3)%**

Net interest income

Quarter-on-quarter, net interest income increased by 5 per cent or € 46 million, mainly due to higher volumes. Across the Group, the interest margin rose by 5 basis points to 2.64 per cent. The strongest growth was recorded by the Russia, CIS other and Group corporates segments. In Russia and CIS other, net interest income was boosted by sizable increases in the corporate customer portfolios. Growth within the Group corporates segment was the result of expanding business activities as well as of improved margins following the sale of credit financing to RZB in 2010. The improvement in net interest income is based on higher average total assets, mainly due to an increase in customer business and repo transactions.

Net fee and commission income

Net fee and commission income rose by 2 per cent or € 8 million compared to the prior quarter. Net income from the payment transfer business improved by € 6 million, as a result of an increase in the number of transactions, and in the Czech Republic due to larger volumes and an adaptation of the pricing policy. In addition, income from the foreign currency, notes/coins and precious-metals business rose by € 10 million.

Net trading income

Net trading income fell by 72 per cent or € 96 million to € 37 million mainly as a result of the € 63 million drop in net income from currency-based transactions. In Belarus, net trading income was down € 30 million after exceptional second-quarter figures which were linked to valuation gains arising from a strategic currency position taken to partially hedge equity. Net trading income also declined in Russia and Hungary. Group markets posted a € 20 million drop in net income from equity- and index-based transactions, primarily due to valuation losses.

Other net operating income

Other net operating income amounted to minus € 15 million in the third quarter, compared to minus € 3 million in the previous quarter. This negative development was mainly a result of a combination of lower net income from non-banking activities, the loss arising from the disposal of tangible and intangible fixed assets in Russia and a € 3 million goodwill impairment for Raiffeisen Bank Zrt. in Hungary.

General administrative expenses

General administrative expenses rose by € 11 million in the third quarter to € 772 million. Staff expenses saw the most marked growth (up € 8 million to € 385 million) due to higher accruals for bonus payments in Central Europe. Other administrative expenses remained virtually unchanged in the third quarter, at € 298 million compared with € 300 million in the previous quarter. Depreciation of tangible and intangible fixed assets rose by € 5 million to € 90 million, largely because of an impairment associated with a software project in Russia.

Consolidated profit

In € million	Q3/2011	Q2/2011	Change absolute	Change in %
Operating result	**579**	**646**	**(66)**	**(10.3)%**
Net provisioning for impairment losses	(377)	(197)	(180)	91.4%
Other results	(49)	25	(74)	–
Profit before tax	**153**	**474**	**(320)**	**(67.6)%**
Income taxes	(71)	(101)	31	(30.1)%
Profit after tax	**82**	**372**	**(290)**	**(77.8)%**
Profit attributable to non-controlling interests	48	(27)	75	–
Consolidated profit	**130**	**345**	**(215)**	**(62.3)%**

Net provisioning for impairment losses

Non-performing loans remained virtually unchanged since beginning of the year, with a slight organic increase more than offset by currency effects. Overall, however, the individual markets served by RBI performed at very different rates. The third quarter saw a currency-adjusted increase of the non-performing loans of € 122 million. Increases were recorded primarily in Hungary, the Czech Republic, Poland and Croatia, while non-performing loans in Austria and Russia remained on a downward trend. In 2011, improved repayment ratios, due to more favourable economic conditions in many markets, contributed to an overall lower requirement for provisioning. The special situation in Hungary prompted sizable increases in impairment losses on loans and advances in the third quarter. Net provisioning for impairment losses rose by € 180 million to € 377 million, including € 258 million for Hungary alone. Overall, improved repayment ratios due to the more favorable economic environment in many markets resulted in a lower requirement of provisioning for impairment losses. Individual loan loss provisioning increased by 19 per cent or € 40 million quarter-on-quarter, whereas, again due to the situation in Hungary, portfolio-based loan loss provisions rose by € 140 million in the third quarter following net releases of € 16 million in the second quarter.

Other results

Other results fell by € 74 million quarter-on-quarter to minus € 49 million. Net income from derivatives and designated liabilities rose by € 71 million to € 108 million as a result of valuation gains on banking book derivatives at Group headquarters.

Net income from financial investments dropped by € 145 million compared to the second quarter to minus € 158 million as a result of lower net income from the revaluation and disposal of securities reported at fair value and of the decline in net valuations of equity participations.

Income taxes

RBI reported tax expenses of € 71 million in the third quarter compared to € 101 million in the second quarter. The decreased expenses are the result of lower quarterly earnings, particularly in Hungary, in combination with provisions for taxes made in Austria during the second quarter of 2011. The tax rate in the third quarter of 2011 stood at 46 per cent compared with 21 per cent in the second quarter of 2011.

Consolidated profit

Consolidated profit fell by 62 per cent quarter-on-quarter to € 130 million. This figure was mainly linked to losses in Hungary, which resulted in a change in profit attributable to non-controlling interests from minus € 27 million to a profit of € 48 million. Losses of € 93 million in Hungary were attributable to the 30 per cent share of non-controlling interests.

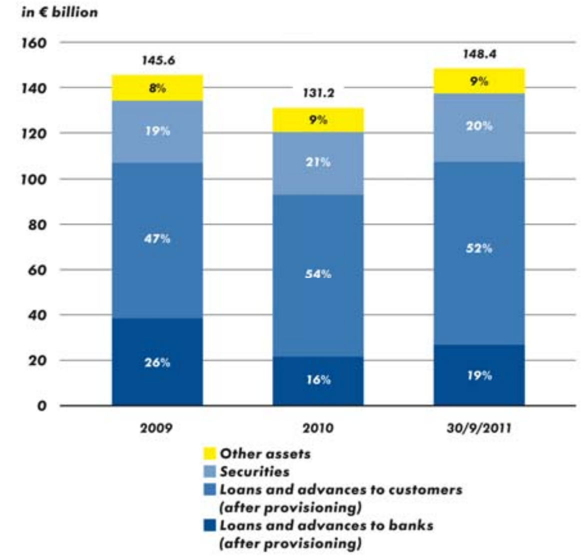
Statement of financial position

As of 30 September 2011, total assets at RBI amounted to € 148.4 billion, up 13 per cent or € 17.2 billion compared to year-end 2010. The increase in total assets was caused by growth in loans to banks and loans to customers. Total trading assets and liabilities also rose as a result of the higher valuations of derivative transactions. The increase in total liabilities came mainly from deposits from customers as well as from deposits from banks.

The closing rates forming the basis of the balance sheet have not developed uniformly since the start of the year: The Belarusian rouble (down 48 per cent), Polish zloty (down 10 per cent), Russian rouble (down 6 per cent), Hungarian forint (down 5 per cent) and Ukrainian hryvnia (down 3 per cent) all devalued. By contrast, the Serbian dinar appreciated by 4 per cent and the Czech koruna by 1 per cent. Overall, currency effects reduced total assets by around 1 per cent.

Assets

Structure of balance sheet assets



Assets are dominated by loans and advances to customers, making up 52 per cent of total assets. Loans and advances before provisioning were up 8 per cent or € 5.7 billion compared to the end of 2010. Most of the increase was linked to loans to corporate customers, which rose by € 5.5 billion to € 58.6 billion, driven mainly by new business in Austria and Russia. The volume of loans to retail customers increased by € 0.3 billion to reach € 21.4 billion. The various markets performed at different rates: while there were gains in Russia and Slovakia there were declines in Belarus (linked to the currency devaluation), Ukraine and Hungary.

The significant increase in deposits improved the loan/deposit ratio, which went down by 13 percentage points from the end of 2010 to 118 per cent. The impairment losses on loans and advances rose marginally to € 5.0 billion and related mainly to loans to customers.

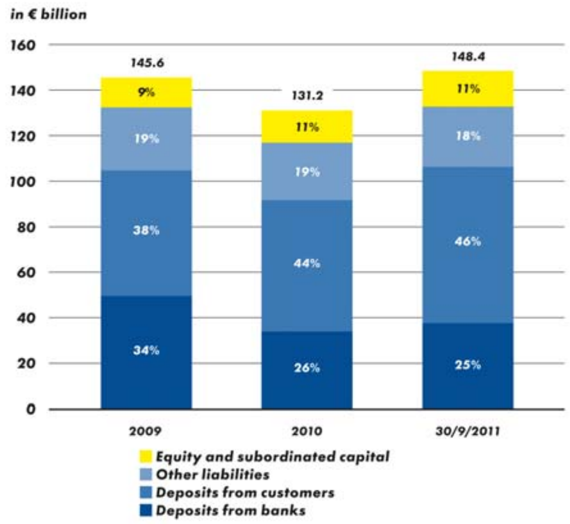
Loans and advances to banks grew by € 6.8 billion or 32 per cent to € 28.4 billion. The rise was largely generated by investing short-term liquidity in commercial bank deposits, partly through repo transactions. Especially the Group headquarters in Austria (up € 3.8 billion, including repo transactions totalling € 2.8 billion), Russia, the Czech Republic and Singapore posted higher total loans and advances.

Since the end of 2010, financial investments decreased by € 0.8 billion or 4 per cent to € 18.8 billion. Austria and Slovakia in particular recorded the maturing of financial investments in the held-to-maturity category. Russia, Croatia and Poland reduced the volume of securities held on a short-term basis and recognized at fair value. Trading assets increased by € 3.0 billion as a result of valuation gains on derivatives.

The remaining asset items, comprising cash reserve, tangible and intangible fixed assets, derivatives and the items posted as other assets, rose from € 11.0 billion to € 13.8 billion. This increase was mainly generated by the cash reserve, which was raised to € 2.8 billion for liquidity reasons.

Liabilities

Breakdown of equity and liabilities on the balance sheet



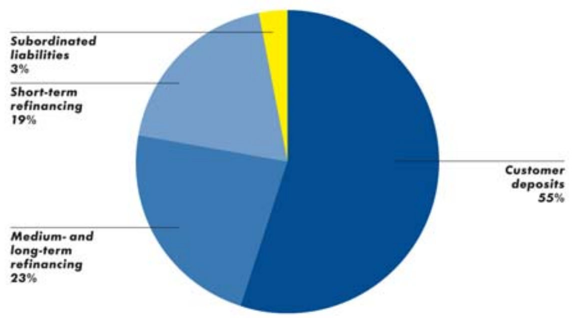
Customer deposits increased by 20 per cent or € 11.3 billion since the end of 2010 and, as such, grew more strongly than loans and advances to customers. Customer deposits amounted to € 68.9 billion, € 39.0 billion of which was attributable to corporate customers, which were responsible for a € 9.6 billion rise in deposits. Around € 3.5 billion of this was a result of repo transactions. Retail deposits gained € 1.9 billion to reach € 27.7 billion. The new direct bank, ZUNO, contributed just under € 0.6 billion from its activities in the Czech Republic and Slovakia. Russia and Poland also recorded significant increases.

The refinancing volume via banks amounted to € 37.6 billion. This represents an increase of € 3.9 billion or 12 per cent compared to the end of 2010. Most of the rise stemmed from deposits from commercial banks.

Other liabilities, including debt securities issued, provisions for liabilities and charges, trading liabilities, derivatives and the item other liabilities amounted to € 27.4 billion. Debt securities issued fell by € 1.4 billion to € 15.2 billion. In May 2011 the first of three state-guaranteed bonds issued in 2009 in an amount of € 1.5 billion matured.

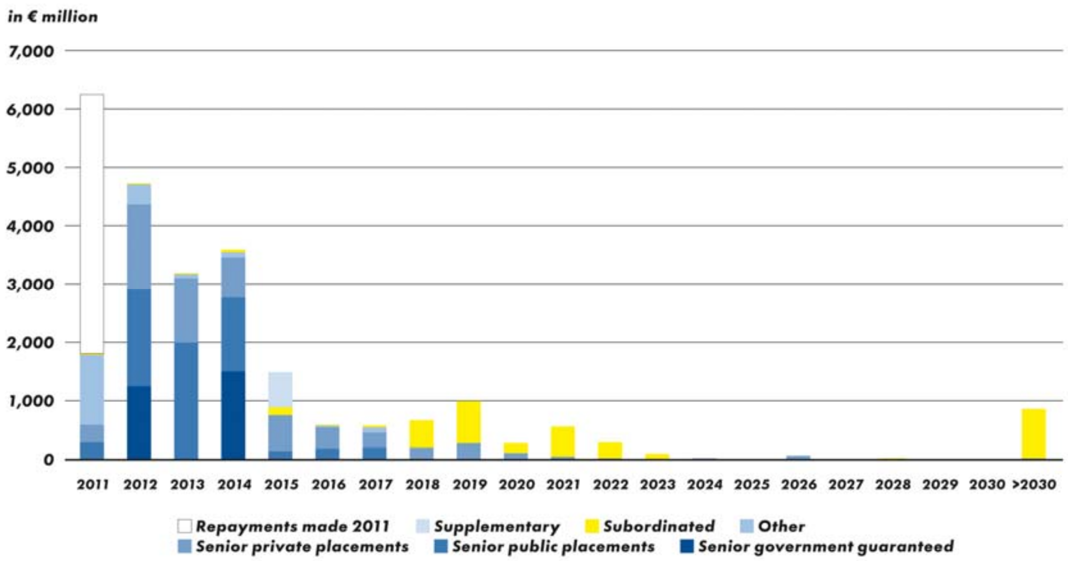
Despite the difficult market conditions, RBI was in a position to seize funding opportunities on the international capital markets. In January and March, RBI issued two unsecured benchmark bonds worth € 1 billion each. In May, RBI also became the first Austrian bank to place a 10-year subordinated bond worth € 0.5 billion this year. The bond replaced a bond issue worth € 366 million that had been called. The funding requirement for the year 2011 is fully covered.

Funding structure



In order to diversify the funding structure, RBI is actively working to develop structured refinancing solutions that will use own assets to generate long-term funding. Mobilizing assets is set to be a priority in future.

Maturity profile of the debt securities issued



Equity

Compared to year-end 2010, the bank's balance sheet equity (consisting of the consolidated equity, consolidated net profit and non-controlling interests) fell by 1 per cent or € 56 million to € 10,348 million.

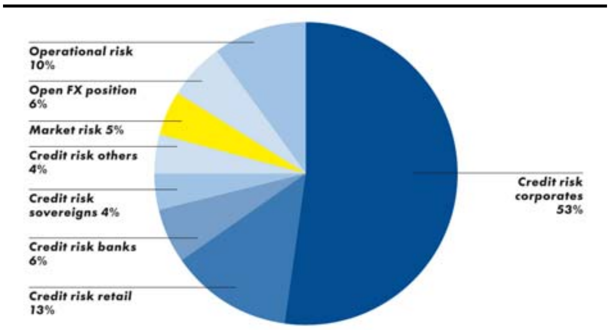
Consolidated equity, consisting of subscribed capital, participation capital, capital reserves and retained earnings, increased by € 300 million to € 8,550 million. The increase in retained earnings was mainly determined by the transfer of earnings from 2010 which amounted to € 683 million. On the other hand, other comprehensive income caused a reduction of consolidated equity of € 356 million. At minus € 312 million, the key component here was exchange differences (including capital hedging). Following a change in hedging strategy, cash flow hedging ended in the second quarter of 2011 and was replaced by portfolio hedging. Valuation losses on the terminated cash flow hedges amounted to € 36 million (after taking deferred taxes into account).

RBI AG's Annual General Meeting approved the payment of a dividend of € 1.05 per share in June 2011, which involved a distribution totaling € 204 million. A dividend on the participation capital amounting to € 200 million was also distributed. Consolidated profit amounted to € 745 million.

Non-controlling interests increased to € 1,052 million due to the rise in net profit and capital increases. In addition, dividends amounting to € 58 million were distributed to non-controlling interests.

Own funds pursuant to the Austrian Banking Act (BWG)

Composition of the own funds requirement



RBI does not form a credit institution group on its own according to the Austrian Banking Act (BWG) and is therefore not subject to regulatory provisions on a consolidated basis, as it is part of the RZB credit institution group. The following consolidated figures have been determined according to the provisions of the BWG and are assumed in the calculation of the RZB credit institution group.

Consolidated own funds pursuant to BWG fell from year-end 2010 by € 412 million to € 12,196 million as of 30 September 2011. This does not include profit from the current reporting period, as this is not permitted to be included in calculations during the financial year due to legal regulations in force in Austria.

Core capital (tier 1) fell by € 400 million to € 8,806 million at the end of September 2011. This was primarily due to currency devaluations, particularly of the Belarusian and Russian rouble, Polish zloty and Ukrainian hryvnia, as well as dividend distributions to non-controlling interests.

Additional own funds (tier 2) fell by € 106 million to € 3,260 million as a result of maturing tier 2 issues at Group headquarters and in Hungary, Serbia and the Czech Republic. In May 2011, RBI AG issued a new subordinated bond of € 500 million maturing in 2021, to replace an issue that had been called.

The eligible additional own funds (tier 3) increased by € 111 million to € 180 million as a result of tier 2 issues approaching maturity.

There was an increase in the own funds requirement of € 483 million to € 8,068 million. The own funds requirement for credit risk, which rose by € 387 million to € 6,435 million, accounted for 80 per cent of this. The requirement calculated under the standard approach rose by € 247 million, primarily due to volume increases in Russia, while the credit risk requirement based on internal ratings increased by € 140 million, mainly at the Group headquarters. The requirement for market risk increased by € 50 million to € 377 million and the requirement for open currency positions rose by € 83 million to € 469 million. The requirement for operational risk decreased by € 37 million to € 788 million.

As a result, the excess cover for own funds fell by € 895 million to € 4,128 million, resulting in an excess cover ratio of 51.2 per cent.

The tier 1 ratio (total risk) fell by 1.0 percentage points to 8.7 per cent, and the core tier 1 ratio by 1.0 percentage points to 7.9 per cent. The own funds ratio was also down, falling by 1.2 percentage points to 12.1 per cent.

Risk management

Active risk management represents a core competence for RBI. In order to recognize, assess and manage risks effectively, the Group has developed a comprehensive program of risk management and controlling. This is an integral component of managing the bank as a whole and is being constantly refined. RBI's risk management is oriented towards ensuring that credit and country risks, market and liquidity risks and risks arising from holdings and operational risks are dealt with conscientiously and managed professionally.

Loan portfolio strategies adjusted to reflect market conditions

To actively manage the loan portfolios, internal Credit Portfolio Committees were set up in 2009. Their purpose is to direct the respective credit risk policies and credit portfolio strategies for various groups of customers. Lending guidelines and limits for the loan portfolio are defined on the basis of analyses by internal research departments and portfolio management. In the course of the quarterly committee meeting the loan portfolio strategies for the period under review were adjusted to reflect the changes in the market outlook. The result is lower limits for loan portfolios in specific countries and sectors as well as a change in lending policies.

Risk management continued to focus on managing non-performing loans during the period under review. Measures and objectives concentrated on improving early recognition of potential troubled loans, reporting on the progress in restructuring management at Group level and a rapid and efficient reduction in the portfolio of non-performing loans.

Conservative liquidity risk management provides stability

During the third quarter, uncertainties about the debt rescheduling measures required by peripheral European countries with high levels of debt (Greece, Ireland, Italy, Portugal and Spain) generated tension on the interbank market, which financial institutions use to balance their liquidity. This had little impact on RBI because of its strong liquidity position. RBI uses a long-established and proven limit model to manage liquidity risk. Based on contractual and historical cash inflows and outflows, the model requires sizable excess liquidity for short-term maturities. For medium and long-term maturities limits are also in place which in turn reduce the effect of a possible increase in refinancing cost on the result of RBI.

Further measures to reduce liquidity and transfer risks remain the focus of risk management. For instance, in the first quarter of 2011, RBI rolled out a new Funds Transfer Pricing (FTP) model, which undergoes ongoing review. The purpose of the FTP model is to determine internal netting rates of interest between groups of customers and the bank's Treasury in order to correctly calculate the profitability of loan and deposit business, as well as proprietary business. It also influences the pricing of loans to customers by ensuring that the bank's liquidity costs are correctly passed on to the cost center responsible for them.

Low exposure to peripheral European countries

RBI's exposure vis-ŕ-vis the peripheral European countries is limited due to the low volume of direct credit exposure. Nevertheless, the macroeconomic development of these countries, as well as all other countries that might be indirectly affected, is being continuously monitored. During the first quarter of 2011, a range of initiatives were implemented with the aim of lessening the potential effects of one or more stress scenarios. For instance, the outstanding direct and indirect loans in these countries were reduced significantly. The internal limits for transactions with financial institutions in these countries were also lowered, both for medium-term loan business and for short-term secured refinancing (repo business). The direct effects of potential negative scenarios on the portfolio and the profitability of RBI, as well as possible indirect effects are analyzed in the course of regular risk analyses and stress tests.

	Corporate exposure		FI exposure		Sovereigns exposure		Total	Total	Change
In € million	BB	TB	BB	TB	BB	TB	30/9/2011	31/12/2010	YTD
Greece	30	–	51	–	–	–	81	115	(29)%
Ireland	2	10	10	38	–	–	59	127	(53)%
Italy	275	26	860	49	315	119	1,644	1,939	(15)%
Portugal	–	–	134	–	2	–	136	184	(26)%
Spain	63	46	707	48	3	–	867	1,050	(18)%
Total	**371**	**81**	**1,761**	**135**	**321**	**119**	**2,788**	**3,415**	**(18)%**

BB = Banking book, TB = Trading book

Economic and legal situation in Hungary

Both the economic and political climate in Hungary constituted a particular challenge for risk management. The Hungarian economy is growing at a slower pace than the other CEE countries. Raiffeisen Research expects that real GDP will decline by around 2.0 per cent in 2012. Consequently, a further increase in the number of non-performing loans in Hungary is anticipated: As of 30 September 2011, the NPL ratio was 19.7 per cent. Credit risk management uses an early warning system designed to minimize potential losses by identifying possible credit standing downgrades and actively reducing the credit exposure and increasing collateral for customers with weak credit standing.

In the first three quarters of 2011, provisions for loan losses amounting to € 373 million were made for Hungary, € 289 million of which consisted of individual loan loss provisions and € 84 million of general loan loss provisions. This increased the coverage ratio to around 67 per cent.

In addition to existing legal restrictions for banks, such as restrictions on the foreclosure of properties, a law was passed by the Hungarian Parliament on 20 September 2011, which allows private individuals to repay foreign currency mortgage loans in Swiss francs, euros and Japanese yen early at fixed exchange rates. The fixed exchange rates are HUF 180 to CHF 1, HUF 250 to € 1 and HUF 200 to JPY 100. In comparison, the exchange rates as at 30 September 2011 were HUF 240.4 (CHF), HUF 292.6 (€) and HUF 281.9 (JPY 100). The exchange rates as of 30 September 2011 were approximately 25 per cent below the fixed exchange rate for Swiss francs, around 15 per cent lower in the case of the euro and around 29 per cent lower for Japanese yen. The legislation applies to bank customers who took out foreign currency mortgage loans when the exchange rates were below the fixed rates. Customers have until 30 December 2011 to give notice that they intend to fully repay the loans, after which payment has to be effected within 60 days.

The following table shows the volume of foreign currency mortgage loans of retail customers in Hungary:

In € million	*30/9/2011*	*Share*	*31/12/2010*	*Share*
Euro	*35*	*2.5%*	*38*	*2.6%*
Swiss franc	*1,386*	*97.5%*	*1,429*	*97.4%*
Other foreign currencies	*0*	*<0.1%*	*0*	*<0.1%*
Total	***1,421***	***100.0%***	***1,468***	***100.0%***

As of 30 September 2011, provisions made in case of premature loan repayment according to legal regulations amounted to € 52 million, equating to a repayment rate of around 15 per cent. Based on the assumption that around 30 per cent of the volume of foreign currency loans will be repaid on the basis of the new legislation, RBI expects that for 2011 the requirement for related loan loss provisions will amount to a total of around € 100 million.

Capital adequacy (Basel II)

Throughout the Group, great importance is attached to the application and widespread implementation of advanced approaches under Basel II. RBI uses the parameters and results determined for these approaches for internal management information purposes and control measures.

To determine the capital requirements for credit risk under Basel II, RBI mainly uses the internal ratings-based (IRB) approach. In recent years, regulatory authorities approved the use of the IRB approach by RBI AG and several of its network banks for calculating the credit risk of corporate customers, banks and sovereigns. Within the retail area, this method is being used in both Slovakia and Hungary. It is planned to gradually introduce the use of the IRB approach in other countries and for other classes of receivables.

Unit	Credit risk Non-Retail	Retail	Market risk	Operational risk
Raiffeisen Bank International AG, Wien (Austria)	IRB[1]	n.a.	Internal model[2]	STA[3]
RBI Finance (USA) LLC, New York (USA)	IRB	STA	STA	STA
Raiffeisenbank a.s., Prag (Czech Republic)	IRB	STA	STA	STA
Raiffeisen Bank Zrt., Budapest (Hungary)	IRB	IRB	STA	STA
Raiffeisen Malta Bank plc., Sliema (Malta)	IRB	STA	STA	STA
Tatra banka a.s., Bratislava (Slovakia)	IRB	IRB	STA	STA
Raiffeisen Bank S.A., Bukarest (Rumania)	IRB	STA	STA	STA
Raiffeisenbank Austria d.d., Zagreb (Croatia)	IRB	STA	STA	STA
All other units	STA	STA	STA	STA

[1] IRB = internal ratings-based approach

[2] Only for risk of open foreign-exchange positions and general interest-rate risk on trading book

[3] STA = standard approach

The own funds requirement under Basel II for RBI AG's market risk in the trading book and foreign currency risks is determined by using an internal value-at-risk (VaR) model. The standard approach is used for all other units and the consolidated foreign currency position. To measure and limit the interest rate risk in the banking book, for regulatory reasons a change in the present value of the banking book is simulated based on the assumption of a simultaneous increase in interest rates for all maturities and all currencies. Key assumptions are made in accordance with regulatory provisions and based on internal statistics and figures gained through experience.

RBI's liquidity position is subject to a regular monitoring process and is included in the RZB Group's declaration in its weekly reports to the Austrian banking supervisory authority. This regulatory report presents details of the expected cash inflows and outflows and the additional realizable liquidity for various maturities and currencies.

The standard approach is currently being used to calculate capital requirements for operational risk under Basel II. This applies to all the main Group units.

Outlook

Based on current economic developments, especially in CEE, we are aiming for a return on equity before tax of around 15 per cent in the medium term, with the inclusion of the acquisition of Polbank. This is excluding future acquisitions, any capital increases, as well as unexpected regulatory requirements from today's perspective.

In 2011, we expect to see an increased growth in customer lending volumes relative to the previous year (2010: 4.3 per cent). In terms of regions, we are seeking the highest absolute growth in lending to customers in CEE.

From the customer standpoint, we plan to retain our Corporate customers division as the backbone of our business and in the medium term to expand the proportion of business volume accounted for by our Retail customers division. Following the successful conclusion of the acquisition of Polbank, the Central European segment will continue to gain importance in terms of customer lending volumes.

Against the backdrop of the further strengthening of our capital structure and preparation for the changing regulatory requirements, we are evaluating measures to strengthen our capital ratios. Depending on market developments, a capital increase may be a possible option.

Due to current developments in the economic and political environment, it is not possible to accurately predict whether we have reached the peak as far as non-performing loans are concerned. However, forecasts of a further slowdown in the economy lead us to expect a slight increase in the net provisioning ratio, although we do not foresee a significant rise in non-performing loan volumes.

The bank levies in Austria and Hungary will lead to an anticipated reduction in our 2011 result of some € 126 million (approximately € 82 million for Austria and € 44 million for Hungary). The levies in these countries are expected to have a similar impact in 2012 as well. In addition, Slovakia will also be introducing a bank levy from 2012 onwards, which is forecast to reduce our result by a further € 20 million.

The funding requirement for 2011 is fully covered.

Goodwill values will be appraised as part of the annual medium-term planning process. An impairment of goodwill on the investment in the bank in Ukraine (current goodwill: € 215 million) cannot be ruled out in view of current economic developments at the present time. The result of the medium-term planning process could also have an impact on the valuation of deferred tax assets (tax loss carry-forwards recognized). Neither of these potential outcomes would affect our regulatory capital ratios.

In several countries (Bosnia and Herzegovina, Croatia, Czech Republic, Hungary, Kosovo, Romania, Serbia, Slovenia, Ukraine and Austria) cost-cutting measures were undertaken and already implemented in parts.

The number of Group outlets is to remain fairly stable in 2011, although there may continue to be some optimization of our network in some countries.

Planned measures to meet EBA requirements

In order to strengthen the financial system, European banks are required to meet an increased core tier 1 capital ratio, as defined by the European Banking Authority (EBA), of 9 per cent by 30 June 2012.

This resulted in an additional capital requirement of € 1.9 billion for the RZB Group as of the second quarter of 2011, and as of the end of the third quarter a requirement of around € 2.5 billion is expected. RBI was not addressed in the EBA analysis, as RZB is the superordinated credit institution. RBI would have a lower shortfall under the EBA requirements. RZB will take necessary measures to comply with the new requirements without resorting to state funds.

A joint RZB/RBI project covering approximately 20 work streams in three main areas yielding between € 2.5 billion and € 3.6 billion (all data capital equivalent) was established. In detail this includes:

- Capital: € 1.2 billion to € 1.9 billion
  - Make privately owned participation capital EBA compliant (€ 500 million to € 1,000 million)
  - Regulatory capital generation on RZB level (approx. € 400 million)
  - Various other measures (€ 300 million to € 500 million)
- Risk-weighted assets: € 700 million to € 900 million
  - Selective business reduction (€ 500 million to € 600 million), corresponds to growth of risk-weighted assets of last 12 months
  - Capital and trading book clean up, closing of open FX positions, etc. (€ 200 million to € 300 million)
- Earnings retention and other measures: € 600 million to € 800 million

Around 80 per cent of the measures for achieving the target ratio are not connected to the reduction of business activities.

Segment reports

Division of the segments

Internal management reporting at RBI is based on the current organizational structure. This is formed in a matrix structure which means that each member of the Management Board is responsible both for individual countries and specific business activities (country and functional responsibility model). Within the Group, a cash generating unit is either a country or a business activity. The RBI management bodies – the Management Board and Supervisory Board – take decisions that determine the resources allocated to each segment in accordance with its financial strength and profitability. Consequently, the reporting criteria are an essential component in the decision-making process. The segments are also defined in accordance with IFRS 8.

In Central and Eastern Europe (CEE) geographical aspects are used to define segments, with each Group unit being allocated to a segment in accordance with its location. Countries that are expected to achieve comparable long-term economic performance and that have similar economic profiles are grouped together in regional segments. Business outside CEE that has recently been added as a result of the merger with the principal business areas of RZB is defined by business activities. The segments therefore correspond to the Group's organizational structure reflected in the internal management reports and are in line with the management approach required under IFRS 8.

In order to achieve maximum transparency and in consideration of the thresholds required under IFRS 8, seven segments are defined, which ensure clear reporting. The thresholds established under IFRS 8 lie at 10 per cent of the key figures operating income, profit after tax and segment assets.

The Group comprises the following segments:

Central Europe

This segment comprises the Czech Republic, Hungary, Poland, Slovakia and Slovenia. These constitute the most mature banking markets in the CEE region and are also the markets in which RBI has been operating longest. In Poland, Raiffeisen Bank Polska S.A. provides services to corporate customers and small and medium-sized entities, as well as a growing number of affluent retail customers. Tatra banka a.s. in Slovakia is primarily involved in corporate and retail activities, but also has a strong emphasis on affluent retail customers. In Slovenia, the Group is represented by Raiffeisen Banka d.d. This bank concentrates in particular on business with local corporate customers. The Czech Raiffeisenbank a.s. provides traditional banking services together with building society and insurance products in its local market. Raiffeisen Bank Zrt. has an extensive branch network in Hungary which serves retail customers, small and medium-sized entities and a large number of corporate customers. RBI also has a presence in Slovakia and the Czech Republic through ZUNO BANK AG, a direct bank. Separate own leasing companies also operate in each country.

Southeastern Europe

The Southeastern Europe segment comprises Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia. The Albanian Raiffeisen Bank Sh.a. provides financial services across all business activities. Raiffeisen Leasing Sh.a. completes the product offering. Raiffeisen Bank Kosovo J.S.C. and Raiffeisen Leasing LLC Kosovo represent RBI in Kosovo and offer a comprehensive product range. In Bosnia and Herzegovina, Raiffeisen Bank d.d. Bosna i Hercegovina and Raiffeisen Leasing d.o.o. Sarajevo focus on small and medium-sized entities but also have a broad range of products for retail customers. In Bulgaria, the Group is represented by Raiffeisenbank (Bulgaria) EAD and Raiffeisen

Leasing Bulgaria OOD. The Croatian Raiffeisenbank Austria d.d. specializes in large and medium-sized corporate customers and also has a substantial retail business. RBI also operates Raiffeisen Leasing d.o.o., capital management companies and an asset management company in Croatia.

Raiffeisen Bank S.A. has an extensive branch network in Romania offering high-quality financial services. The finance leasing business is operated by Raiffeisen Leasing IFN S.A. The Moldovan market is serviced from Romania with a tailored selection of products for corporate customers. RBI has a presence in the Serbian market in the form of Raiffeisen banka a.d., Raiffeisen Leasing d.o.o., two pension funds and an asset management company.

Russia

ZAO Raiffeisenbank is one of the leading foreign banks in Russia and specializes in corporate and retail customers. The nationwide network of business outlets also offers products tailored for affluent retail customers. The product range in Russia is completed by OOO Raiffeisen Leasing.

CIS other

This segment comprises Belarus, Kazakhstan and Ukraine. The Group is represented by Priorbank JSC and JLLC Raiffeisen-Leasing in Belarus. In Kazakhstan, RBI is represented by Raiffeisen Leasing Kazakhstan LLP, and in Ukraine, Raiffeisen Bank Aval JSC and LLC Raiffeisen Leasing Aval provide a full range of financial services and products via an extensive network of business outlets. In addition, as a specialized service provider, the Ukrainian Processing Center PJSC conducts a large proportion of the card business within the segment.

Group corporates

The Group corporates segment covers Austrian and international (mainly Western European) corporate customers managed by RBI AG in Vienna within the Corporate customers profit center. These customers include Austria's largest companies, most of whom have an excellent credit standing. The segment also shows the results generated by large corporate business with Central and Eastern European customers (excluding Austrian multinational customers) in the Network corporate customers & support profit center. The Corporate customers and Network corporate customers & support profit centers also include net income from structured trade financing for commodity traders, documentary businesses, project financing and a range of cofinancing solutions. The corporate customer business of the branches in Singapore, China and Malaysia is also allocated to the Group corporates segment, as are operations involving international customers of the Maltese subsidiary, RB International Finance (USA) and RB International Finance (Hong Kong), all of which provide a selection of products for niche market customers.

Group markets

The Group markets segment covers capital market customers and proprietary trading. The results show income from trading in currencies, interest rates, securities and structured products for financial institutions as well as income from proprietary trading. Proprietary trading and market-making activities are allocated to the following profit centers: Capital markets, Credit investments (non-core strategic proprietary trading in securities) plus the profit centers in the Singapore, China and London branches. Net income from transactions for customers is included in the profit centers Financial institutions & sovereigns and Raiffeisen financial institutions clients (operations involving Raiffeisen Landesbanks and other financial service companies of Raiffeisen Banking Group Austria). The profit centers post net income from sales of all banking products and from business relationships with banks, institutional customers, governments and local authorities. Raiffeisen Centrobank, where securities trading and capital market financing constitute the core business, is also part of this segment. Its subsidiary Raiffeisen Investment AG includes the Mergers & Acquisitions business, which is operated via locations in a number of different countries. Commodity trading is undertaken by Centrotrade AG branches around the world and by F.J. Elsner & Co. in Austria. The segment also includes private banking in Austria, reporting results from Kathrein & Co. Privatgeschäftsbank, which advises on investing private and foundation assets, as well as on inheritance issues.

Corporate center

The Corporate center segment encompasses all the services provided by Group headquarters for various parts of the Group which serve the implementation of the Group's overall strategy and are allocated to this segment in order to preserve comparability. Liquidity management and balance sheet structure management linked to proprietary trading are included in this segment and reported in the Treasury profit center.

Net income from the equity investment portfolio, especially from subsidiaries in CEE, and net income from banking operations carried out by Group headquarters and the Maltese subsidiary in relation to funding for Group units is also reported in this segment. Net income from the Special customers profit center – customers for whom members of the Managing Board are directly responsible – is also posted under this segment, as is income from the Austrian transaction services business operated by Raiffeisen Data Service Center GmbH, which offers a wide selection of order processing products and services for financial services providers.

Net income from companies operated for the purpose of equity management, from the holding company and from all other companies that do not fall directly under another segment is also included in this segment.

Segment overview

The comparable figures used in this segment report are the comparable figures for the RBI structure after applying the merger retroactively to 1 January 2010.

RBI continued its growth in the first three quarters of 2011, albeit at a slower pace than in the first half of the year. Profit before tax rose by 4 per cent to € 1,032 million year-on-year. On the one hand, this increase resulted from a slight rise in operating income and on the other hand, lower net provisioning for impairment losses had a significant positive impact on profit. The 6 per cent rise in general administrative expenses largely reflected the active support of business growth with a focus on enhancing cost efficiency and was only partly compensated by the rise in operating income. The cost/income ratio therefore increased to 55.8 per cent. Not all of the regional and functional segments were able to increase their results. An economic recovery did come through in some countries, but some of the European emerging markets were unable to escape the current economic downturn in the more developed countries.

In Central Europe profit before tax fell by € 181 million to € 13 million. An increase in net provisioning for impairment losses in Hungary was one of the main reasons for this decline. Balance sheet assets rose by 6 per cent compared with a year ago.

In the period under review, Southeastern Europe reported profit before tax of € 260 million, a decline of 1 per cent. This stable result reflected lower operating income and a decline in net provisioning for impairment losses. The balance sheet assets in this segment rose by 1 per cent compared with the previous year.

Russia recorded the third-largest profit before tax of any segment at € 287 million, an increase of 56 per cent year-on-year. This growth resulted from a substantial decline in net provisioning for impairment losses and a rise in operating income. Balance sheet assets in this segment were up 16 per cent year-on–year.

In the CIS other segment profit before tax rose to € 142 million as a result of a decline in net provisioning for impairment losses and an increase in net trading income. The balance sheet assets in the segment fell by 1 per cent, largely due to a reduction in lending volumes and exchange rate effects.

The Group corporates segment saw a 29 per cent rise in profit before tax to € 308 million during the reporting period. This increase was due to a rise in operating income and lower net provisioning for impairment losses compared with the previous year. The segment's balance sheet assets fell by 8 per cent year-on-year, partly due to the transfer of the financing for the Austrian Raiffeisen Leasing Group to RZB.

Profit before tax in the Group markets segment fell by 34 per cent to € 102 million compared with the previous year. A decline in other results, mainly due to valuation losses on derivatives held for hedging purposes, was responsible for this fall. Balance sheet assets fell by 23 per cent year-on-year due to a reclassification of parts of the assets to the Corporate center segment as well as a reduction of credit business with Financial institutions.

In the Corporate center segment profit before tax rose by 132 per cent to € 324 million, largely driven by valuation gains on derivatives. Balance sheet assets in this segment were up 30 per cent compared with the previous year's period.

A breakdown of group assets by segment shows the following changes over the period under review. The share of Central Europe rose by 1 percentage point to 19 per cent, while Southeastern Europe remained unchanged at 12 per cent. The share of Russia also increased by 1 percentage point to 8 per cent, while the CIS other segment continued unchanged at 4 per cent. The share of Group corporates fell by 1 percentage point to 12 per cent, while Group markets dropped by 6 percentage points year-on-year to 16 per cent. This decrease partly benefited the share of Corporate center, which amounted to 29 per cent at the end of the period under review (up 5 percentage points).

Central Europe

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	848	814	4.1%	279	282	(1.0)%
Net fee and commission income	368	345	6.7%	125	124	0.5%
Net trading income	30	15	102.3%	5	14	(66.2)%
Other net operating income	(29)	(44)	(35.1)%	(12)	(11)	5.4%
Operating income	**1,218**	**1,130**	**7.8%**	**396**	**408**	**(2.9)%**
General administrative expenses	(708)	(637)	11.2%	(238)	(234)	1.8%
Operating result	**509**	**493**	**3.4%**	**158**	**175**	**(9.2)%**
Net provisioning for impairment losses	(484)	(305)	58.6%	(307)	(98)	212.1%
Other results	(12)	6	–	(2)	(8)	(80.4)%
Profit/loss before tax	**13**	**194**	**(93.3)%**	**(150)**	**68**	**–**
Income taxes	(55)	(44)	24.4%	(19)	(17)	10.7%
Profit/loss after tax	**(42)**	**150**	**–**	**(169)**	**51**	**–**
Profit attributable to non-controlling interests	6	(43)	–	50	(15)	–
Profit/loss after non-controlling interests	**(36)**	**106**	**–**	**(119)**	**36**	**–**
Share of profit before tax	0.9%	15.7%	(14.8) PP	(21.9)%	6.6%	(28.5) PP
Risk-weighted assets (credit risk)	23,862	22,482	6.1%	23,862	23,736	0.5%
Total own funds requirement	2,153	2,056	4.7%	2,153	2,177	(1.1)%
Assets	35,608	33,471	6.4%	35,608	35,541	0.2%
Liabilities	32,884	30,736	7.0%	32,884	32,652	0.7%
Net interest margin	3.24%	3.23%	0.02 PP	3.14%	3.23%	(0.09) PP
NPL ratio	9.1%	8.0%	1.1 PP	9.1%	8.7%	0.4 PP
Coverage ratio	63.3%	56.5%	6.9 PP	63.3%	58.7%	4.6 PP
Cost/income ratio	58.2%	56.4%	1.8 PP	60.0%	57.3%	2.7 PP
Net provisioning ratio (average risk-weighted assets, credit risk)	2.76%	1.87%	0.88 PP	5.16%	1.68%	3.48 PP
Average equity	2,774	2,594	7.0%	2,774	2,881	(3.7)%
Return on equity before tax	**0.6%**	**10.0%**	**(9.3) PP**	**–**	**9.4%**	**–**
Business outlets	561	551	1.8%	561	556	0.9%

In Central Europe, profit before tax amounted to € 13 million in the reporting period, down € 181 million compared with the prior-year period. A significant growth in operating income by 8 per cent (which was, however, accompanied by a rise in general administrative expenses) and a sharp increase in provisioning in Hungary were largely responsible for this result. Return on equity before tax fell from 10 per cent to 0.6 per cent.

Operating income

Net interest income in this segment rose by 4 per cent to € 848 million, with Poland and Slovakia recording the largest increases. In Poland the increase derived largely from higher net interest income from the leasing business and a rise in interest income from securities, as the investments of excess liquidity carried out a year ago proved successful. In Slovakia the increase largely reflected a rise in income from the loan portfolio due to higher lending volumes across all asset classes, with growth driven primarily by a significant advance in mortgage lending. In the Czech Republic net interest income also rose considerably due to an increase in lending volumes, particularly with large corporate customers, in spite of a slowdown in growth and a contraction in domestic demand due to the fiscal austerity packages implemented in 2010 and 2011. The continued difficult credit environment in Hungary led to a decline in lending volumes and therefore also to a decrease in net interest income. The segment's net interest margin remained almost unchanged at 3.24 per cent, balance sheet assets rose by 6 per cent year-on-year to € 35.6 billion and credit risk-weighted assets rose by 6 per cent from € 22.5 billion to € 23.9 billion. The rise in credit risk-weighted assets mainly reflected an increase in lending volumes in the segment.

Net fee and commission income grew in every country in the region except Hungary, rising by 7 per cent or € 23 million to € 368 million. Payment transfer business accounted for € 146 million of this figure, a gain of 10 per cent year-on-year. This rise was largely due to the higher number of transactions, and in the Czech Republic also to successfully implemented price adjustments. Net income from the loan and guarantee business grew by 15 per cent year-on-year to € 55 million. This increase was primarily generated in Poland by significant growth in business activity and, in particular, through income from project financing. Net income from currency, notes/coins and precious-metals business remained unchanged at € 110 million in spite of a decline in customer margins from the foreign exchange business with a simultaneous reduction in the number of transactions in Hungary.

Net trading income in the Central Europe region doubled to € 30 million compared with the same period of the previous year. Net income from currency-based transactions rose by € 2 million to € 25 million, primarily due to the valuation of open currency positions and revaluation gains on various foreign currency instruments in the Czech Republic. Net income from interest-based transactions turned from a loss of € 12 million to a profit of € 5 million year-on-year. This development was primarily due to revaluation gains on interest rate swap transactions in Slovakia and the Czech Republic.

Other net operating income in the region improved over the period under review from minus € 44 million to minus € 29 million – due for the most part to higher net income from non-banking activities and an increase in net income from the operating leasing business in the Czech Republic. This figure includes a € 33 million bank levy in Hungary.

General administrative expenses

General administrative expenses in this segment advanced by 11 per cent or € 71 million to € 708 million year-on-year. This increase was essentially due to a rise in staff expenses and other administrative expenses. The rise in staff expenses was caused by an expansion in marketing channels with a consequent increase in staffing needs in the Czech Republic and by higher salary and social security expenses in Slovakia. In addition, the expanded business activities of the direct bank ZUNO in the Czech Republic and Slovakia led to a doubling of general administrative expenses to

€ 24 million. The increase in other administrative expenses was largely due to the opening of new branches and the creation of new customer areas (so-called affluent corners) in existing branches of the subsidiary in the Czech Republic. Depreciation, amortization and write-offs rose year-on-year in several countries in the region, due to the depreciation of various IT systems following the implementation of a new core bank system, higher branch costs and increased depreciation of assets in the operating leasing business. The number of business outlets increased year-on-year by 10 to 561. The cost/income ratio in the region rose by 1.8 percentage points to 58.2 per cent.

Net provisioning for impairment losses

In spite of a decrease in net provisioning in several countries in the region, overall net provisioning for impairment losses in Central Europe rose by 59 per cent or € 179 million to € 484 million. The main reason for this increase was Hungary, where the political and economic situation demanded the recognition of additional collective loan loss provisions because of the introduction of a law permitting the early repayment of foreign currency mortgage loans at an exchange rate well below the market rate. This provisioning recognizes the possible losses arising from such repayments and the deterioration in credit quality. As a result, net allocations to individual loan loss provisions increased year-on-year by 18 per cent to € 385 million. Collateral was also revalued resulting in a negative impact on net provisioning due to market-induced weak domestic demand. In Slovenia higher net provisioning for impairment losses was also required due to an individual troubled loan. In the case of portfolio-based loan loss provisions there was a net allocation of € 101 million in the region, an increase of € 123 million on the prior-year period. This largely related to loans to private customers in Hungary. In Slovakia and the Czech Republic, however, there were considerably lower net allocations to portfolio-based loan loss provisions, which reflected the improved quality of the loan portfolio in these countries. The proportion of non-performing loans in the loan portfolio in the Central Europe segment was 9.1 per cent at the end of the reporting period.

Other results and taxes

Other results in the Central Europe segment fell by € 19 million to minus € 12 million. Net income from derivatives turned around year-on-year from minus € 11 million to € 5 million. This improvement came predominantly from revaluation gains on various hedging transactions in the Czech Republic which had been entered into to adjust the foreign currency structure. As the interest rate level fell only marginally in the period under review, no further valuation losses were incurred. In the prior-year period valuation losses had been recorded due to a sharp drop in the yield curve. The net income from financial investments turned around year-on-year from plus € 16 million to a loss of € 17 million. Valuation losses were recorded in all countries in the region; in Hungary the loss on the revaluation of municipal bonds was particularly significant as a result of the general increase in risk aversion and the resultant rise in yields. Income taxes climbed by 24 per cent year-on-year to € 55 million. Profit after non-controlling interests amounted to minus € 36 million.

Below please find the detailed results of the individual countries in the segment:

Czech Republic

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	214	209	2.4%	70	71	(1.5)%
Net fee and commission income	95	79	21.0%	33	33	0.8%
Net trading income	4	(4)	–	0	2	–
Other net operating income	2	2	17.2%	0	2	–
Operating income	**316**	**285**	**10.6%**	**103**	**107**	**(4.5)%**
General administrative expenses	(182)	(146)	24.2%	(64)	(59)	7.0%
Operating result	**134**	**139**	**(3.6)%**	**39**	**48**	**(18.6)%**
Net provisioning for impairment losses	(57)	(78)	(26.8)%	(25)	(17)	47.8%
Other results	13	0	>500.0%	11	1	>500.0%
Profit before tax	**89**	**61**	**46.9%**	**25**	**32**	**(22.8)%**
Income taxes	(20)	(12)	65.1%	(6)	(7)	(19.6)%
Profit after tax	**69**	**49**	**42.4%**	**19**	**25**	**(23.7)%**
Profit attributable to non-controlling interests	(38)	(27)	39.4%	(11)	(13)	(15.8)%
Profit after non-controlling interests	**31**	**22**	**46.1%**	**8**	**12**	**(32.3)%**
Assets	8,988	7,988	12.5%	8,988	8,714	3.1%
Loans and advances to customers	6,799	6,464	5.2%	6,799	6,919	(1.7)%
hereof corporate %	43.3%	42.4%	0.9 PP	43.3%	43.4%	(0.1) PP
hereof retail %	56.6%	57.3%	(0.7) PP	56.6%	56.5%	0.1 PP
hereof foreign currency %	6.6%	7.6%	(0.9) PP	6.6%	7.0%	(0.3) PP
Deposits from customers	6,004	5,079	18.2%	6,004	5,576	7.7%
Loan/deposit ratio	113.2%	127.3%	(14.0) PP	113.2%	124.1%	(10.8) PP
Return on equity before tax	20.7%	15.7%	5.0 PP	16.9%	21.8%	(4.9) PP
Return on equity after tax	16.1%	12.6%	3.5 PP	13.0%	16.9%	(4.0) PP
Cost/income ratio	57.6%	51.3%	6.3 PP	61.9%	55.3%	6.6 PP
Number of employees as of reporting date	3,171	2,765	14.7%	3,171	3,092	2.6%
Business outlets	128	109	17.4%	128	121	5.8%
Number of customers	435,751	427,438	1.9%	435,751	433,505	0.5%

Hungary

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	236	247	(4.2)%	76	76	(0.1)%
Net fee and commission income	68	75	(8.9)%	23	22	4.6%
Net trading income	10	16	(37.7)%	(2)	9	–
Other net operating income	(50)	(39)	27.1%	(18)	(16)	8.2%
Operating income	**264**	**298**	**(11.4)%**	**79**	**91**	**(12.6)%**
General administrative expenses	(165)	(174)	(5.0)%	(57)	(51)	11.1%
Operating result	**100**	**125**	**(20.3)%**	**23**	**40**	**(43.0)%**
Net provisioning for impairment losses	(373)	(127)	194.6%	(258)	(68)	279.2%
Other results	(25)	(3)	>500.0%	(13)	(9)	47.2%
Loss before tax	**(299)**	**(5)**	**>500.0%**	**(248)**	**(37)**	**>500.0%**
Income taxes	13	1	>500.0%	3	7	(47.6)%
Loss after tax	**(286)**	**(4)**	**>500.0%**	**(245)**	**(31)**	**>500.0%**
Profit attributable to non-controlling interests	98	5	>500.0%	93	4	>500.0%
Profit/loss after non-controlling interests	**(189)**	**1**	**–**	**(152)**	**(27)**	**466.6%**
Assets	8,290	8,623	(3.9)%	8,290	8,857	(6.4)%
Loans and advances to customers	5,919	6,355	(6.9)%	5,919	6,185	(4.3)%
hereof corporate %	51.9%	52.6%	(0.7) PP	51.9%	51.1%	0.8 PP
hereof retail %	45.0%	44.3%	0.7 PP	45.0%	45.5%	(0.5) PP
hereof foreign currency %	71.3%	72.8%	(1.5) PP	71.3%	68.3%	3.0 PP
Deposits from customers	4,883	4,986	(2.1)%	4,883	5,176	(5.7)%
Loan/deposit ratio	121.2%	127.5%	(6.3) PP	121.2%	119.5%	1.7 PP
Return on equity before tax	–	–	–	–	–	–
Return on equity after tax	–	–	–	–	–	–
Cost/income ratio	62.4%	58.2%	4.2 PP	71.5%	56.2%	15.2 PP
Number of employees as of reporting date	3,188	3,242	(1.7)%	3,188	3,230	(1.3)%
Business outlets	144	144	–	144	144	–
Number of customers	646,256	642,976	0.5%	646,256	645,761	0.1%

Poland

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	147	129	14.4%	49	49	0.4%
Net fee and commission income	102	95	7.4%	34	34	(2.0)%
Net trading income	17	14	22.1%	7	5	40.3%
Other net operating income	11	3	238.3%	1	1	(20.0)%
Operating income	**278**	**241**	**15.2%**	**91**	**90**	**1.3%**
General administrative expenses	(151)	(133)	13.4%	(51)	(51)	0.6%
Operating result	**127**	**108**	**17.4%**	**40**	**39**	**2.2%**
Net provisioning for impairment losses	(36)	(52)	(30.6)%	(13)	(9)	44.8%
Other results	0	3	(98.7)%	0	0	–
Profit before tax	**91**	**60**	**52.2%**	**26**	**30**	**(12.1)%**
Income taxes	(19)	(14)	39.2%	(6)	(7)	(15.5)%
Profit after tax	**71**	**46**	**56.2%**	**20**	**23**	**(11.0)%**
Profit attributable to non-controlling interests	(5)	(4)	31.4%	(1)	(2)	(34.3)%
Profit after non-controlling interests	**67**	**42**	**58.4%**	**19**	**21**	**(9.1)%**
Assets	7,234	6,516	11.0%	7,234	7,173	0.8%
Loans and advances to customers	5,347	5,084	5.2%	5,347	5,581	(4.2)%
hereof corporate %	60.6%	58.9%	1.7 PP	60.6%	60.0%	0.6 PP
hereof retail %	38.6%	40.1%	(1.6) PP	38.6%	39.2%	(0.7) PP
hereof foreign currency %	39.7%	36.3%	3.5 PP	39.7%	36.3%	3.4 PP
Deposits from customers	4,098	3,477	17.9%	4,098	3,982	2.9%
Loan/deposit ratio	130.5%	146.2%	(15.7) PP	130.5%	140.2%	(9.7) PP
Return on equity before tax	17.2%	11.5%	5.8 PP	15.5%	16.7%	(1.3) PP
Return on equity after tax	13.5%	8.8%	4.8 PP	11.9%	12.7%	(0.8) PP
Cost/income ratio	54.4%	55.3%	(0.9) PP	56.3%	56.7%	(0.4) PP
Number of employees as of reporting date	3,149	3,074	2.4%	3,149	3,134	0.5%
Business outlets	116	123	(5.7)%	116	117	(0.9)%
Number of customers	243,900	240,959	1.2%	243,900	247,543	(1.5)%

Slovakia

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	227	207	9.7%	76	78	(1.6)%
Net fee and commission income	97	91	5.6%	33	33	1.4%
Net trading income	0	(10)	(98.4)%	0	(2)	–
Other net operating income	7	(10)	–	5	2	128.3%
Operating income	**331**	**278**	**18.9%**	**114**	**110**	**3.5%**
General administrative expenses	(190)	(164)	15.7%	(60)	(66)	(8.5)%
Operating result	**141**	**114**	**23.4%**	**54**	**45**	**21.0%**
Net provisioning for impairment losses	(5)	(43)	(88.9)%	(7)	3	–
Other results	1	5	(79.6)%	2	0	>500.0%
Profit before tax	**137**	**76**	**80.9%**	**49**	**48**	**2.2%**
Income taxes	(28)	(18)	53.0%	(10)	(9)	10.3%
Profit after tax	**109**	**58**	**89.8%**	**39**	**39**	**0.2%**
Profit attributable to non-controlling interests	(42)	(22)	94.0%	(14)	(15)	(5.1)%
Profit after non-controlling interests	**67**	**36**	**87.3%**	**24**	**24**	**3.7%**
Assets	9,453	8,743	8.1%	9,453	9,149	3.3%
Loans and advances to customers	6,536	5,828	12.1%	6,536	6,367	2.7%
hereof corporate %	53.0%	53.1%	0.1 PP	53.0%	51.8%	1.2 PP
hereof retail %	46.7%	46.6%	0.1 PP	46.7%	48.0%	(1.2) PP
hereof foreign currency %	1.0%	1.9%	(0.9) PP	1.0%	1.1%	(0.1) PP
Deposits from customers	7,037	6,596	6.7%	7,037	6,899	2.0%
Loan/deposit ratio	92.9%	88.3%	4.5 PP	92.9%	92.3%	0.6 PP
Return on equity before tax	20.8%	13.0%	7.9 PP	23.5%	23.7%	(0.2) PP
Return on equity after tax	16.6%	9.8%	6.8 PP	18.5%	19.1%	(0.6) PP
Cost/income ratio	57.4%	59.0%	(1.6) PP	52.6%	59.4%	(6.9) PP
Number of employees as of reporting date	3,807	3,695	3.0%	3,807	3,768	1.0%
Business outlets	156	157	(0.6)%	156	157	(0.6)%
Number of customers	770,491	734,946	4.8%	770,491	757,893	1.7%

Slovenia

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	23	23	1.9%	7	8	(12.5)%
Net fee and commission income	6	5	22.5%	2	2	(7.2)%
Net trading income	0	(1)	–	0	0	–
Other net operating income	0	1	(72.3)%	0	0	–
Operating income	**30**	**28**	**5.3%**	**10**	**10**	**(3.3)%**
General administrative expenses	(20)	(20)	2.4%	(7)	(7)	(3.0)%
Operating result	**9**	**8**	**12.4%**	**3**	**3**	**(3.8)%**
Net provisioning for impairment losses	(13)	(6)	120.2%	(3)	(7)	(54.3)%
Other results	(1)	0	–	(2)	0	>500.0%
Profit/loss before tax	**(5)**	**3**	**–**	**(2)**	**(5)**	**(56.4)%**
Income taxes	0	(1)	–	0	0	–
Profit/loss after tax	**(5)**	**2**	**–**	**(2)**	**(4)**	**(54.4)%**
Profit attributable to non-controlling interests	1	0	–	0	1	(61.1)%
Profit/loss after non-controlling interests	**(5)**	**2**	**–**	**(2)**	**(4)**	**(53.3)%**
Assets	1,668	1,615	3.3%	1,668	1,679	(0.7)%
Loans and advances to customers	1,342	1,284	4.5%	1,342	1,344	(0.2)%
hereof corporate %	62.4%	69.5%	(7.1) PP	62.4%	63.1%	(0.7) PP
hereof retail %	31.5%	29.5%	2.0 PP	31.5%	30.8%	0.7 PP
hereof foreign currency %	6.7%	9.9%	(3.2) PP	6.7%	7.2%	(0.6) PP
Deposits from customers	402	475	(15.3)%	402	480	(16.2)%
Loan/deposit ratio	333.6%	270.5%	63.2 PP	333.6%	280.3%	53.4 PP
Return on equity before tax	–	4.3%	–	–	–	–
Return on equity after tax	–	2.9%	–	–	–	–
Cost/income ratio	68.7%	70.7%	(2.0) PP	68.5%	68.3%	0.2 PP
Number of employees as of reporting date	342	351	(2.6)%	342	357	(4.2)%
Business outlets	17	17	–	17	17	–
Number of customers	67,823	66,321	2.3%	67,823	67,102	1.1%

Southeastern Europe

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	689	673	2.4%	234	234	0.4%
Net fee and commission income	272	287	(5.2)%	93	92	1.9%
Net trading income	26	44	(40.8)%	0	12	–
Other net operating income	28	29	(2.9)%	11	10	2.6%
Operating income	**1,016**	**1,034**	**(1.7)%**	**338**	**348**	**(2.8)%**
General administrative expenses	(554)	(543)	2.1%	(183)	(189)	(3.5)%
Operating result	**462**	**491**	**(6.0)%**	**155**	**158**	**(1.9)%**
Net provisioning for impairment losses	(194)	(227)	(14.6)%	(70)	(64)	9.6%
Other results	(8)	(1)	425.4%	(14)	1	–
Profit before tax	**260**	**263**	**(0.9)%**	**72**	**96**	**(25.2)%**
Income taxes	(31)	(35)	(9.4)%	(8)	(11)	(33.0)%
Profit after tax	**229**	**228**	**0.4%**	**64**	**85**	**(24.2)%**
Profit attributable to non-controlling interests	(12)	(16)	(24.2)%	0	(5)	–
Profit after non-controlling interests	**217**	**212**	**2.3%**	**64**	**80**	**(19.6)%**
Share of profit before tax	18.1%	21.3%	(3.1) PP	9.3%	12.4%	(3.1) PP
Risk-weighted assets (credit risk)	16,515	15,818	4.4%	16,515	16,485	0.2%
Total own funds requirement	1,550	1,473	5.2%	1,550	1,551	(0.1)%
Assets	22,630	22,435	0.9%	22,630	22,471	0.7%
Liabilities	19,695	19,618	0.4%	19,695	19,572	0.6%
Net interest margin	4.08%	3.89%	0.19 PP	4.16%	4.18%	(0.02) PP
NPL ratio	10.3%	7.5%	2.9 PP	10.3%	10.0%	0.3 PP
Coverage ratio	62.9%	66.9%	(4.0) PP	62.9%	62.5%	0.4 PP
Cost/income ratio	54.6%	52.5%	2.1 PP	54.1%	54.5%	(0.4) PP
Net provisioning ratio (average risk-weighted assets, credit risk)	1.56%	1.88%	(0.31) PP	1.69%	1.55%	0.14 PP
Average equity	2,018	1,954	3.3%	2,018	2,088	(3.4)%
Return on equity before tax	**17.2%**	**17.9%**	**(0.7) PP**	**14.0%**	**18.2%**	**(4.3) PP**
Business outlets	1,153	1,171	(1.5)%	1,153	1,154	(0.1)%

In Southeastern Europe profit before tax amounted to € 260 million and was thereby 1 per cent below the previous year's comparable period. Despite the gradual onset of economic recovery in the region, the decrease in operating income (primarily in Croatia) and in other net income in Romania had a negative impact on the segment's profit during the reporting period. Conversely, lower net provisioning for impairment losses had a positive effect on profit before tax. The segment's return on equity before tax fell by 0.7 percentage points year-on-year to 17.2 per cent.

Operating income

Net interest income in this segment rose by 2 per cent to € 689 million. This growth was primarily concentrated in Romania and Serbia. In Romania, it was due to a significant increase in loans and advances to large corporate customers and retail customers, despite high pressure on margins. In Serbia, growth in net interest income was primarily caused by lower refinancing costs. By contrast, a reduction in the volume of consumer loans led to a decrease in net interest income in Bulgaria. The net interest margin rose by 19 basis points overall to 4.08 per cent. Balance sheet assets in the region remained virtually unchanged year-on-year at € 22.6 billion. Credit risk-weighted assets increased by 4 per cent year-on-year to € 16.5 billion. This development was attributable mainly to Romania, where there was a shift in off-balance-sheet items to corporate lending, accompanied by a decrease in Basel II collateral.

Net fee and commission income declined by 5 per cent year-on-year to € 272 million. The payment transfer business continued as the biggest contributor with € 131 million, unchanged compared with the prior-year level for the period. Net income from loan and guarantee business fell by 29 per cent year-on-year to € 50 million. This was due to developments in Romania, where lower transaction volumes (particularly in the currently slow guarantee business) and a market-related fall in prices prompted the decline, and the new provisions of the Consumer Protection Act which came into force in June 2010 also reduced earnings. In Croatia, net income from the securities business fell due to the omission of significant public sector issues on the local financial market. Income from the foreign currency, notes/coins and precious-metals business rose by € 2 million year-on-year to € 50 million.

Net trading income for Southeastern Europe fell year-on-year by 41 per cent to € 26 million. Net income from currency-based transactions declined by 35 per cent year-on-year to € 16 million. While the valuation gains on forward and swap transactions in Romania remained unchanged from the previous year's comparable period, net income in Croatia decreased due to the expiration of a number of currency swap transactions and significantly lower currency volatility. Interest-based transactions posted income of € 11 million, a decrease of 21 per cent. While net income from swap transactions increased in Romania, there were revaluation losses in Croatia on various government bonds in the portfolio due to widening spreads. Revaluations of fixed-interest securities in Albania led to a year-on-year decrease in net income of € 2 million to € 9 million.

Other net operating income decreased year-on-year by 3 per cent to € 28 million. Income from the operating lease business in Croatia and Bosnia and Herzegovina rose by € 2 million overall to € 31 million, which had a positive impact on net income. By contrast, the higher provisioning for current legal issues in Croatia and Romania had the opposite effect.

General administrative expenses

General administrative expenses rose year-on-year by a total of 2 per cent to € 554 million. A key factor was the development in Romania, where staff expenses rose substantially on account of salary increases that had been implemented at the end of 2010 to bring salaries up to market levels, mostly in the branch network. Other administrative expenses increased by a total of 1 per cent. This increase was also attributable to Romania, where higher expenses were incurred for new IT applications and deposit insurance fees. The change in VAT regulations also increased expenses. Depreciation, amortization and write-downs, especially on intangible fixed assets including IT applications mainly in Romania, rose by 7 per cent to € 81 million. The combination of lower operating income and increased general administrative expenses led to an increase of the cost/income ratio by 2.1 percentage points to 54.6 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses was down by a total of 15 per cent or € 33 million to € 194 million. Net allocations to individual loan loss provisions declined by 1 per cent or € 3 million to € 222 million, due principally to Bulgaria, where improved portfolio quality and higher income from written-down claims to retail customers had a positive impact. Net allocations to individual loan loss provisions were also significantly lower in Bosnia and Herzegovina. Portfolio-based loan loss provisions resulted in a positive figure of € 26 million. Serbia and Romania reported the highest releases of existing portfolio-based loan loss provisions. In Albania and Croatia, net provisioning for the large customer portfolio increased. The ratio of non-performing loans in the credit portfolio rose to 10.3 per cent at the end of the period under review.

Other results and taxes

Other results for the Southeastern Europe segment fell year-on-year by € 6 million to minus € 8 million. Net income from financial investments decreased from € 12 million to € 4 million. This decline was mainly attributable to lower income from disposal and revaluation losses on government bonds in Romania due to rising yields. The deconsolidation of a leasing company in Moldova for materiality reasons resulted in a net loss from disposal of group assets of € 0.3 million.

Income taxes decreased in the region by 9 per cent year-on-year to € 31 million. The tax rate also fell by 1 percentage point to 12 per cent.

Profit for the period after non-controlling interests rose by 2 per cent to € 217 million. Profit attributable to non-controlling interests was higher due to year-on-year differences in the geographical distribution of results.

The detailed results of the individual countries in the segment are listed below:

Albania

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	66	65	1.2%	22	22	0.2%
Net fee and commission income	6	6	4.0%	2	2	12.3%
Net trading income	10	11	(7.8)%	4	3	17.0%
Other net operating income	0	0	(52.4)%	0	0	–
Operating income	**82**	**82**	**0.2%**	**28**	**27**	**4.2%**
General administrative expenses	(27)	(25)	9.1%	(9)	(9)	0.4%
Operating result	**55**	**57**	**(3.8)%**	**19**	**17**	**6.3%**
Net provisioning for impairment losses	(17)	(20)	(11.1)%	(4)	(10)	(58.1)%
Other results	0	0	–	0	0	–
Profit before tax	**37**	**37**	**0.0%**	**14**	**7**	**97.8%**
Income taxes	(4)	(4)	12.6%	(1)	(1)	109.8%
Profit after tax	**33**	**34**	**(1.5)%**	**13**	**6**	**96.5%**
Profit attributable to non-controlling interests	0	0	(7.6)%	0	0	8.7%
Profit after non-controlling interests	**33**	**34**	**(1.5)%**	**13**	**6**	**96.7%**
Assets	2,156	1,988	8.4%	2,156	2,094	3.0%
Loans and advances to customers	855	741	15.4%	855	799	7.0%
hereof corporate %	62.2%	60.8%	1.4 PP	62.2%	60.6%	1.6 PP
hereof retail %	37.8%	39.2%	(1.4) PP	37.8%	39.4%	(1.6) PP
hereof foreign currency %	65.5%	61.4%	4.1 PP	65.5%	63.9%	1.5 PP
Deposits from customers	1,840	1,637	12.4%	1,840	1,768	4.1%
Loan/deposit ratio	46.5%	45.2%	1.2 PP	46.5%	45.2%	1.3 PP
Return on equity before tax	26.5%	28.3%	(1.9) PP	33.4%	15.4%	18.0 PP
Return on equity after tax	23.4%	25.4%	(2.0) PP	29.9%	13.9%	16.0 PP
Cost/income ratio	33.3%	30.6%	2.7 PP	33.5%	34.8%	(1.3) PP
Number of employees as of reporting date	1,378	1,319	4.5%	1,378	1,364	1.0%
Business outlets	104	104	–	104	103	1.0%
Number of customers	689,725	618,762	11.5%	689,725	670,701	2.8%

Bosnia and Herzegovina

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	59	53	10.3%	20	20	(0.6)%
Net fee and commission income	23	22	5.7%	8	8	6.9%
Net trading income	1	0	61.5%	0	0	(29.9)%
Other net operating income	4	0	>500.0%	2	1	65.9%
Operating income	**87**	**76**	**13.7%**	**30**	**29**	**3.9%**
General administrative expenses	(47)	(47)	(0.2)%	(16)	(16)	1.8%
Operating result	**39**	**29**	**36.6%**	**14**	**13**	**6.4%**
Net provisioning for impairment losses	(12)	(21)	(42.4)%	(6)	(4)	58.0%
Other results	(1)	0	–	0	0	116.8%
Profit before tax	**26**	**8**	**242.6%**	**8**	**10**	**(15.0)%**
Income taxes	(2)	(1)	89.0%	0	(1)	(59.1)%
Profit after tax	**24**	**7**	**261.1%**	**8**	**9**	**(11.8)%**
Profit attributable to non-controlling interests	0	0	48.9%	0	0	14.4%
Profit after non-controlling interests	**24**	**6**	**269.7%**	**8**	**9**	**(12.6)%**
Assets	2,144	2,083	2.9%	2,144	2,147	(0.2)%
Loans and advances to customers	1,373	1,330	3.2%	1,373	1,372	0.1%
hereof corporate %	43.5%	41.7%	1.7 PP	43.5%	43.6%	(0.1) PP
hereof retail %	55.2%	57.4%	(2.2) PP	55.2%	55.1%	0.2 PP
hereof foreign currency %	73.4%	76.2%	(2.8) PP	73.4%	66.2%	7.2 PP
Deposits from customers	1,611	1,537	4.8%	1,611	1,617	(0.4)%
Loan/deposit ratio	85.3%	86.6%	(1.3) PP	85.3%	84.9%	0.4 PP
Return on equity before tax	14.3%	4.3%	10.0 PP	13.6%	15.9%	(2.3) PP
Return on equity after tax	13.4%	3.8%	9.6 PP	13.1%	14.8%	(1.7) PP
Cost/income ratio	54.5%	62.1%	(7.6) PP	53.1%	54.3%	(1.1) PP
Number of employees as of reporting date	1,583	1,646	(3.8)%	1,583	1,621	(2.3)%
Business outlets	98	100	(2.0)%	98	98	–
Number of customers	636,818	655,427	(2.8)%	636,818	629,921	1.1%

Bulgaria

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	126	142	(10.7)%	42	42	(1.0)%
Net fee and commission income	28	26	8.0%	10	9	12.4%
Net trading income	6	5	12.3%	2	2	1.3%
Other net operating income	0	(1)	–	0	0	41.3%
Operating income	**160**	**172**	**(6.6)%**	**53**	**54**	**(0.6)%**
General administrative expenses	(73)	(72)	1.9%	(24)	(25)	(0.2)%
Operating result	**87**	**100**	**(12.8)%**	**29**	**29**	**(0.9)%**
Net provisioning for impairment losses	(50)	(70)	(28.0)%	(24)	(14)	72.9%
Other results	0	0	>500.0%	0	0	115.1%
Profit before tax	**37**	**30**	**23.7%**	**5**	**15**	**(65.6)%**
Income taxes	(3)	(2)	36.3%	0	(1)	(77.8)%
Profit after tax	**34**	**28**	**22.6%**	**5**	**14**	**(64.4)%**
Profit attributable to non-controlling interests	(1)	(2)	(59.7)%	0	0	–
Profit after non-controlling interests	**33**	**26**	**29.5%**	**5**	**14**	**(65.9)%**
Assets	3,705	3,717	(0.3)%	3,705	3,752	(1.2)%
Loans and advances to customers	2,927	2,819	3.8%	2,927	2,886	1.4%
hereof corporate %	44.0%	41.3%	2.7 PP	44.0%	43.7%	0.3 PP
hereof retail %	55.5%	58.3%	(2.8) PP	55.5%	55.9%	(0.4) PP
hereof foreign currency %	79.5%	72.1%	7.4 PP	79.5%	76.6%	2.9 PP
Deposits from customers	2,124	1,978	7.4%	2,124	2,084	1.9%
Loan/deposit ratio	137.8%	142.5%	(4.7) PP	137.8%	138.5%	(0.7) PP
Return on equity before tax	10.2%	8.4%	1.8 PP	4.4%	12.9%	(8.4) PP
Return on equity after tax	9.3%	7.7%	1.5 PP	4.2%	11.7%	(7.5) PP
Cost/income ratio	45.6%	41.7%	3.8 PP	46.0%	45.8%	0.2 PP
Number of employees as of reporting date	3,346	3,234	3.5%	3,346	3,249	3.0%
Business outlets	189	191	(1.0)%	189	189	–
Number of customers	763,485	728,902	4.7%	763,485	753,646	1.3%

Croatia

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	134	131	2.4%	44	47	(7.1)%
Net fee and commission income	50	53	(6.1)%	18	16	10.3%
Net trading income	(3)	18	–	(7)	1	–
Other net operating income	19	21	(8.0)%	5	7	(33.2)%
Operating income	**200**	**223**	**(10.3)%**	**59**	**72**	**(17.8)%**
General administrative expenses	(115)	(116)	(0.6)%	(37)	(40)	(7.4)%
Operating result	**85**	**107**	**(20.8)%**	**22**	**32**	**(30.6)%**
Net provisioning for impairment losses	(44)	(39)	14.2%	(13)	(15)	(14.4)%
Other results	(6)	(8)	(31.6)%	(9)	(2)	284.0%
Profit before tax	**35**	**61**	**(41.7)%**	**0**	**15**	**(99.5)%**
Income taxes	(7)	(12)	(43.3)%	0	(2)	(83.5)%
Profit after tax	**28**	**48**	**(41.3)%**	**0**	**12**	**–**
Profit attributable to non-controlling interests	(7)	(14)	(48.6)%	1	(3)	–
Profit after non-controlling interests	**21**	**34**	**(38.4)%**	**0**	**9**	**(96.7)%**
Assets	5,490	5,881	(6.7)%	5,490	5,640	(2.7)%
Loans and advances to customers	3,809	3,761	1.3%	3,809	3,885	(2.0)%
hereof corporate %	39.2%	37.5%	1.7 PP	39.2%	38.9%	0.2 PP
hereof retail %	49.1%	50.6%	(1.5) PP	49.1%	48.5%	0.6 PP
hereof foreign currency %	67.8%	70.2%	(2.4) PP	67.8%	68.2%	(0.4) PP
Deposits from customers	3,150	3,107	1.4%	3,150	2,986	5.5%
Loan/deposit ratio	120.9%	121.1%	(0.1) PP	120.9%	130.1%	(9.2) PP
Return on equity before tax	6.0%	10.2%	(4.2) PP	–	7.4%	–
Return on equity after tax	4.8%	8.2%	(3.4) PP	–	6.2%	–
Cost/income ratio	57.5%	51.9%	5.6 PP	62.2%	55.3%	7.0 PP
Number of employees as of reporting date	2,102	2,208	(4.8)%	2,102	2,112	(0.5)%
Business outlets	81	84	(3.6)%	81	84	(3.6)%
Number of customers	538,202	546,537	(1.5)%	538,202	541,585	(0.6)%

Kosovo

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	29	25	12.5%	10	10	5.5%
Net fee and commission income	6	5	5.7%	2	2	28.3%
Net trading income	0	0	–	0	0	–
Other net operating income	0	0	(47.0)%	0	0	143.5%
Operating income	**34**	**30**	**12.3%**	**12**	**11**	**10.1%**
General administrative expenses	(19)	(17)	9.0%	(6)	(6)	0.8%
Operating result	**15**	**13**	**16.7%**	**6**	**5**	**22.0%**
Net provisioning for impairment losses	(3)	(3)	(2.1)%	(1)	(1)	3.4%
Other results	0	(1)	(60.7)%	0	0	86.5%
Profit before tax	**12**	**9**	**28.4%**	**4**	**4**	**23.4%**
Income taxes	(1)	(1)	3.5%	0	0	32.2%
Profit after tax	**11**	**8**	**31.7%**	**4**	**3**	**22.4%**
Profit attributable to non-controlling interests	0	0	–	0	0	–
Profit after non-controlling interests	**11**	**8**	**31.1%**	**4**	**3**	**22.1%**
Assets	702	638	10.0%	702	667	5.2%
Loans and advances to customers	421	377	11.6%	421	418	0.8%
hereof corporate %	32.0%	28.6%	3.4 PP	32.0%	31.8%	0.2 PP
hereof retail %	68.0%	71.4%	(3.4) PP	68.0%	68.2%	(0.2) PP
hereof foreign currency %	0.0%	0.0%	0.0 PP	0.0%	0.0%	0.0 PP
Deposits from customers	580	509	14.0%	580	547	6.2%
Loan/deposit ratio	72.6%	74.1%	(1.5) PP	72.6%	76.5%	(3.9) PP
Return on equity before tax	18.3%	15.6%	2.7 PP	20.5%	16.2%	4.4 PP
Return on equity after tax	16.5%	13.7%	2.8 PP	18.3%	14.5%	3.8 PP
Cost/income ratio	55.0%	56.7%	(1.7) PP	51.5%	56.3%	(4.7) PP
Number of employees as of reporting date	717	686	4.5%	717	713	0.6%
Business outlets	52	52	–	52	52	–
Number of customers	245,849	268,931	(8.6)%	245,849	238,581	3.0%

Romania

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	196	181	8.0%	71	65	9.8%
Net fee and commission income	134	150	(10.8)%	43	46	(4.6)%
Net trading income	11	10	7.2%	1	5	(85.8)%
Other net operating income	2	1	72.8%	2	1	189.1%
Operating income	**342**	**342**	**(0.1)%**	**118**	**117**	**0.8%**
General administrative expenses	(214)	(204)	4.7%	(70)	(73)	(4.1)%
Operating result	**128**	**138**	**(7.2)%**	**48**	**44**	**9.0%**
Net provisioning for impairment losses	(52)	(52)	(0.1)%	(18)	(18)	1.8%
Other results	(5)	12	–	(6)	2	–
Profit before tax	**71**	**98**	**(27.4)%**	**24**	**29**	**(16.4)%**
Income taxes	(11)	(13)	(16.2)%	(4)	(4)	(20.2)%
Profit after tax	**60**	**85**	**(29.1)%**	**20**	**24**	**(15.7)%**
Profit attributable to non-controlling interests	(1)	0	–	0	0	–
Profit after non-controlling interests	**59**	**85**	**(29.8)%**	**20**	**24**	**(14.9)%**
Assets	6,292	5,674	10.9%	6,292	6,172	1.9%
Loans and advances to customers	4,404	4,104	7.3%	4,404	4,397	0.2%
hereof corporate %	37.3%	33.4%	4.0 PP	37.3%	34.1%	3.2 PP
hereof retail %	60.2%	60.7%	(0.5) PP	60.2%	60.7%	(0.5) PP
hereof foreign currency %	52.1%	61.8%	(9.7) PP	52.1%	52.1%	0.0 PP
Deposits from customers	3,758	3,422	9.8%	3,758	3,499	7.4%
Loan/deposit ratio	117.2%	119.9%	(2.7) PP	117.2%	125.7%	(8.5) PP
Return on equity before tax	19.6%	30.1%	(10.5) PP	20.3%	22.6%	(2.3) PP
Return on equity after tax	16.6%	26.2%	(9.6) PP	17.3%	19.1%	(1.8) PP
Cost/income ratio	62.6%	59.7%	2.9 PP	59.6%	62.6%	(3.0) PP
Number of employees as of reporting date	6,065	6,096	(0.5)%	6,065	6,054	0.2%
Business outlets	544	542	0.4%	544	544	–
Number of customers	1,956,099	1,888,234	3.6%	1,956,099	1,939,762	0.8%

Serbia

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	81	76	5.8%	26	28	(5.8)%
Net fee and commission income	25	25	2.1%	9	9	3.1%
Net trading income	2	0	–	1	0	214.2%
Other net operating income	3	3	24.7%	2	1	16.3%
Operating income	**112**	**104**	**7.6%**	**37**	**38**	**(1.9)%**
General administrative expenses	(59)	(62)	(3.7)%	(20)	(21)	(4.4)%
Operating result	**52**	**42**	**24.2%**	**18**	**18**	**1.0%**
Net provisioning for impairment losses	(15)	(22)	(34.3)%	(4)	(2)	82.1%
Other results	4	0	>500.0%	2	1	21.4%
Profit before tax	**41**	**20**	**107.9%**	**16**	**17**	**(7.7)%**
Income taxes	(3)	(1)	145.4%	(1)	(1)	(19.8)%
Profit after tax	**38**	**19**	**105.1%**	**15**	**16**	**(6.6)%**
Profit attributable to non-controlling interests	1	2	(55.7)%	0	1	(83.7)%
Profit after non-controlling interests	**39**	**20**	**92.4%**	**15**	**17**	**(11.1)%**
Assets	2,214	2,470	(10.4)%	2,214	2,050	8.0%
Loans and advances to customers	1,348	1,313	2.7%	1,348	1,368	(1.4)%
hereof corporate %	54.1%	55.0%	(1.0) PP	54.1%	54.9%	(0.8) PP
hereof retail %	42.8%	44.8%	(1.9) PP	42.8%	42.2%	0.7 PP
hereof foreign currency %	65.4%	65.6%	(0.2) PP	65.4%	65.2%	0.2 PP
Deposits from customers	1,139	1,130	0.8%	1,139	1,015	12.3%
Loan/deposit ratio	118.4%	116.2%	2.2 PP	118.4%	134.8%	(16.4) PP
Return on equity before tax	11.1%	5.5%	5.6 PP	12.4%	13.6%	(1.2) PP
Return on equity after tax	10.2%	5.1%	5.1 PP	11.5%	12.5%	(1.0) PP
Cost/income ratio	53.2%	59.5%	(6.3) PP	52.3%	53.7%	(1.4) PP
Number of employees as of reporting date	1,772	1,914	(7.4)%	1,772	1,776	(0.2)%
Business outlets	85	97	(12.4)%	85	84	1.2%
Number of customers	499,849	589,004	(15.1)%	499,849	496,254	0.7%

Russia

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	432	381	13.2%	153	143	6.6%
Net fee and commission income	174	155	11.8%	64	57	12.0%
Net trading income	37	59	(36.1)%	(22)	28	–
Other net operating income	(3)	(14)	(79.6)%	(2)	1	–
Operating income	**640**	**581**	**10.1%**	**192**	**229**	**(16.1)%**
General administrative expenses	(335)	(302)	10.9%	(113)	(109)	3.7%
Operating result	**305**	**279**	**9.2%**	**79**	**120**	**(34.1)%**
Net provisioning for impairment losses	(21)	(83)	(74.6)%	(17)	(2)	>500.0%
Other results	3	(13)	–	18	(6)	–
Profit before tax	**287**	**184**	**56.1%**	**81**	**112**	**(27.7)%**
Income taxes	(76)	(46)	66.8%	(27)	(26)	3.1%
Profit after tax	**210**	**138**	**52.6%**	**54**	**86**	**(36.9)%**
Profit attributable to non-controlling interests	0	0	–	2	(1)	–
Profit after non-controlling interests	**210**	**138**	**52.8%**	**56**	**85**	**(33.9)%**
Share of profit before tax	20.0%	14.9%	5.1 PP	10.4%	14.4%	(4.0) PP
Risk-weighted assets (credit risk)	11,331	8,442	34.2%	11,331	9,310	21.7%
Total own funds requirement	1,098	897	22.3%	1,098	968	13.4%
Assets	13,975	12,013	16.3%	13,975	13,196	5.9%
Liabilities	12,078	10,229	18.1%	12,078	11,220	7.6%
Net interest margin	4.44%	4.14%	0.30 PP	4.49%	4.46%	0.03 PP
NPL ratio	5.9%	11.2%	(5.3) PP	5.9%	7.2%	(1.3) PP
Coverage ratio	107.3%	86.6%	20.6 PP	107.3%	103.5%	3.7 PP
Cost/income ratio	52.4%	52.0%	0.4 PP	58.8%	47.6%	11.2 PP
Net provisioning ratio (average risk-weighted assets, credit risk)	0.29%	1.40%	(1.11) PP	0.65%	0.11%	0.54 PP
Average equity	1,259	1,079	16.7%	1,259	1,244	1.2%
Return on equity before tax	**30.3%**	**22.7%**	**7.7 PP**	**25.8%**	**36.0%**	**(10.2) PP**
Business outlets	192	199	(3.5)%	192	190	1.1%

Profit before tax for the Russia segment rose by 56 per cent year-on-year to € 287 million. Higher general administrative expenses were more than offset by the significant increase in operating income, and profit before tax also benefited from significantly lower net provisioning for impairment losses. Return on equity before tax improved by 7.7 percentage points to 30.3 per cent.

Operating income

Net interest income in Russia rose year-on-year by 13 per cent or € 50 million to € 432 million. This rise – despite increased pressure on margins – was mainly attributable to a significant total increase of 34 per cent in the large corporate customer loan portfolio due to strong demand for loans. The clear rise in net interest income from derivative financial instruments, the result of a larger number of transactions, also contributed positively to this figure. Conversely, the maturing securities investment portfolio had a negative impact on net interest income. The segment showed an increase in the net interest margin of 30 basis points year-on-year to 4.44 per cent. Total assets rose year-on-year by 16 per cent to € 14.0 billion. The strong growth in the loan portfolio was offset by the reduction in holdings of sovereign securities and the decline in the trading portfolio. As a result of the significant rise in approved credit lines, credit risk-weighted assets rose by 34 per cent to € 11.3 billion. This growth was partly offset by the reduction in the sovereign portfolio.

Net fee and commission income rose by 12 per cent or € 18 million year-on-year to € 174 million. Net income from payment transfer business declined as a result of the release of deferred income, but still made the largest contribution with € 60 million. Income from securities business rose by 23 per cent or € 2 million year-on-year to € 10 million. Income from the foreign currency, notes/coins and precious-metals business also grew by € 2 million in line with the increase in transaction volumes in the reporting period, totaling € 38 million. In loan and guarantee business, net income rose by 90 per cent to € 44 million due to a change in the methodology for calculating fees and commissions. Improved income from debt collection activities and from import/export financing transactions also raised income from other banking services by 11 per cent to € 27 million.

Net trading income decreased from € 59 million to € 37 million while net income from interest-based transactions fell by € 54 million to € 3 million. The main reason for this decline was the high level of valuation gains on fixed-interest bonds and debt securities in the previous year due to reversals of impairments after the 2009 financial crisis. Net income from currency-based transactions grew by € 33 million year-on-year to € 34 million. This rise was the result of valuation gains on currency swaps linked to proprietary trading and on foreign currency positions due to the appreciation of the Russian rouble against the US dollar in the third quarter.

Other net operating income in the segment improved by € 11 million to minus € 3 million, mainly due to significantly lower allocations to other provisions that had been established in the prior-year period primarily for litigation relating to the closure of an outlet, and to an increase in income from the operating lease business in connection with a piece of real estate.

General administrative expenses

General administrative expenses in the segment rose by 11 per cent in total to € 335 million, primarily due to the increase in staff expenses as a result of market-related salary increases and (about one third) to higher ancillary salary costs (particularly statutory and voluntary social security contributions). Other administrative expenses rose, mainly due to increased IT as well as legal, advisory and consulting expenses. Depreciation, amortization and write-downs remained almost unchanged compared with the previous year. The number of business outlets fell by 7 to 192 year-on-year. The cost/income ratio was virtually unchanged at 52.4 per cent and significantly below that of the Group as a whole.

Net provisioning for impairment losses

Net provisioning for impairment losses fell from € 83 million in the prior-year period to € 21 million. This was due particularly to lower net allocations to individual loan loss provisions as a result of releases of € 1 million in the large corporate customer portfolio. The year-on-year drop from 10.1 per cent to 5.9 per cent in the proportion of non-performing loans in the loan portfolio, the improved repayments of overdue loans and the sale of loans also contributed to the decline. Net allocations to portfolio-based loan loss provisions amounted to € 20 million in the reporting period whereas in the prior-year period net provisions of € 31 million had been released. This was entirely due to the increase in the underlying loan portfolio.

Other results and taxes

Other results came in at € 3 million in total, with a net income from derivatives of € 4 million. This was primarily linked to the revaluation of interest rate swap transactions entered into in order to mitigate interest rate structure risk. The ineffective part of the cash flow hedge tripled to € 3 million. Due to the deconsolidation of a leasing company for materiality reasons, the segment showed a net loss from disposal of group assets of € 1 million.

Income taxes increased year-on-year by € 31 million to € 76 million. The tax rate rose by 2 percentage points to 27 per cent, as a result of the higher proportion of expenses not deductible for tax purposes.

Profit after non-controlling interests rose by 53 per cent to € 210 million.

Russia

The table below provides an overview of the country results for Russia. Any discrepancies with the values specified for the Russia segment are the result of equity being allocated differently. The income figures in the country overview are based on the balance sheet equity; at segment level, the equity used in the calculation is based on actual equity used.

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	432	381	13.2%	153	143	6.6%
Net fee and commission income	174	155	11.8%	64	57	12.0%
Net trading income	37	59	(36.1)%	(22)	28	–
Other net operating income	(4)	(11)	(65.8)%	(2)	1	–
Operating income	**639**	**584**	**9.4%**	**192**	**229**	**(16.1)%**
General administrative expenses	(335)	(302)	10.9%	(113)	(109)	3.7%
Operating result	**304**	**282**	**7.7%**	**79**	**120**	**(34.1)%**
Net provisioning for impairment losses	(21)	(83)	(74.6)%	(17)	(2)	>500.0%
Other results	4	(16)	–	18	(6)	–
Profit before tax	**286**	**184**	**56.1%**	**81**	**112**	**(27.7)%**
Income taxes	(76)	(46)	66.8%	(27)	(26)	3.1%
Profit after tax	**210**	**138**	**52.5%**	**54**	**86**	**(37.0)%**
Profit attributable to non-controlling interests	(3)	(1)	261.6%	(1)	(1)	41.7%
Profit after non-controlling interests	**207**	**137**	**51.3%**	**53**	**85**	**(37.9)%**
Assets	13,975	12,013	16.3%	13,975	13,196	5.9%
Loans and advances to customers	9,219	7,000	31.7%	9,219	8,337	10.6%
hereof corporate %	72.5%	71.2%	1.3 PP	72.5%	71.1%	1.4 PP
hereof retail %	27.2%	28.4%	(1.2) PP	27.2%	28.5%	(1.3) PP
hereof foreign currency %	47.7%	44.2%	3.6 PP	47.7%	43.5%	4.2 PP
Deposits from customers	9,270	6,237	48.6%	9,270	8,283	11.9%
Loan/deposit ratio	99.5%	112.2%	(12.8) PP	99.5%	100.7%	(1.2) PP
Return on equity before tax	21.4%	15.0%	6.4 PP	18.5%	24.0%	(5.4) PP
Return on equity after tax	15.7%	11.3%	4.4 PP	12.4%	18.4%	(6.0) PP
Cost/income ratio	52.5%	51.7%	0.7 PP	58.8%	47.6%	11.2 PP
Number of employees as of reporting date	8,697	8,487	2.5%	8,697	8,628	0.8%
Business outlets	192	199	(3.5)%	192	190	1.1%
Number of customers	2,032,056	1,819,589	11.7%	2,032,056	1,950,246	4.2%

CIS other

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	316	370	(14.6)%	113	102	10.5%
Net fee and commission income	131	130	0.8%	47	42	11.3%
Net trading income	52	21	144.8%	9	37	(76.6)%
Other net operating income	(1)	(6)	(74.9)%	1	(1)	–
Operating income	**498**	**516**	**(3.5)%**	**169**	**180**	**(6.1)%**
General administrative expenses	(248)	(247)	0.5%	(83)	(80)	4.0%
Operating result	**249**	**268**	**(7.2)%**	**86**	**100**	**(14.1)%**
Net provisioning for impairment losses	(99)	(223)	(55.6)%	(28)	(21)	34.2%
Other results	(8)	18	–	(13)	(1)	>500.0%
Profit before tax	**142**	**64**	**122.2%**	**45**	**78**	**(41.8)%**
Income taxes	(38)	(22)	77.6%	(13)	(18)	(30.1)%
Profit after tax	**104**	**42**	**144.9%**	**33**	**60**	**(45.4)%**
Profit attributable to non-controlling interests	(10)	(6)	76.5%	(2)	(5)	(60.6)%
Profit after non-controlling interests	**94**	**37**	**155.1%**	**31**	**55**	**(43.9)%**
Share of profit before tax	9.9%	5.2%	4.7 PP	5.9%	10.1%	(4.2) PP
Risk-weighted assets (credit risk)	5,605	5,181	8.2%	5,605	5,330	5.2%
Total own funds requirement	541	500	8.1%	541	514	5.2%
Assets	6,758	6,846	(1.3)%	6,758	6,523	3.6%
Liabilities	5,793	5,890	(1.7)%	5,793	5,629	2.9%
Net interest margin	6.17%	7.29%	(1.11) PP	6.79%	6.10%	0.69 PP
NPL ratio	28.1%	24.5%	3.5 PP	28.1%	27.5%	0.5 PP
Coverage ratio	71.6%	73.8%	(2.2) PP	71.6%	72.9%	(1.3) PP
Cost/income ratio	49.9%	47.9%	2.0 PP	49.3%	44.5%	4.8 PP
Net provisioning ratio (average risk-weighted assets, credit risk)	2.38%	5.65%	(3.27) PP	2.02%	1.52%	0.50 PP
Average equity	713	661	7.9%	713	725	(1.7)%
Return on equity before tax	**26.6%**	**12.9%**	**13.7 PP**	**25.3%**	**42.3%**	**(17.0) PP**
Business outlets	1,014	1,030	(1.6)%	1,014	1,022	(0.8)%

Profit before tax for the CIS other segment rose during the reporting period by 122 per cent to € 142 million. This year-on-year improvement was entirely due to the decline in net provisioning for impairment losses, while operating income was 4 per cent down on the prior year's comparable period as a result of lower net interest income. The return on equity before tax increased by 13.7 percentage points to 26.6 per cent. Net income in the segment was affected by the unstable currency situation and the resulting sharp devaluation of the Belarusian rouble during the reporting period.

Operating income

Net interest income for the segment fell by 15 per cent or € 54 million to € 316 million. This was mainly brought about by a change in the method of calculating interest on impaired loans and advances that had been implemented in Ukraine in the fourth quarter of 2010, resulting in a one-off effect of around € 52 million year-on-year. However, this change did not affect the overall result, as it was offset by the corresponding reduction in impairment losses on loans and advances. Excluding this effect, net interest income in Ukraine remained unchanged. This flat development was due to the reduction in the loan portfolio and in margins on all asset classes except for the large customer business, as a result of the continuing difficult credit environment in Ukraine. Conversely, the higher earnings from the expanded portfolio of government bonds in Ukraine had a positive impact. Lower interest on customer deposits in Ukraine led to a reduction in funding costs. In Belarus, net interest income fell year-on-year, but remained the same in euros after adjusting for exchange differences.

The balance sheet assets for the segment decreased year-on-year by 1 per cent to € 6.8 billion, primarily due to weak growth in loans and advances in Ukraine. In addition, the currency depreciation in Belarus had a negative impact on balance sheet assets despite the growth in credit in local currency. The net interest margin in the segment fell by 1.11 percentage points overall to 6.17 per cent. 1.07 percentage points thereof can be attributed to the above-mentioned change in methodology in Ukraine, an effect that was further reinforced by the slight downtrend in margins. Credit risk-weighted assets increased by 8 per cent year-on-year to € 5.6 billion. This growth was due to the increase in fixed assets and higher sovereign exposure, the result of an expansion of the securities portfolio for investing excess liquidity.

Net fee and commission income remained almost unchanged on the previous year at € 131 million. The growth in income from payment transfer business, which generated an increase in income of 3 per cent or € 3 million to € 97 million, thus making the most important contribution to net fee and commission income, was due entirely to developments in Ukraine. This involved growth in both retail and corporate customers, due to an increase in customer activity, and a combination of rising numbers of accounts and transactions and higher prices. At € 25 million, income from the foreign currency, notes/coins and precious-metals business, was below the previous year's comparable period. This is the result of foreign currency loans still not being granted to private customers in Ukraine and the strong depreciation of the Belarusian rouble causing a decrease in foreign currency transactions. Net income from loan and guarantee business made an unchanged contribution of € 5 million to net fee and commission income.

Net trading income for the region rose to € 52 million mainly as a result of an increase in income from currency-based transactions in Belarus. Here, the valuation gain of € 52 million from strategic currency positions taken to hedge equity was clearly above the prior-year figure of € 2 million. The reason for this was the much stronger depreciation of the local currency against the euro of 92 per cent in the reporting period. Thereof, € 30 million was due to a US dollar position not accounted for on a hedge accounting basis on Group level. In Kazakhstan, on the other hand, valuation losses from a foreign currency position had a negative impact on the result. Income from interest-based transactions dropped in the region by € 5 million from the prior-year period to € 4 million. Net income from governmental fixed-interest securities and bonds was lower year-on-year due to mark-to-market valuation.

Other net operating income in the segment, consisting of a number of smaller items of income and expenses, improved from minus € 6 million in the prior-year period to minus € 1 million, mainly due to the release of other provisions that had been established for a now concluded litigation in connection with real estate in Ukraine.

General administrative expenses

General administrative expenses remained unchanged from the previous year's comparable period at € 248 million overall. Staff expenses were affected by the increase in the number of employees in Ukraine due to the increase in credit and customer activity and the establishment of a transaction service center, which provides numerous clearing and other services for the local network. Other administrative expenses decreased by € 6 million to € 87 million. This improvement was related to various expense items in all countries of the region. By contrast, depreciation, amortization and writedowns on tangible and intangible fixed assets rose, mainly due to IT investment in the new core bank system in Ukraine. As a result of the decline in operating income and unchanged general administrative expenses, the cost/income ratio rose by 2.0 percentage points to 49.9 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses in the region fell by 56 per cent from € 223 million to € 99 million. Net allocations to individual loan loss provisions declined by 51 per cent to € 104 million. This decline, attributable predominantly to Ukraine, included a decrease in net allocations to individual loan loss provisions of € 52 million arising from the already described change in the method of calculating interest on impaired loans. Loan loss provisions in Ukraine were also lower in all asset classes as a result of higher loan repayments and the general improvement in portfolio quality. Portfolio-based loan loss provisions produced a positive figure of € 6 million in the reporting period following a net € 12 million allocation in the same period last year. This improvement was based entirely on lower allocations to portfolio-based loan loss provisions in Ukraine where the underlying loan portfolio decreased and the quality of the portfolio improved. In Belarus, on the other hand, the difficult economic situation led to net allocations of € 23 million to corporate customer portfolio-based loan loss provisions. The proportion of non-performing loans in the total loan portfolio stood at 28.1 per cent, and continued to be the highest of all segments even though there were substantial regional differences (Belarus: 2.2 per cent, Ukraine: 33.9 per cent).

Other results and taxes

Other results fell by € 26 million from the prior-year period to minus € 8 million attributable mainly to the drop in net income from financial investments, which fell from € 18 million to minus € 8 million. Here, the valuation gains on the fixed-interest portfolio of Ukrainian government bonds at fair value decreased year-on-year due to wider spreads and rising yields.

Income taxes for the segment rose to € 38 million; the tax rate decreased by 7 percentage points to 27 per cent due to more favorable tax regulations introduced in Belarus in 2011.

Profit after non-controlling interests rose by 155 per cent to € 94 million.

Below is a detailed overview of the individual countries in this segment, whereby Kazakhstan is not listed as it is of minor significance:

Belarus

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	61	62	(1.9)%	19	21	(6.5)%
Net fee and commission income	36	40	(9.6)%	12	11	9.8%
Net trading income	47	6	>500.0%	6	36	(83.7)%
Other net operating income	0	0	–	0	0	–
Operating income	**144**	**109**	**32.1%**	**37**	**67**	**(45.0)%**
General administrative expenses	(43)	(47)	(8.6)%	(14)	(13)	6.3%
Operating result	**101**	**62**	**62.9%**	**23**	**55**	**(57.0)%**
Net provisioning for impairment losses	(21)	(6)	233.3%	(12)	3	–
Other results	0	0	–	0	0	–
Profit before tax	**80**	**56**	**44.0%**	**12**	**58**	**(79.6)%**
Income taxes	(20)	(17)	15.4%	(5)	(12)	(59.3)%
Profit after tax	**61**	**39**	**56.5%**	**7**	**46**	**(85.0)%**
Profit attributable to non-controlling interests	(8)	(5)	44.7%	(1)	(4)	(79.4)%
Profit after non-controlling interests	**53**	**33**	**58.4%**	**6**	**41**	**(85.6)%**
Assets	1,347	1,327	1.5%	1,347	1,282	5.0%
Loans and advances to customers	874	1,004	(12.9)%	874	911	(4.0)%
hereof corporate %	65.9%	54.7%	11.2 PP	65.9%	63.9%	2.0 PP
hereof retail %	34.1%	45.3%	(11.2) PP	34.1%	36.1%	(2.0) PP
hereof foreign currency %	58.4%	59.9%	(1.5) PP	58.4%	59.0%	(0.6) PP
Deposits from customers	754	740	1.9%	754	746	1.0%
Loan/deposit ratio	116.0%	135.7%	(19.7) PP	116.0%	122.1%	(6.1) PP
Return on equity before tax	66.6%	40.7%	25.9 PP	49.3%	160.4%	(111.1) PP
Return on equity after tax	50.5%	28.4%	22.1 PP	28.6%	126.7%	(98.1) PP
Cost/income ratio	29.8%	43.1%	(13.3) PP	36.6%	18.9%	17.7 PP
Number of employees as of reporting date	2,234	2,175	2.7%	2,234	2,220	0.6%
Business outlets	96	96	–	96	99	(3.0)%
Number of customers	797,017	843,542	(5.5)%	797,017	808,277	(1.4)%

Ukraine

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	251	304	(17.5)%	92	80	15.2%
Net fee and commission income	95	90	5.6%	35	31	11.8%
Net trading income	7	15	(51.4)%	2	1	126.2%
Other net operating income	(1)	(6)	(76.9)%	1	(1)	–
Operating income	**351**	**402**	**(12.7)%**	**130**	**112**	**16.8%**
General administrative expenses	(205)	(200)	2.7%	(69)	(67)	3.6%
Operating result	**146**	**203**	**(27.9)%**	**61**	**44**	**36.8%**
Net provisioning for impairment losse	(78)	(216)	(63.9)%	(16)	(24)	(33.3)%
Other results	(8)	18	–	(12)	(1)	>500.0%
Profit before tax	**60**	**6**	**>500.0%**	**33**	**20**	**65.0%**
Income taxes	(18)	(4)	310.0%	(8)	(6)	32.8%
Profit after tax	**42**	**1**	**>500.0%**	**25**	**14**	**77.9%**
Profit attributable to non-controlling interests	3	0	>500.0 %	1	2	(57.5)%
Profit after non-controlling interests	**46**	**2**	**>500.0%**	**26**	**17**	**58.4%**
Assets	5,341	5,446	(1.9)%	5,341	5,168	3.3%
Loans and advances to customers	4,158	4,308	(3.5)%	4,158	3,845	8.1%
hereof corporate %	49.9%	44.7%	5.2 PP	49.9%	47.5%	2.4 PP
hereof retail %	50.1%	55.3%	(5.2) PP	50.1%	52.5%	(2.4) PP
hereof foreign currency %	58.0%	66.5%	(8.5) PP	58.0%	62.5%	(4.5) PP
Deposits from customers	2,543	2,573	(1.1)%	2,543	2,519	1.0%
Loan/deposit ratio	163.5%	167.4%	(4.0) PP	163.5%	152.6%	10.8 PP
Return on equity before tax	10.6%	1.1%	9.5 PP	17.5%	10.7%	6.9 PP
Return on equity after tax	7.4%	0.2%	7.2 PP	13.5%	7.6%	5.9 PP
Cost/income ratio	58.4%	49.6%	8.7 PP	53.3%	60.1%	(6.8) PP
Number of employees as of reporting date	15,528	15,363	1.1%	15,528	15,467	0.4%
Business outlets	917	934	(1.8)%	917	922	(0.5)%
Number of customers	3,402,385	4,705,943	(27.7)%	3,402,385	3,389,355	0.4%

Group corporates

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	309	274	12.9%	110	103	7.5%
Net fee and commission income	132	115	14.1%	46	44	4.4%
Net trading income	8	13	(43.1)%	3	0	–
Other net operating income	4	1	348.2%	1	2	(31.9)%
Operating income	**452**	**403**	**12.1%**	**161**	**149**	**7.9%**
General administrative expenses	(102)	(102)	(0.2)%	(31)	(38)	(18.0)%
Operating result	**350**	**301**	**16.3%**	**129**	**111**	**16.9%**
Net provisioning for impairment losses	(36)	(70)	(48.5)%	(17)	(8)	105.1%
Other results	(6)	8	–	(6)	(2)	170.5%
Profit before tax	**308**	**239**	**28.9%**	**107**	**100**	**6.5%**
Income taxes	(63)	(56)	13.4%	(20)	(20)	(0.5)%
Profit after tax	**245**	**183**	**33.6%**	**87**	**80**	**8.2%**
Profit attributable to non-controlling interests	0	0	–	0	0	–
Profit after non-controlling interests	**245**	**183**	**33.5%**	**87**	**80**	**8.2%**
Share of profit before tax	21.4%	19.3%	2.1 PP	13.8%	16.1%	(2.3) PP
Risk-weighted assets (credit risk)	14,610	15,407	(5.2)%	14,610	15,383	(5.0)%
Total own funds requirement	1,229	1,277	(3.7)%	1,229	1,267	(3.0)%
Assets	21,596	23,457	(7.9)%	21,596	20,689	4.4%
Liabilities	15,056	14,150	6.4%	15,056	13,863	8.6%
Net interest margin	1.91%	1.62%	0.29 PP	2.08%	1.99%	0.09 PP
NPL ratio	3.6%	4.2%	(0.5) PP	3.6%	4.3%	(0.6) PP
Coverage ratio	75.5%	51.9%	23.6 PP	75.5%	69.0%	6.5 PP
Cost/income ratio	22.6%	25.4%	(2.8) PP	19.5%	25.6%	(6.1) PP
Net provisioning ratio (average risk-weighted assets, credit risk)	0.31%	0.57%	(0.25) PP	0.45%	0.21%	0.24 PP
Average equity	1,654	1,598	3.5%	1,654	1,728	(4.3)%
Return on equity before tax	**24.8%**	**19.9%**	**4.9 PP**	**25.3%**	**23.0%**	**2.3 PP**
Business outlets	8	8	–	8	8	–

Profit before tax for this segment rose by 29 per cent in the first three quarters of 2011 to € 308 million compared to the previous year's period. The robust business model led to higher operating income and lower net provisioning for impairment losses. The return on equity before tax improved by 4.9 percentage points to 24.8 per cent.

Operating income

Net interest income grew by 13 per cent or € 35 million to € 309 million. This growth was primarily due to an increase in the margins on asset-side business with Austrian and West European corporate customers of RBI AG, as low margin business was steadily replaced with more profitable lending business. Overall business volumes declined, however, due to the reticent demand for credit and the strong competitive pressure in corporate customer business. The branches in China and Malaysia increased their contribution to net interest income by expanding their business activities to € 68 million. Net interest income at the Maltese subsidiary was also up by € 7 million due to an increase in business volumes and improved margins. The net interest margin for the Group corporates segment rose 29 basis points to 1.91 per cent. Total assets contracted year-on-year by 8 per cent or € 1.9 billion to € 21.6 billion, partly due to the transfer of the funding for the Austrian Raiffeisen Leasing Group to RZB. Credit risk-weighted assets decreased by 5 per cent to € 14.6 billion. Despite the reduction in total exposure, there was an increase in the volume of approved credit lines at RBI AG.

Net fee and commission income rose by 14 per cent or € 17 million to € 132 million. At Group headquarters the increase resulted from stepping up sales of equity- and liquidity-saving products and investment banking products. Furthermore, export financing transactions posted an increase in income. The Group unit in the USA improved its net fee and commission income, mainly from loan and guarantee business, to € 13 million.

Net trading income declined virtually by half to € 8 million. This drop was largely confined to the profit centers at Group headquarters and was attributable to valuation gains on currency and interest-based transactions in a range of financial instruments.

General administrative expenses

At € 102 million, general administrative expenses in the segment remained virtually unchanged from the previous year's figure. The increase in unit costs at RBI AG was offset by the change in the allocation method for Group headquarters costs made in 2010. The segment consisted of eight business outlets at the end of the reporting period. The cost/income ratio improved by 2.8 percentage points to 22.6 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses fell from € 70 million to € 36 million. This decline was principally due to lower net allocations to individual loan loss provisions for loans and advances to corporate customers at Group headquarters, a result of the improved credit environment and a release of quite a large individual provision. RBI AG's branches in China and the Group unit in the USA also posted lower net provisioning for impairment losses. The share of non-performing loans in the loan portfolio was 3.6 per cent at the end of the reporting period and therefore relatively low compared with the other segments.

Other results and taxes

Other results fell year-on-year by € 14 million to minus € 6 million. This decline was primarily the result of mark-to-market valuations of various corporate bonds in the portfolio. Due to the deconsolidation of a leasing company for materiality reasons, the segment reported a net loss from disposal of group assets of € 1 million.

Income taxes increased by € 7 million year-on-year to € 63 million. The tax rate was down by 2 percentage points to 21 per cent, compared with the previous year's period, while profit after non-controlling interests rose by 34 per cent to € 245 million.

Group markets

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	171	212	(19.6)%	62	58	6.3%
Net fee and commission income	91	75	21.9%	26	34	(24.2)%
Net trading income	89	61	44.7%	(2)	20	–
Other net operating income	23	18	29.6%	7	9	(23.6)%
Operating income	**374**	**366**	**2.0%**	**93**	**122**	**(23.7)%**
General administrative expenses	(197)	(172)	14.7%	(71)	(65)	9.7%
Operating result	**176**	**194**	**(9.3)%**	**22**	**57**	**(61.5)%**
Net provisioning for impairment losses	(8)	(1)	>500.0%	1	(3)	–
Other results	(66)	(40)	66.2%	(113)	(4)	>500.0%
Profit/loss before tax	**102**	**153**	**(33.6)%**	**(90)**	**50**	**–**
Income taxes	(30)	(38)	(21.6)%	18	(12)	–
Profit/loss after tax	**72**	**116**	**(37.6)%**	**(72)**	**38**	**–**
Profit attributable to non-controlling interests	(1)	(1)	(6.4)%	0	0	(11.1)%
Profit/loss after non-controlling interests	**71**	**115**	**(37.8)%**	**(72)**	**37**	**–**
Share of profit before tax	7.1%	12.4%	(5.3) PP	(11.6)%	6.4%	(18.0) PP
Risk-weighted assets (credit risk)	5,835	5,967	(2.2)%	5,835	6,151	(5.1)%
Total own funds requirement	1,277	1,142	11.9%	1,277	996	28.3%
Assets	28,565	37,180	(23.2)%	28,565	24,578	16.2%
Liabilities	27,742	36,426	(23.8)%	27,742	22,802	21.7%
Net interest margin	0.83%	0.65%	0.18 PP	0.94%	0.87%	0.07 PP
NPL ratio[1]	10.2%	4.0%	6.3 PP	10.2%	1.2%	9.0 PP
Coverage ratio	88.0%	>100%	–	88.0%	87.7%	0.3 PP
Cost/income ratio	52.9%	47.0%	5.8 PP	76.3%	53.1%	23.2 PP
Net provisioning ratio (average risk-weighted assets, credit risk)	0.19%	0.01%	0.18 PP	(1.43)%	0.25%	(1.68) PP
Average equity	1,478	1,694	(12.7)%	1,881	1,403	34.1%
Return on equity before tax	**9.2%**	**12.1%**	**(2.9) PP**	**–**	**13.9%**	**12.2 PP**
Business outlets	4	4	–	4	4	–

[1] Due to the nature of the business the calculation of the NPL ratio in the Group markets is based on total loans.

Profit before tax in the Group markets segment fell during the reporting period by 34 per cent to € 102 million. The main reason for this result was significantly lower other net income as a result of the valuation of derivative financial instruments at a time when operating income remained stable year-on-year. The return on equity before tax fell by 2.9 percentage points to 9.2 per cent.

Operating income

Net interest income fell by 20 per cent year-on-year to € 171 million, primarily due to a reduction in holdings of European bank securities in the Capital markets head office profit center. Other factors contributing to this decline were maturities and redemptions in the high-quality security portfolio, which consists exclusively of securities with top ratings. The high-quality security portfolio generated income in the reporting period of € 67 million, compared to € 119 million in the prior-year period. The RBI AG investment portfolio has now been structured even more conservatively under the influence of the European debt crisis. The Financial institutions & sovereigns profit center posted a significant decline in business volume due to redemptions and selective transaction selection, which, in turn, led to lower net interest income.

Total assets in this segment fell by 23 per cent year-on-year to € 28.6 billion, due mainly to a reduction in credit business with financial institutions. As a result, loans and advances to banks at RBI AG fell by 9 per cent to € 33.5 billion. Another reason for the contraction in total assets was the gradual reclassification of some of the assets to the Corporate center segment in 2010. This reclassification occurred as part of an internal reorganization with the aim of separating Treasury activities from those of Capital markets. The net interest margin of the segment was up 18 basis points to 0.83 per cent. Credit risk-weighted assets decreased by 2 per cent from € 6.0 billion to € 5.8 billion. This development was also the result of transferring some of the volumes to the Corporate center segment. The statutory reserves held at the Austrian National Bank, which carry a very low weighting, were one of the items affected by this shift. In addition, there was also a decline in credit risk-weighted assets at the Capital markets profit center, caused by the reduction in money market and securities exposure to financial institutions, predominantly in the UK, Germany and the Netherlands. The Financial institutions & sovereigns profit center was generally affected by a contraction in business volumes during the period under review.

Net fee and commission income for the segment was up 22 per cent to € 91 million versus the prior-year period. The improved results from credit default swaps connected with increased hedging and trading activities, contributed to the year-on-year increase at the Capital markets profit center. Despite stagnation on the institutional market for new issues, the Financial institutions & sovereigns profit center reported a rise in income from issuing business in the Italian market and in net fee and commission income resulting from the successful placement of issues by Austrian banks. The private banking and asset management division of the subsidiary Kathrein & Co. Privatgeschäftsbank AG in Vienna continued to make a stable contribution from its securities business totaling € 13 million. The Mergers & Acquisitions business also increased its contribution to net fee and commission income to € 9 million, while net fee and commission income of Raiffeisen Centrobank Group also rose to € 16 million, partly generated by income from support provided to corporate customers with primary market transactions, though it was not possible to complete a number of transactions in view of the difficult situation on the financial markets.

Net trading income in the segment rose by 45 per cent to € 89 million in the period under review. Raiffeisen Centrobank made a substantial contribution to this with € 36 million (up 6 per cent) which consisted primarily of net income from valuation gains on certificates issued in the context of equity and index-based transactions and on structured bonds. At the Capital markets profit center, valuation gains of € 31 million came from proprietary trading in fixed-interest financial instruments as well as from structured products. Market-maker revenues from customer and proprietary trading in foreign currency and fixed income products also made a solid and stable contribution to results. A further € 22 million came from the Financial institutions & sovereigns profit center. Finally, income from bank note and coin trading improved to € 15 million. The valuation of capital guarantees given improved to minus € 14 million compared to minus € 34 million in the prior-year period.

Other net operating income showed a year-on-year increase of € 5 million to € 23 million. This includes higher income from the operations of Raiffeisen Centrobank Group, amounting to € 11 million, which was generated predominantly from commodity trading by the special companies in the USA and Switzerland. The commodity trading of F.J. Elsner Group contributed a further € 9 million to this figure.

General administrative expenses

General administrative expenses of the Group markets segment increased year-on-year by 15 per cent to € 197 million. This increase in costs resulted primarily from an IT system for derivative financial instruments which went into full service, as well as the introduction of an IT application in RBI AG's custody division. Furthermore, transportation costs rose due to the expansion of the bank note and coin trading business of RBI AG. A rise in business activities also led to a year-on-year increase in the unit costs passed on for the settlement business of Raiffeisen Service Center GmbH (RSC). The increase in the segment's general administrative expenses was mitigated somewhat by the change in the cost allocation at RBI AG that resulted from the merger in 2010. The segment consisted of four business outlets at the end of the period under review. Due to the rise in general administrative expenses, the cost/income ratio increased by 5.8 percentage points to 52.9 per cent.

Net provisioning for impairment losses

Net provisioning for impairment losses was € 8 million, confined entirely to the Financial institutions & sovereigns profit center and related to single financial institutions in Denmark and Bahrain. Non-performing loans made up 0.7 per cent of the segment's total credit exposure.

Other results and taxes

Other results fell during the period under review by 66 per cent to minus € 66 million. As in the prior-year period, net income from derivatives at the Capital markets head office profit center was negative, being generated from valuation losses on various interest hedging transactions that were mainly entered into as a hedge against risks associated with a decline in long-term interest rates. Net income from financial investments fell as a result of valuation losses on the securities portfolio and the CDS transactions concluded when risks were taken on from the Credit investments profit center. These were devalued due to high market fluctuations, especially in the third quarter.

By contrast, there was a year-on-year increase in income taxes to € 30 million. The segment's tax rate was 29 per cent, up 4 percentage points year-on-year, while profit after non-controlling interests fell by 38 per cent to € 71 million.

Corporate center

In € million	1/1-30/9 2011	1/1-30/9 2010	Change	Q3/2011	Q2/2011	Change
Net interest income	349	205	69.9%	31	258	(87.9)%
Net fee and commission income	(41)	(12)	229.8%	(20)	(9)	123.8%
Net trading income	49	38	29.5%	34	41	(16.7)%
Other net operating income	18	102	(82.1)%	3	27	(88.3)%
Operating income	**376**	**333**	**12.7%**	**49**	**317**	**(84.7)%**
General administrative expenses	(205)	(233)	(12.1)%	(69)	(67)	3.3%
Operating result	**171**	**101**	**70.2%**	**(20)**	**250**	**–**
Net provisioning for impairment losses	60	(5)	–	60	0	–
Other results	93	44	109.8%	83	36	132.9%
Profit before tax	**324**	**140**	**132.2%**	**123**	**286**	**(57.0)%**
Income taxes	23	95	(76.0)%	(2)	4	–
Profit after tax	**347**	**235**	**47.7%**	**120**	**289**	**(58.4)%**
Profit attributable to non-controlling interests	(1)	(1)	43.5%	2	(3)	–
Profit after non-controlling interests	**346**	**234**	**47.7%**	**123**	**287**	**(57.2)%**
Share of profit before tax	22.6%	11.3%	11.3 PP	15.9%	37.0%	(21.1) PP
Risk-weighted assets (credit risk)	17,687	19,203	(7.9)%	17,687	15,876	11.4%
Total own funds requirement	1,510	1,574	(4.0)%	1,510	1,355	11.4%
Assets	52,695	40,655	29.6%	52,695	45,956	14.7%
Liabilities	52,527	46,102	13.9%	52,527	53,397	(1.6)%
Net interest margin	1.07%	0.73%	0.34 PP	0.25%	2.35%	(2.10) PP
NPL ratio	–	–	–	–	–	–
Coverage ratio	–	–	–	–	–	–
Cost/income ratio	54.5%	69.8%	(15.4) PP	142.1%	21.1%	121.0 PP
Net provisioning ratio (average risk-weighted assets, credit risk)	(0.47)%	0.05%	(0.52) PP	(1.43)%	0.00%	(1.43) PP
Average equity	1,881	2,147	(12.4)%	1,881	1,877	0.2%
Return on equity before tax	**23.0%**	**8.7%**	**14.3 PP**	**26.1%**	**–**	**–**
Business outlets	1	1	–	1	1	–

In the Corporate center segment, profit before tax was € 324 million. The € 185 million increase year-on-year was primarily attributable to higher operating income and other results. The return on equity before tax rose by 14.3 percentage points to 23.0 per cent.

Operating income

Net interest income rose by 70 per cent to € 349 million, mainly due to an increase in dividend income from Group subsidiaries in other segments. Income was negatively affected by a management-related net interest loss by the Treasury profit center at Group headquarters. The costs for own issues rose here because issues with lower premiums from the years before the financial crisis matured and were replaced with new issues. At the same time, a longer-term liquidity reserve was built up, resulting in rising interest expenses. In contrast, income from internal financing by the Group head office decreased slightly compared to the prior-year period. The € 23 million in costs for RBI AG's subordinated capital are reported under this segment.

The total assets in the Corporate center segment rose by 30 per cent year-on-year to € 52.7 billion. However, this development was distorted by one-time effects due to the reorganization described previously in the Group markets segment report by means of which the Treasury division was transferred from the Group markets segment to the Corporate center segment in 2010. Credit risk-weighted assets decreased – despite the significant rise in segment assets – by 8 per cent to € 17.7 billion. This was mainly the result of the low weighting given to the restructured total assets.

Net fee and commission income fell year-on-year from minus € 12 million to minus € 41 million, mainly due to commission payments by Group headquarters for country risk insurance in connection with financing abroad.

Net trading income for the Corporate center segment rose by 30 per cent to € 49 million. This increase was due primarily to the Group head office Treasury department, and resulted from liquidity management and proprietary trading in the context of balance sheet structure management. Other contributory factors were valuations on various foreign currency and interest-related financial instruments held for hedging purposes.

Other net operating income amounted to € 18 million versus € 102 million in the prior-year period. This deterioration was mainly attributable to other taxes, which were predominantly impacted by the newly introduced special bank levy in Austria that resulted in an expense of € 62 million in the period under review. As in the prior-year period, income from the Raiffeisen Data Service Center in Vienna, which provides mainly treasury services, made a positive contribution to income of € 20 million.

General administrative expenses

General administrative expenses fell by 12 per cent or € 28 million to € 205 million. They were positively impacted by the change in the cost allocation for Group headquarters in 2010 and by the better allocation and elimination of business transactions within the individual segments. The only business outlet recognized in this segment is Group headquarters.

Net provisioning for impairment losses

Net provisioning for impairment losses generally played a minor role due to the intra-group nature of the segment's business activities. There was, however, a release of provisions for impairment losses of over € 60 million, largely due to the conversion of a loan into an equity participation. Because of the simultaneous amortization of this equity participation, it had no effect on the segment's overall results.

Other results and taxes

Other results doubled year-on-year to € 93 million. Net income from financial investments included in this figure decreased from € 61 million to minus € 78 million due to valuation losses on the securities portfolio, whereas net income from derivatives turned around from minus € 24 million to € 172 million. This improvement was caused by net valuations on hedging transactions for own issues, which resulted from the favorable positioning of RBI AG with regard to rising short-term interest rates. Due to the deconsolidation of a holding company for materiality reasons, the segment reported a net loss from disposal of group assets of € 1 million.

Income taxes made a positive contribution of € 23 million. This was primarily attributable to the high dividend income in this segment that is not included in the basis of taxation.

Profit after non-controlling interests rose by 48 per cent to € 346 million.

Business divisions

RBI is divided into the following business divisions:

- Corporate customers
- Retail customers
- Financial institutions & public sector
- Capital markets & treasury
- Participations & other

Corporate customers comprises business with local and international medium and large-scale enterprises. The Financial institutions & public sector division focuses on business with customers from the financial and public sectors. Retail customers includes business with private individual customers as well as with small and medium-sized enterprises (SMEs) with annual revenues up to a maximum of € 5 million. Capital markets & treasury covers Treasury proprietary trading as well as investment banking which is undertaken only in certain Group units. Participations & other encompasses non-bank-specific activities as well as the administration of participations. It also includes other cross-division functions, particularly in the parent company RBI AG.

Overview of business divisions

1/1-30/9/2011 In € million	Corporate customers	Retail customers	Financial institutions & public sector	Capital markets & treasury	Participations & other	Total
Net interest income	964	1,228	241	107	184	2,724
Net fee and commission income	409	617	104	3	(9)	1,125
Net trading income	10	3	42	255	(17)	293
Other net operating income	(2)	(11)	(12)	(30)	13	(42)
Operating income	**1,381**	**1,837**	**375**	**334**	**171**	**4,099**
General administrative expenses	(458)	(1,327)	(171)	(142)	(189)	(2,287)
Operating result	**923**	**510**	**204**	**193**	**(18)**	**1,813**
Net provisioning for impairment losses	(309)	(489)	(43)	0	60	(782)
Other results	(4)	2	(24)	18	9	1
Profit before tax	**610**	**23**	**137**	**211**	**51**	**1,032**
Risk-weighted assets (credit risk)	41,562	17,574	9,786	8,784	2,727	80,433
Total own funds requirement	3,594	1,762	856	1,613	243	8,068
Cost/income ratio	33.1%	72.2%	45.6%	42.4%	110.3%	55.8%
Average equity	5,048	2,420	1,184	1,108	331	10,091
Return on equity before tax	**16.1%**	**1.3%**	**15.4%**	**25.4%**	**20.4%**	**13.6%**

1/1-30/9/2010 In € million	Corporate customers	Retail customers	Financial institutions & public sector	Capital markets & treasury	Participations & other	Total
Net interest income	940	1,255	236	124	152	2,707
Net fee and commission income	377	618	117	0	(25)	1,088
Net trading income	22	1	30	237	(32)	258
Other net operating income	16	(19)	(3)	(2)	3	(5)
Operating income	**1,356**	**1,856**	**380**	**359**	**99**	**4,049**
General administrative expenses	(425)	(1,265)	(149)	(118)	(196)	(2,153)
Operating result	**931**	**590**	**231**	**241**	**(97)**	**1,897**
Net provisioning for impairment losses	(407)	(498)	(8)	0	(1)	(913)
Other results	10	7	9	6	(18)	14
Profit/loss before tax	**534**	**99**	**232**	**247**	**(116)**	**997**
Risk-weighted assets (credit risk)	35,684	16,279	7,138	8,629	2,780	70,510
Total own funds requirement	3,099	1,636	639	1,470	260	7,104
Cost/income ratio	31.3%	68.2%	39.1%	32.8%	197.9%	53.2%
Average equity	4,522	2,288	1,149	1,049	446	9,455
Return on equity before tax	**15.8%**	**5.8%**	**27.0%**	**31.4%**	**(34.5)%**	**14.1%**

Corporate customers

The Corporate customers division posted a sharp increase in net income in the period under review, based in particular on the performance of RBI AG and the trend in Russia. Profit before tax grew by 14 per cent to € 610 million, due primarily to a reduction in net provisioning for impairment losses from € 407 million to € 309 million and to an increase in operating income. All regions in which the division operates contributed to this increase. The strongest growth was reported in Russia where, despite heavy competition, net income more than doubled. With its national key accounts and Group-wide services in international corporate banking business, RBI AG succeeded in posting a significant increase in net income.

The strongest growth driver was the new corporate banking strategy for marketing capital and funding light products which was implemented at the beginning of the fourth quarter of 2010. Furthermore, structured M&A and project financing reported measurable improvements in Group-wide income.

Operating income grew from € 1,356 million to € 1,381 million, an increase of 2 per cent year-on-year. Growth in net interest income totaled 3 per cent and was attributable to higher business volumes, primarily involving large customers in Russia. There was an increase in net interest income at RBI AG from large customers, due to higher margins on lending business. Net fee and commission income rose by 9 per cent to € 409 million – mainly ascribable to the business performance of RBI AG, which made the largest contribution thanks to increased sales of the above mentioned capital and funding light products. Other net operating income, by contrast, remained stable year-on-year.

General administrative expenses rose by 8 per cent to € 458 million due to increased staff and IT expenses at RBI AG and in Russia. The cost/income ratio rose by 1.8 percentage points to 33.1 per cent, a result of the stronger increase in general administrative expenses in relation to operating income.

Other results turned from € 10 million to minus € 4 million due to lower net valuation gains on securities at RBI AG.

Credit risk-weighted assets rose by 16.5 per cent year-on-year to € 41.6 billion. The main reasons for this increase were the higher volumes in Russia and the use of higher default probabilities from the fourth quarter of 2010 onwards.

Return on equity before tax in the Corporate customers division rose as a result of growth in profit before tax by 0.3 percentage points to 16.1 per cent.

Retail customers

In the third quarter, the Retail customers division continued to be affected by the consequences of the financial crisis. It was nevertheless possible to detect a positive trend with both private individual customers and small and medium-sized enterprises. Higher lending volumes for private individual customers and a steadily growing volume of customer deposits created stability. The direct bank ZUNO, founded in 2010, brought in just under € 0.6 billion in private customer deposits in the first three quarters. The retail customer portfolio performed well in Russia and the Czech Republic, leading to an improvement in the loan/deposit ratio.

Profit before tax in the Retail customers division fell by 77 per cent to € 23 million. This development was primarily due to net provisioning for impairment losses in Hungary.

The division's operating income fell year-on-year to € 1,837 million. Net interest income remained on a par with the previous year at € 1,228 million, being negatively affected by the change in the method of calculating interest on impaired loans in the Ukraine. At € 617 million, net fee and commission income – to which Romania made the largest contribution – was marginally down year-on-year. A positive performance in operating leasing resulted in other net operating income improving to minus € 11 million.

General administrative expenses in the division rose by 5 per cent to € 1,327 million in the reporting period, due to the expansion of business outlets and infrastructure, salary adjustments in some markets and higher social security costs in Russia and Slovakia. The cost/income ratio therefore increased by 4 percentage points to 72.2 per cent.

Net provisioning for impairment losses declined slightly by 2 per cent to € 489 million. The largest net provisioning for impairment losses – primarily to individual loan loss provisions – was recorded in Hungary, Romania and the Czech Republic, while significantly lower year-on-year provisions had to be formed in other markets.

Credit risk-weighted assets rose due to volume-related factors by 8 per cent year-on-year to € 17.6 billion, mainly due to increases in the Czech Republic and Russia.

The return on equity before tax decreased to 1.3 per cent as a result of the lower profit before tax.

Financial institutions & public sector

In the third quarter, the Financial institutions & public sector division was affected by the increasing uncertainty on international, in particular European, financial markets. This was caused by the debt restructuring rumors concerning Greece and the increasing pressure on other Southern European countries due to their difficult financial situation.

Profit before tax in the Financial institutions & public sector business division dropped by 41 per cent to € 137 million. The main reasons for this were higher net provisioning for impairment losses and lower other results, in particular lower net valuations of securities at RBI AG and in Hungary.

At € 375 million, operating income remained slightly below the figure for the previous year. Net interest income rose by 2 per cent to € 241 million, while net fee and commission income decreased by 11 per cent. Burdened by the bank levies in Austria and Hungary, other net operating income deteriorated from minus € 3 million to minus € 12 million year-on-year.

General administrative expenses were up 15 per cent to € 171 million, due almost exclusively to cost increases at Group headquarters. The cost/income ratio therefore rose by 6.5 percentage points to 45.6 per cent.

Other results turned year-on-year from € 9 million to minus € 24 million, mainly due to a negative valuation result for municipal bonds in Hungary.

Despite a reduction in exposure, the division's credit risk-weighted assets rose by 37 per cent to € 9.8 billion, primarily as a result of rating migrations and the use of higher default probabilities in analyzing the loan portfolio.

The division's return on equity before tax fell on the back of lower profit before tax by 11.6 percentage points to 15.4 per cent.

Capital markets & treasury

In the first three quarters of 2011, the Capital markets & treasury business division posted a pre-tax profit of € 211 million and was thereby 15 per cent beneath the previous year's comparable figure. This was due to lower operating income and higher general administrative expenses. The development of proprietary trading at RBI AG and the addition of new issues to expand the investment portfolio had a generally positive effect on operating income, although this was lower year-on-year.

The division's operating income declined by 7 per cent year-on-year to € 334 million. Net interest income also finished short of the prior-year figure at € 107 million, mainly due to lower income from the partially matured high-quality portfolio at Group headquarters. By contrast, net fee and commission income rose to € 3 million and net trading income increased by 7 per cent to € 255 million. The largest contribution came from Russia, followed by RBI AG. Other net operating income was severely affected by the bank levies in Austria and Hungary, and, as a result, fell from minus € 2 million to minus € 30 million year-on-year.

General administrative expenses increased year-on-year by 20 per cent to € 142 million due to higher IT expenses and salary adjustments. The division's cost/income ratio consequently rose by 9.6 percentage points to 42.4 per cent.

Other results rose year-on-year from € 6 million to € 18 million. This improvement was attributable to an increase in hedging activity at Group headquarters, which led to higher valuation gains on various derivative financial instruments.

The total own funds requirement went up by 10 per cent to € 1,613 million, mainly due to higher liquidity investments and increases in the own funds requirement for market risk and open foreign currency positions.

The division's return on equity before tax fell to 25.4 per cent.

Participations & other

The Participations & other business division posted a net profit before tax of € 51 million. Net interest income was up 21 per cent year-on-year to € 184 million. This takes into account the imputed results from the investment of equity.

Net fee and commission income rose year-on-year by € 16 million to minus € 9 million.

Other net operating income was positively influenced by results from the non-banking activities of Raiffeisen Centrobank and Raiffeisen Daten Service Center GmbH and increased from € 3 million to € 13 million.

Participations & other also includes the costs of central Group management, which increased year-on-year as a result of a change in the RBI AG cost allocation. According to internal guidelines, these costs remain in this division and are not fully assigned to other divisions.

Interim consolidated financial statements

(Interim report as of 30 September 2011)

Statement of comprehensive income

Income statement

In € million	Notes	1/1-30/9 2011	1/1-30/9 2010	Change
Interest income		4,857	4,898	(0.8)%
Current income from associates		0	(1)	–
Interest expenses		(2,133)	(2,190)	(2.6)%
Net interest income	**[2]**	**2,724**	**2,707**	**0.6%**
Net provisioning for impairment losses	[3]	(782)	(913)	(14.4)%
Net interest income after provisioning		**1,942**	**1,794**	**8.3%**
Fee and commission income		1,352	1,281	5.5%
Fee and commission expense		(228)	(193)	17.9%
Net fee and commission income	**[4]**	**1,125**	**1,088**	**3.3%**
Net trading income	[5]	293	258	13.5%
Net income from derivatives and designated liabilities	[6]	149	(127)	–
Net income from financial investments	[7]	(146)	136	–
General administrative expenses	[8]	(2,287)	(2,153)	6.2%
Other net operating income	[9]	(42)	(5)	>500.0%
Net income from disposal of group assets		(3)	5	–
Profit before tax		**1,032**	**997**	**3.5%**
Income taxes	[10]	(272)	(144)	88.6%
Profit after tax		**760**	**853**	**(10.9)%**
Profit attributable to non-controlling interests		(14)	(70)	(79.5)%
Consolidated profit		**745**	**783**	**(4.8)%**

Transition to total comprehensive income

In € million	Total 1/1-30/9 2011	Total 1/1-30/9 2010	Group equity 1/1-30/9 2011	Group equity 1/1-30/9 2010	Non-controlling interests 1/1-30/9 2011	Non-controlling interests 1/1-30/9 2010
Profit after tax	**760**	**853**	**745**	**783**	**14**	**70**
Exchange differences	(350)	126	(327)	110	(23)	15
hereof unrealized net gains (losses) of the period	(327)	0	(327)	0	0	0
Capital hedge	15	(14)	15	(14)	0	0
Net gains (losses) on derivatives hedging fluctuating cash flows	(46)	103	(46)	103	0	0
hereof net gains (losses) reclassified to income statement	(46)	0	(46)	0	0	0
Net gains (losses) on financial assets available-for-sale	(8)	11	(8)	11	0	0
hereof unrealized net gains (losses) of the period	(2)	0	(2)	0	0	0
hereof net gains (losses) reclassified to income statement	(5)	0	(5)	0	0	0
Sundry income and expenses directly recognized in equity	10	(12)	10	(12)	0	0
Other comprehensive income	**(379)**	**214**	**(356)**	**199**	**(23)**	**15**
Total comprehensive income	**380**	**1,067**	**389**	**982**	**(9)**	**85**

Earnings per share

In €	1/1-30/9/2011	1/1-30/9/2010	Change
Earnings per share	3.06	3.25	(0.19)

Earnings per share are obtained by dividing consolidated profit less compensation for participation capital by the average number of ordinary shares outstanding. As of 30 September 2011, the number of ordinary shares oustanding remained unchanged with 194.5 million.

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

Profit development

Quarterly results

The figures for 2010 represent the figures according to the structure of RBI, whereas the figures for 2009 are those of Raiffeisen International.

In € million	Q4/2010	Q1/2011	Q2/2011	Q3/2011
Net interest income	871	884	897	943
Net provisioning for impairment losses	(281)	(208)	(197)	(377)
Net interest income after provisioning	**590**	**676**	**700**	**566**
Net fee and commission income	403	357	380	388
Net trading income	70	123	133	37
Net income from derivatives and designated liabilities	43	3	38	108
Net income from financial investments	1	25	(13)	(158)
General administrative expenses	(827)	(753)	(761)	(772)
Other net operating income	11	(24)	(3)	(15)
Net income from disposal of group assets	0	(3)	0	0
Profit before tax	**290**	**405**	**474**	**153**
Income taxes	34	(100)	(101)	(71)
Profit after tax	**324**	**305**	**372**	**82**
Profit attributable to non-controlling interests	(20)	(35)	(27)	48
Consolidated profit	**304**	**270**	**345**	**130**

In € million	Q4/2009	Q1/2010	Q2/2010	Q3/2010
Net interest income	712	859	921	927
Net provisioning for impairment losses	(373)	(325)	(283)	(306)
Net interest income after provisioning	**339**	**534**	**639**	**621**
Net fee and commission income	317	337	378	373
Net trading income	40	126	66	66
Net income from derivatives and designated liabilities	3	(45)	(86)	5
Net income from financial investments	(2)	141	(88)	84
General administrative expenses	(592)	(700)	(725)	(728)
Other net operating income	(23)	(5)	3	(3)
Net income from disposal of group assets	0	5	0	0
Profit before tax	**81**	**392**	**187**	**418**
Income taxes	(10)	(33)	(31)	(80)
Profit after tax	**71**	**359**	**157**	**337**
Profit attributable to non-controlling interests	(15)	(25)	(18)	(26)
Consolidated profit	**57**	**334**	**138**	**311**

Statement of financial position

Assets In € million	Notes	30/9/2011	31/12/2010	Change
Cash reserve		7,534	4,807	56.7%
Loans and advances to banks	[12, 33]	28,376	21,532	31.8%
Loans and advances to customers	[13, 33]	81,321	75,657	7.5%
Impairment losses on loans and advances	[14]	(5,052)	(4,756)	6.2%
Trading assets	[15, 33]	11,109	8,068	37.7%
Derivatives	[16, 33]	1,273	1,488	(14.4)%
Financial investments	[17, 33]	18,847	19,631	(4.0)%
Investments in associates	[33]	5	5	(0.8)%
Intangible fixed assets	[18]	1,192	1,220	(2.3)%
Tangible fixed assets	[19]	1,427	1,454	(1.8)%
Other assets	[20, 33]	2,336	2,067	13.0%
Total assets		**148,368**	**131,173**	**13.1%**

Equity and liabilities In € million	Notes	30/9/2011	31/12/2010	Change
Deposits from banks	[21, 33]	37,607	33,659	11.7%
Deposits from customers	[22, 33]	68,936	57,633	19.6%
Debt securities issued	[23, 33]	15,161	16,555	(8.4)%
Provisions for liabilities and charges	[24, 33]	725	672	7.9%
Trading liabilities	[25, 33]	9,265	5,742	61.4%
Derivatives	[26, 33]	798	1,264	(36.8)%
Other liabilities	[27, 33]	1,437	1,243	15.5%
Subordinated capital	[28]	4,091	4,001	2.3%
Equity	[29]	10,348	10,404	(0.5)%
Consolidated equity		8,550	8,251	3.6%
Consolidated profit		745	1,087	(31.4)%
Non-controlling interests		1,052	1,066	(1.3)%
Total equity and liabilities		**148,368**	**131,173**	**13.1%**

Statement of changes in equity

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2011	**593**	**2,500**	**2,568**	**2,590**	**1,087**	**1,066**	**10,404**
Capital increases	0	0	0	0	0	54	54
Transferred to retained earnings	0	0	0	683	(683)	0	0
Dividend payments	0	0	0	0	(404)	(58)	(463)
Total comprehensive income	0	0	0	(356)	745	(9)	380
Own shares/share incentive program	0	0	3	0	0	0	3
Other changes	0	0	0	(30)	0	(1)	(31)
Equity as of 30/9/2011	**593**	**2,500**	**2,571**	**2,886**	**745**	**1,052**	**10,348**

In € million	Subscribed capital	Participation capital	Capital reserves	Retained earnings	Consolidated profit	Non-controlling interests	Total
Equity as of 1/1/2010	**593**	**2,500**	**2,567**	**2,452**	**212**	**1,000**	**9,325**
Capital increases	0	0	0	0	0	4	4
Transferred to retained earnings	0	200	0	12	(212)	0	0
Dividend payments	0	(200)	0	(135)	0	(47)	(382)
Total comprehensive income	0	0	0	199	783	85	1,067
Own shares/share incentive program	0	0	0	0	0	0	0
Other changes	0	0	0	44	0	(5)	39
Equity as of 30/9/2010	**593**	**2,500**	**2,567**	**2,572**	**783**	**1,038**	**10,054**

Statement of cash flows

In € million	1/1-30/9/2011	1/1-30/9/2010
Cash and cash equivalents at the end of previous period	**4,807**	**6,093**
Effects due to the merger	0	1,914
Net cash from operating activities	3,131	(3,357)
Net cash from investing activities	184	(470)
Net cash from financing activities	(318)	(554)
Effect of exchange rate changes	(270)	4
Cash and cash equivalents at the end of period	**7,534**	**3,630**

Segment reporting

Internal management reporting at RBI is based on the current organizational structure. This is formed in a matrix structure i.e. directors are responsible both for individual countries and specific business activities ("country and functional responsibility" model). Within the Group, a cash generating unit is either a country or a business activity. The RBI management bodies – the Managing board and Supervisory board – take decisions that determine the resources allocated to each segment in accordance with its financial strength and profitability. Consequently the reporting criteria are an essential component in the decision-making process. The segments are also defined in accordance with IFRS 8. The reconciliation implies mainly the amounts from the elemination of intra-group results and consolidation between the segments.

The Group comprises the following segments:

- Central Europe
- Southeastern Europe
- Russia
- CIS other
- Group corporates
- Group markets
- Corporate center

1/1-30/9/2011 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group corporates
Net interest income	848	689	432	316	309
Net fee and commission income	368	272	174	131	132
Net trading income	30	26	37	52	8
Other net operating income	(29)	28	(3)	(1)	4
Operating income	**1,218**	**1,016**	**640**	**498**	**452**
General administrative expenses	(708)	(554)	(335)	(248)	(102)
Operating result	**509**	**462**	**305**	**249**	**350**
Net provisioning for impairment losses	(484)	(194)	(21)	(99)	(36)
Other results	(12)	(8)	3	(8)	(6)
Profit/loss before tax	**13**	**260**	**287**	**142**	**308**
Income taxes	(55)	(31)	(76)	(38)	(63)
Profit/loss after tax	**(42)**	**229**	**210**	**104**	**245**
Profit attributable to non-controlling interests	6	(12)	0	(10)	0
Profit/loss after non-controlling interests	**(36)**	**217**	**210**	**94**	**245**

Share of profit before tax	0.9%	18.1%	20.0%	9.9%	21.4%
Risk-weighted assets (credit risk)	23,862	16,515	11,331	5,605	14,610
Total own funds requirement	2,153	1,550	1,098	541	1,229
Assets	35,608	22,630	13,975	6,758	21,596
Liabilities	32,884	19,695	12,078	5,793	15,056
Net interest margin	3.24%	4.08%	4.44%	6.17%	1.91%
NPL ratio	9.1%	10.3%	5.9%	28.1%	3.6%
Coverage ratio	63.3%	62.9%	107.3%	71.6%	75.5%
Cost/income ratio	58.2%	54.6%	52.4%	49.9%	22.6%
Net provisioning ratio (average risk-weighted assets, credit risk)	2.76%	1.56%	0.29%	2.38%	0.31%
Average equity	2,774	2,018	1,259	713	1,654
Return on equity before tax	**0.6%**	**17.2%**	**30.3%**	**26.6%**	**24.8%**
Business outlets	561	1,153	192	1,014	8

1/1-30/9/2011 In € million	Group markets	Corporate center	Reconciliation	Total
Net interest income	171	349	(390)	2,724
Net fee and commission income	91	(41)	(3)	1,125
Net trading income	89	49	1	293
Other net operating income	23	18	(82)	(42)
Operating income	**374**	**376**	**(473)**	**4,099**
General administrative expenses	(197)	(205)	64	(2,287)
Operating result	**176**	**171**	**(409)**	**1,813**
Net provisioning for impairment losses	(8)	60	0	(782)
Other results	(66)	93	5	1
Profit/loss before tax	**102**	**324**	**(404)**	**1,032**
Income taxes	(30)	23	(1)	(272)
Profit/loss after tax	**72**	**347**	**(405)**	**760**
Profit attributable to non-controlling interests	(1)	(1)	4	(14)
Profit/loss after non-controlling interests	**71**	**346**	**(402)**	**745**

Share of profit before tax	7.1%	22.6%	–	100.0%
Risk-weighted assets (credit risk)	5,835	17,687	(15,011)	80,433
Total own funds requirement	1,277	1,510	(1,290)	8,068
Assets	28,565	52,695	(33,460)	148,368
Liabilities	27,742	52,527	(27,756)	138,020
Net interest margin	0.83%	1.07%	–	2.61%
NPL ratio	10.2%	–	–	8.4%
Coverage ratio	88.0%	–	–	70.5%
Cost/income ratio	52.9%	54.5%	–	55.8%
Net provisioning ratio (average risk-weighted assets, credit risk)	0.19%	(0.47)%	–	1.36%
Average equity	1,478	1,881	(1,687)	10,091
Return on equity before tax	**9.2%**	**23.0%**	**–**	**13.6%**
Business outlets	4	1	–	2,933

1/1-30/9/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group corporates
Net interest income	814	673	381	370	274
Net fee and commission income	345	287	155	130	115
Net trading income	15	44	59	21	13
Other net operating income	(44)	29	(14)	(6)	1
Operating income	**1,130**	**1,034**	**581**	**516**	**403**
General administrative expenses	(637)	(543)	(302)	(247)	(102)
Operating result	**493**	**491**	**279**	**268**	**301**
Net provisioning for impairment losses	(305)	(227)	(83)	(223)	(70)
Other results	6	(1)	(13)	18	8
Profit before tax	**194**	**263**	**184**	**64**	**239**
Income taxes	(44)	(35)	(46)	(22)	(56)
Profit after tax	**150**	**228**	**138**	**42**	**183**
Profit attributable to non-controlling interests	(43)	(16)	0	(6)	0
Profit after non-controlling interests	**106**	**212**	**138**	**37**	**183**
Share of profit before tax	15.7%	21.3%	14.9%	5.2%	19.3%
Risk-weighted assets (credit risk)	22,482	15,818	8,442	5,181	15,407
Total own funds requirement	2,056	1,473	897	500	1,277
Assets	33,471	22,435	12,013	6,846	23,457
Liabilities	30,736	19,618	10,229	5,890	14,150
Net interest margin	3.23%	3.89%	4.14%	7.29%	1.62%
NPL ratio	8.0%	7.5%	11.2%	24.5%	4.2%
Coverage ratio	56.5%	66.9%	86.6%	73.8%	51.9%
Cost/income ratio	56.4%	52.5%	52.0%	47.9%	25.4%
Net provisioning ratio (average risk-weighted assets, credit risk)	1.87%	1.88%	1.40%	5.65%	0.57%
Average equity	2,594	1,954	1,079	661	1,598
Return on equity before tax	**10.0%**	**17.9%**	**22.7%**	**12.9%**	**19.9%**
Business outlets	551	1,171	199	1,030	8

1/1-30/9/2010 In € million	Group markets	Corporate center	Reconciliation	Total
Net interest income	212	205	(223)	2,707
Net fee and commission income	75	(12)	(7)	1,088
Net trading income	61	38	6	258
Other net operating income	18	102	(90)	(5)
Operating income	**366**	**333**	**(314)**	**4,049**
General administrative expenses	(172)	(233)	84	(2,153)
Operating result	**194**	**101**	**(230)**	**1,897**
Net provisioning for impairment losses	(1)	(5)	0	(913)
Other results	(40)	44	(9)	14
Profit/loss before tax	**153**	**140**	**(239)**	**997**
Income taxes	(38)	95	0	(144)
Profit/loss after tax	**116**	**235**	**(239)**	**853**
Profit attributable to non-controlling interests	(1)	(1)	(3)	(70)
Profit/loss after non-controlling interests	**115**	**234**	**(242)**	**783**
Share of profit before tax	12.4%	11.3%	–	100.0%
Risk-weighted assets (credit risk)	5,967	19,203	(21,988)	70,510
Total own funds requirement	1,142	1,574	(1,815)	7,104
Assets	37,180	40,655	(32,979)	143,079
Liabilities	36,426	46,102	(30,128)	133,024
Net interest margin	0.65%	0.73%	–	2.48%
NPL ratio	4.0%	–	–	8.8%
Coverage ratio	>100%	–	–	64.0%
Cost/income ratio	47.0%	69.8%	–	53.2%
Net provisioning ratio (average risk-weighted assets, credit risk)	0.01%	0.05%	–	1.69%
Average equity	1,694	2,147	(2,271)	9,455
Return on equity before tax	**12.1%**	**8.7%**	**–**	**14.1%**
Business outlets	4	1	–	2,964

Notes

Recognition and measurement principles

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

The interim report as of 30 September 2011 is prepared in accordance with IAS 34. In the interim reporting, the same recognition and measurement principles and consolidation methods are applied as in the preparation of the consolidated financial statements 2010 (compare annual report 2010, page 150 ff.). Standards and interpretations to be applied in the EU as from 1 January 2011 on were applied in this interim report.

From the second quarter 2011 onwards, RBI has started to use portfolio fair value hedge accounting to hedge interest rate risk at the portfolio level. Individual transactions or groups of transactions with a similar risk structure are grouped by maturity bands in accordance with the expected repayment and interest adjustment dates in a portfolio. Portfolios can consist solely of assets or of liabilities or of both. In this type of hedge accounting the changes in fair value of the underlying transactions are recognized on both sides of the balance sheet as a separate asset and liability item. The hedged amount of the underlying transactions is determined in the consolidated financial statements exclusive of sight or savings deposits (therefore the EU carve-out regulations are not utilized).

Credit risk is accounted for by allocating individual loan loss provisions and portfolio-based loan loss provisions. The valuation models applied require an estimate of expected future cash flows. For porfolio-based loan loss provisions this is done based on loss experience history for the loans in the respective loan portfolio whereby the parameters inherent in the relevant estimates are subject to compatibility with existing group standards. These estimates are adapted if by doing this an improvement within the existing framework can be achieved. However, inter-annual impacts on income statement due to such refinings may also offset each other and are immaterial on group level.

In the previous year the corporate customer business and all associated equity participations of Raiffeisen Zentralbank were merged with Raiffeisen International into Raiffeisen Bank International. The comparable figures in this report represent the figures based on the structure of Raiffeisen Bank International according to the retrospective implementation of the merger as of 1 January 2010.

The interim report for the third quarter 2011 of RBI did not undergo a complete audit, neither did it undergo an audit inspection carried out by a certified auditor (framework prime market of the Vienna Stock Exchange).

Currencies

Rates in units per €	2011		2010	
	As of 30/9	Average as of 1/1-30/9	As of 31/12	Average as of 1/1-30/9
Albanian lek (ALL)	140.950	140.606	138.770	137.849
Belarusian rouble (BYR)	7,638.160	5,741.360	3,972.600	3,923.652
Bosnian marka (BAM)	1.956	1.956	1.956	1.956
Great Britain pound (GBP)	0.867	0.875	0.861	0.859
Bulgarian lev (BGN)	1.956	1.956	1.956	1.956
Kazakh tenge (KZT)	201.720	206.009	195.230	195.443
Croatian kuna (HRK)	7.500	7.424	7.383	7.268
Moldovan leu (MDL)	16.225	16.528	16.105	16.524
Lithuanian litas (LTL)	3.453	3.453	3.453	3.453
Polish zloty (PLN)	4.405	4.032	3.975	4.014
Romanian leu (RON)	4.358	4.213	4.262	4.202
Russian rouble (RUB)	43.350	40.778	40.820	40.129
Swedish krona (SEK)	9.258	8.998	8.966	9.667
Swiss franc (CHF)	1.217	1.237	1.250	1.400
Serbian dinar (RSD)	101.173	102.088	105.498	101.762
Singapore dollar (SGD)	1.759	1.760	1.714	1.832
Czech koruna (CZK)	24.754	24.435	25.061	25.506
Turkish lira (TRY)	2.510	2.297	2.069	2.016
Ukrainian hryvnia (UAH)	10.855	11.195	10.573	10.518
Hungarian forint (HUF)	292.550	272.022	277.950	275.462
US dollar (USD)	1.350	1.410	1.336	1.327

Changes in consolidated group

Number of units	Fully consolidated		Equity method	
	30/9/2011	31/12/2010	30/9/2011	31/12/2010
As of beginning of period	**132**	**135**	**1**	**1**
Included in the course of merger	0	38	0	0
Included for the first time in the financial period	5	6	0	0
Excluded in the financial period	(5)	(47)	0	0
As of end of period	**132**	**132**	**1**	**1**

In the reporting period, the following subsidiaries were included as of 1 January 2011 for the first time: RIRE Holding GmbH, Vienna, a real estate holding company and OOO „R3“ Novosibirsk, a real estate management company. The real estate leasing company Viktor Property, s.r.o., Prague, was included for the first time as of 1 April 2011. In July 2011 Raiffeisen Investment Financial Advisory Services Ltd. Co., Istanbul, an investment company, was included. The real estate leasing company S.C. PLUSFINANCE ESTATE 1 S.R.L., Bucarest was integrated for the first time as of September 2011. In the reporting period, 5 subsidiaries were excluded as of 1 January 2011due to immateriality.

Notes to the income statement

(1) Income statement according to measurement categories

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

In € million	1/1-30/9/2011	1/1-30/9/2010
Net income from financial assets and liabilities held-for-trading	484	308
Net income from financial assets and liabilities at fair value through profit or loss	210	215
Net income from financial assets available-for-sale	(44)	11
Net income from loans and advances	3,255	3,111
Net income from financial assets held-to-maturity	345	348
Net income from financial liabilities measured at acquisition cost	(2,125)	(2,100)
Net income from derivatives (hedging)	2	(9)
Net revaluations from exchange differences	111	179
Other operating income/expenses	(1,207)	(1,065)
Total profit before tax from continuing operations	**1,032**	**997**

(2) Net interest income

In € million	1/1-30/9/2011	1/1-30/9/2010
Interest and interest-like income, total	**4,857**	**4,898**
Interest income	4,814	4,875
from balances at central banks	44	70
from loans and advances to banks	336	391
from loans and advances to customers	3,473	3,475
from financial investments	591	539
from leasing claims	164	166
from derivative financial instruments (non-trading), net	206	234
Current income	16	11
Interest-like income	27	13
Current income from associates	**0**	**(1)**
Interest expenses and interest-like expenses, total	**(2,133)**	**(2,190)**
Interest expenses	(2,103)	(2,156)
on deposits from central banks	(8)	(1)
on deposits from banks	(479)	(570)
on deposits from customers	(984)	(975)
on debt securities issued	(465)	(462)
on subordinated capital	(166)	(149)
Interest-like expenses	(30)	(34)
Total	**2,724**	**2,707**

(3) Net provisioning for impairment losses

In € million	1/1-30/9/2011	1/1-30/9/2010
Individual loan loss provisions	**(687)**	**(934)**
Allocation to provisions for impairment losses	(1,121)	(1,326)
Release of provisions for impairment losses	438	410
Direct write-downs	(55)	(53)
Income received on written-down claims	51	34
Portfolio-based loan loss provisions	**(101)**	**19**
Allocation to provisions for impairment losses	(385)	(303)
Release of provisions for impairment losses	285	322
Gains from loan termination or sale	**6**	**2**
Total	**(782)**	**(913)**

(4) Net fee and commission income

In € million	1/1-30/9/2011	1/1-30/9/2010
Payment transfer business	453	439
Loan and guarantee business	221	206
Securities business	93	95
Foreign currency, notes/coins, and precious-metals business	242	242
Management of investment and pension funds	20	19
Sale of own and third party products	32	32
Credit derivatives business	2	5
Other banking services	62	50
Total	**1,125**	**1,088**

(5) Net trading income

In € million	1/1-30/9/2011	1/1-30/9/2010
Interest-based transactions	141	221
Currency-based transactions	163	86
Equity-/index-based transactions	(4)	(10)
Credit derivatives business	4	1
Other transactions	(11)	(40)
Total	**293**	**258**

The refinancing expenses for trading assets which are included in the net trading income amounted to € 74 million (comparable period: € 62 million).

(6) Net income from derivatives and designated liabilities

In € million	1/1-30/9/2011	1/1-30/9/2010
Net income from hedge accounting	5	(2)
Net income from credit derivatives	16	0
Net income from other derivatives	77	(13)
Net income from liabilities designated at fair value	51	(113)
Total	**149**	**(127)**

(7) Net income from financial investments

In € million	1/1-30/9/2011	1/1-30/9/2010
Net income from financial investments held-to-maturity	**(2)**	**6**
Net valuations of financial investments held-to-maturity	(2)	2
Net proceeds from sales of financial investments held-to-maturity	0	4
Net income from equity participations	**(58)**	**3**
Net valuations of equity participations	(66)	(2)
Net proceeds from sales of equity participations	8	4
Net income from securities at fair value through profit and loss	**(86)**	**128**
Net valuations of securities at fair value through profit and loss	(96)	88
Net proceeds from sales of securities at fair value through profit and loss	10	39
Total	**(146)**	**136**

(8) General administrative expenses

In € million	1/1-30/9/2011	1/1-30/9/2010
Staff expenses	(1,141)	(1,057)
Other administrative expenses	(884)	(853)
Depreciation of intangible and tangible fixed assets	(262)	(243)
Total	**(2,287)**	**(2,153)**

(9) Other net operating income

In € million	1/1-30/9/2011	1/1-30/9/2010
Sales revenues from non-banking activities	683	575
Expenses arising from non-banking activities	(652)	(553)
Net income from additional leasing services	63	66
Expenses from additional leasing services	(65)	(64)
Rental income from operating lease (vehicles and equipment)	29	28
Rental income from investment property incl. operating lease (real estate)	16	7
Net proceeds from disposal of tangible and intangible fixed assets	(5)	(5)
Other taxes	(119)	(67)
hereof special bank levies	(95)	(31)
Impairment of goodwill	(3)	0
Net expense from allocation and release of other provisions	(1)	(7)
Sundry operating income	43	38
Sundry operating expenses	(31)	(24)
Total	**(42)**	**(5)**

(10) Income taxes

In € million	1/1-30/9/2011	1/1-30/9/2010
Current income taxes	(245)	(220)
Austria	(23)	(19)
Foreign	(222)	(201)
Deferred taxes	(27)	76
Total	**(272)**	**(144)**

Notes to the statement of financial position

(11) Statement of financial position according to measurement categories

The following table shows the carrying amounts according to IAS 39 measurement categories:

Assets according to measurement categories In € million	30/9/2011	31/12/2010
Trading assets	11,948	8,631
Financial assets at fair value through profit or loss	7,786	8,070
Financial assets available-for-sale	428	394
Investments in associates	5	5
Loans and advances	114,474	99,268
Financial assets held-to-maturity	10,674	11,207
Derivatives (hedging)	434	925
Other assets	2,619	2,673
Total assets	**148,368**	**131,173**

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

Equity and liabilities according to measurement categories In € million	**30/9/2011**	**31/12/2010**
Trading liabilities	10,010	6,528
Financial liabilities	124,824	110,535
Liabilities at fair value through profit and loss	2,408	2,557
Derivatives (hedging)	53	477
Provisions for liabilities and charges	725	672
Equity	10,348	10,404
Total equity and liabilities	**148,368**	**131,173**

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

(12) Loans and advances to banks

In € million	**30/9/2011**	**31/12/2010**
Giro and clearing business	3,767	1,517
Money market business	19,961	14,789
Loans to banks	3,386	3,766
Purchased loans	121	34
Leasing claims	1	1
Claims evidenced by paper	1,141	1,425
Total	**28,376**	**21,532**

Loans and advances to banks include € 4,224 million (31/12/2010: € 1,457 million) from repo transactions.

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

In € million	**30/9/2011**	**31/12/2010**
Austria	14,592	10,794
Foreign	13,784	10,738
Total	**28,376**	**21,532**

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

In € million	**30/9/2011**	**31/12/2010**
Central banks	1,914	1,484
Commercial banks	26,447	20,038
Multilateral development banks	15	10
Total	**28,376**	**21,532**

The maturities of loans and advances to banks break down as follows:

In € million	30/9/2011	31/12/2010
Due at call or without maturity	4,519	2,370
Up to 3 months	18,183	14,035
More than 3 months, up to 1 year	2,409	2,005
More than 1 year, up to 5 years	2,221	2,266
More than 5 years	1,044	856
Total	**28,376**	**21,532**

(13) Loans and advances to customers

In € million	30/9/2011	31/12/2010
Credit business	53,734	48,764
Money market business	5,160	5,000
Mortgage loans	17,514	16,888
Purchased loans	1,323	1,139
Leasing claims	3,036	3,109
Claims evidenced by paper	554	757
Total	**81,321**	**75,657**

Loans and advances to customers include € 1,994 million (31/12/2010: € 111 million) from repo transactions.

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

In € million	30/9/2011	31/12/2010
Sovereigns	1,344	1,493
Corporate customers – large	54,761	49,201
Corporate customers – small business	3,817	3,829
Retail customers – private individuals	19,008	18,549
Retail customers – small and medium-sized entities	2,329	2,441
Other	63	144
Total	**81,321**	**75,657**

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

In € million	30/9/2011	31/12/2010
Austria	7,766	7,914
Foreign	73,554	67,743
Total	**81,321**	**75,657**

The maturities of loans and advances to customers break down as follows:

In € million	30/9/2011	31/12/2010
Due at call or without maturity	7,866	6,844
Up to 3 months	15,367	12,583
More than 3 months, up to 1 year	13,335	13,704
More than 1 year, up to 5 years	28,278	26,393
More than 5 years	16,475	16,133
Total	**81,321**	**75,657**

(14) Impairment losses on loans and advances

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

In € million	30/9/2011	31/12/2010
Banks	241	255
Sovereigns	36	1
Corporate customers – large	2,522	2,432
Corporate customers – small business	426	407
Retail customers – private individuals	1,581	1,418
Retail customers – small and medium-sized entities	247	243
Total	**5,052**	**4,756**

Loans and advances and loan loss provisions according to Basel II asset classes are shown in the following table:

30/9/2011 In € million	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	Portfolio-based provisions	Net carrying amount
Banks	28,317	28,376	265	222	19	28,135
Sovereigns	1,258	1,344	43	36	0	1,309
Corporate customers – large	51,697	54,824	3,817	2,054	468	52,302
Corporate customers – small business	3,433	3,817	678	393	33	3,391
Retail customers – private individuals	18,102	19,008	2,006	1,257	324	17,426
Retail customers – small and medium-sized entities	2,194	2,329	343	214	33	2,082
Total	**105,002**	**109,697**	**7,153**	**4,176**	**877**	**104,644**

31/12/2010 In € million	Fair value	Carrying amount	Individually impaired assets	Individual loan loss provisions	Portfolio-based provisions	Net carrying amount
Banks	21,270	21,532	271	237	18	21,277
Sovereigns	1,405	1,493	12	1	0	1,492
Corporate customers – large	46,229	49,345	3,598	2,026	406	46,913
Corporate customers – small business	3,469	3,829	670	376	32	3,421
Retail customers – private individuals	17,918	18,549	1,789	1,115	302	17,131
Retail customers – small and medium-sized entities	2,379	2,441	320	193	50	2,198
Total	**92,670**	**97,189**	**6,661**	**3,947**	**809**	**92,434**

(15) Trading assets

In € million	30/9/2011	31/12/2010
Bonds, notes and other fixed-interest securities	3,742	4,013
Shares and other variable-yield securities	262	430
Positive fair values of derivative financial instruments	7,086	3,625
Call/time deposits from trading purposes	19	0
Total	**11,109**	**8,068**

(16) Derivatives

In € million	30/9/2011	31/12/2010
Positive fair values of derivatives in fair value hedges (IAS 39)	391	361
Positive fair values of derivatives in cash flow hedges (IAS 39)	43	565
Positive fair values of credit derivatives	69	9
Positive fair values of other derivatives	770	553
Total	**1,273**	**1,488**

(17) Financial investments

In € million	30/9/2011	31/12/2010
Bonds, notes and other fixed-interest securities	18,170	18,957
Shares and other variable-yield securities	249	280
Equity participations	428	394
Total	**18,847**	**19,631**

(18) Intangible fixed assets

In € million	30/9/2011	31/12/2010
Goodwill	585	614
Software	483	480
Other intangible fixed assets	124	126
Total	**1,192**	**1,220**

(19) Tangible fixed assets

In € million	30/9/2011	31/12/2010
Land and buildings used by the Group for own purpose	535	554
Other land and buildings (investment property)	164	113
Office furniture, equipment and other tangible fixed assets	433	507
Leased assets (operating lease)	295	280
Total	**1,427**	**1,454**

(20) Other assets

In € million	30/9/2011	31/12/2010
Tax assets	496	494
Current tax assets	60	31
Deferred tax assets	436	463
Receivables arising from non-banking activities	97	140
Prepayments and other deferrals	298	263
Clearing claims from securities and payment transfer business	724	356
Lease in progress	69	83
Assets held for sale (IFRS 5)	6	5
Inventories	127	147
Re-/Devaluation of portfolio-hedged underlyings	6	0
Any other business	512	579
Total	**2,336**	**2,067**

(21) Deposits from banks

In € million	30/9/2011	31/12/2010
Giro and clearing business	3,485	2,326
Money market business	24,928	21,168
Long-term refinancing	9,194	10,165
Total	**37,607**	**33,659**

Deposits from banks include € 2,268 million (31/12/2010: € 4,977 million) from repo transactions.

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

In € million	30/9/2011	31/12/2010
Austria	19,955	16,046
Foreign	17,652	17,613
Total	**37,607**	**33,659**

The deposits break down into the following bank segments:

In € million	30/9/2011	31/12/2010
Central banks	709	1,399
Commercial banks	35,352	30,948
Multilateral development banks	1,547	1,311
Total	**37,607**	**33,659**

The maturities of deposits from banks break down as follows:

In € million	30/9/2011	31/12/2010
Due at call or without maturity	3,374	2,161
Up to 3 months	19,529	14,809
More than 3 months, up to 1 year	3,840	6,291
More than 1 year, up to 5 years	8,560	7,954
More than 5 years	2,304	2,444
Total	**37,607**	**33,659**

(22) Deposits from customers

In € million	30/9/2011	31/12/2010
Sight deposits	27,100	23,781
Time deposits	40,565	32,382
Savings deposits	1,272	1,470
Total	**68,936**	**57,633**

Deposits from customers include € 4,814 million (31/12/2010: € 1,343 million) from repo transactions.

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

In € million	30/9/2011	31/12/2010
Sovereigns	1,515	1,723
Corporate customers – large	36,609	26,924
Corporate customers – small business	2,370	2,489
Retail customers – private individuals	24,169	22,123
Retail customers – small and medium-sized entities	3,512	3,673
Other	761	702
Total	**68,936**	**57,633**

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

In € million	30/9/2011	31/12/2010
Austria	6,497	5,719
Foreign	62,439	51,914
Total	**68,936**	**57,633**

The maturities of deposits from customers break down as follows:

In € million	30/9/2011	31/12/2010
Due at call or without maturity	26,421	24,396
Up to 3 months	23,017	19,402
More than 3 months, up to 1 year	13,321	8,648
More than 1 year, up to 5 years	3,953	3,116
More than 5 years	2,224	2,071
Total	**68,936**	**57,633**

(23) Debt securities issued

In € million	30/9/2011	31/12/2010
Bonds and notes issued	13,229	15,917
Money market instruments issued	1,227	0
Other debt securities issued	706	638
Total	**15,161**	**16,555**

The maturities of debt securities issued break down as follows:

In € million	30/9/2011	31/12/2010
Due at call or without maturity	0	0
Up to 3 months	3,008	1,638
More than 3 months, up to 1 year	4,334	4,958
More than 1 year, up to 5 years	7,637	9,134
More than 5 years	182	825
Total	**15,161**	**16,555**

(24) Provisions for liabilities and charges

In € million	30/9/2011	31/12/2010
Severance payments	63	61
Retirement benefits	14	14
Taxes	123	107
Contingent liabilities and commitments	189	132
Pending legal issues	94	108
Overdue vacation	47	50
Bonus payments	141	148
Restructuring	3	5
Other	50	47
Total	**725**	**672**

(25) Trading liabilities

In € million	30/9/2011	31/12/2010
Negative fair values of derivative financial instruments	**7,974**	**4,531**
Interest-based transactions	5,824	3,019
Currency-based transactions	1,357	923
Equity-/index-based transactions	709	526
Credit derivatives business	66	44
Other transactions	17	19
Short-selling of trading assets	**509**	**426**
Call/time deposits from trading purposes	**5**	**0**
Certificates issued	**777**	**785**
Total	**9,265**	**5,742**

(26) Derivatives

In € million	30/9/2011	31/12/2010
Negative fair values of derivatives in fair value hedges (IAS 39)	44	24
Negative fair values of derivatives in cash flow hedges (IAS 39)	9	453
Negative fair values of credit derivatives	17	18
Negative fair values of derivative financial instruments	728	769
Total	**798**	**1,264**

(27) Other liabilities

In € million	30/9/2011	31/12/2010
Liabilities from non-banking activities	115	114
Accruals and deferred items	204	190
Liabilities from dividends	1	1
Clearing claims from securities and payment transfer business	663	405
Re-/Devaluation of portfolio-hedged underlyings	21	0
Any other business	432	533
Total	**1,437**	**1,243**

(28) Subordinated capital

In € million	30/9/2011	31/12/2010
Hybrid tier 1 capital	813	819
Subordinated liabilities	2,647	2,576
Supplementary capital	632	606
Total	**4,091**	**4,001**

(29) Equity

In € million	30/9/2011	31/12/2010
Consolidated equity	8,550	8,251
Subscribed capital	593	593
Participation capital	2,500	2,500
Capital reserves	2,571	2,568
Retained earnings	2,886	2,590
Consolidated profit	701	1,087
Non-controlling interests	1,097	1,066
Total	**10,348**	**10,404**

The subscribed capital of RBI AG as defined by the articles of incorporation amounted to € 595 million. After deduction of 943,771own shares, the stated subscribed capital totaled € 593 million.

(30) Risk report

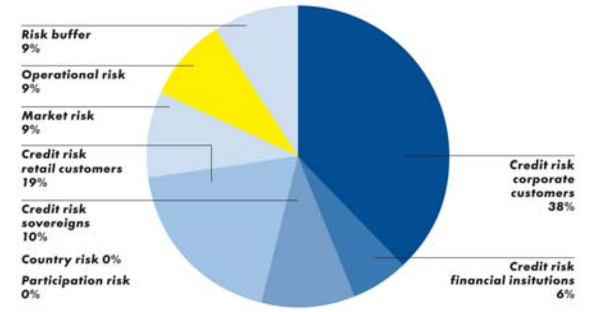
Active risk management is one of the core competencies of RBI. In order to effectively identify, measure, and manage risks the Group has implemented a comprehensive risk management system in the past and continues to develop it. Risk management constitutes an integrated part of overall bank management. In particular, in addition to legal and regulatory requirements, it takes into account the nature, scale, and complexity of the business activities and the resulting risks. Risk management in RBI controls the exposure to and ensures professional management of all material risks.

The principles and organization of risk management are disclosed in the relevant chapters of the annual report for 2010.

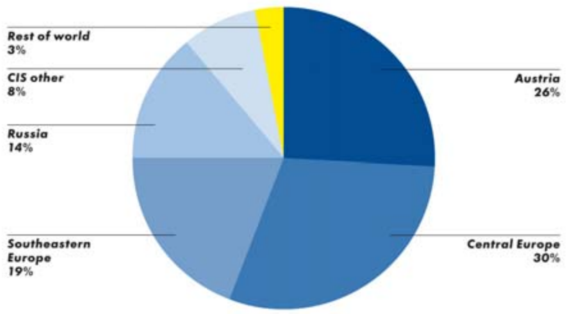
Economic capital

Economic capital constitutes an important instrument in overall bank risk management. It sets the internal capital requirement for all risk categories being measured based on comparable internal models and thus allows for an aggregated view of the Group's risk profile. Economic capital has thus become an important instrument in overall bank risk management. It is used for making risk-adjusted business decisions and in performance measurement. For this purpose, a business unit's profit is set in relation to economic capital attributed to the unit (return on risk-adjusted capital, RoRAC). The share of individual risk types in total economic capital is shown below.

Risk contribution of individual risk types to economic capital as of 30/9/2011



Regional allocation of economic capital according to booking unit



In comparison to 31 December 2010, credit risk coming from large corporate customers accounts for an increased share in economic capital. Along with other causes this is due to the rise in credit exposure in this asset class. In contrast, the credit risk of retail customers has decreased due to the improved recognition of diversification effects of retail exposures across different countries and lower expected default probabilities and losses given default in these portfolios. All in all credit risk accounts for 74 per cent of economic capital. Since the beginning of 2011 no additional economic capital has been charged for country risk (transfer risk) as this risk is correctly passed on via internal interest rates (funds transfer pricing) to the credit or deposit businesses responsible for it.

In the regional breakdown as of 30 September 2011 the largest share (30 per cent) of economic capital is allocated to Group units in Central Europe. The second largest share is allocated to Group units in Austria where in particular the head office contributes significantly to the overall risk position due to centralized functions (e.g. capital- and liquidity management) and the corporate lending business.

Credit risk

Credit risk within RBI stems mainly from default risks that arise from business with retail and corporate customers, other banks and sovereign borrowers. In addition, migration risks (caused by deteriorations in customers' creditworthiness), concentration risks of creditors, risks in credit risk mitigation techniques, and country risks are also considered.

Reconciliation of figures from IFRS consolidated financial statements to total credit exposure (according to Basel II)

Risk management is based on the credit exposure. The following table translates items of the statement of financial position (banking and trading book positions) into the maximum credit exposure. It includes exposures on and off the statement of financial position before the application of credit-conversion factors and thus represents the maximum credit exposure. It is not reduced by the effects of credit risk mitigation for example guarantees and physical collateral, effects that are, however, considered in the internal assessment of credit risks. The maximum credit exposure is used – if not explicitly stated otherwise – for showing exposures in all subsequent charts in the risk report. The main reasons for the deviation between the figures of internal portfolio-management and external accounting are different consolidation scopes (regulatory definition of credit institution group versus definition according IFRS rules), different criteria for loan volume definition and different valuation methods.

In € million	30/9/2011	31/12/2010[1]
Loans and advances to banks	28,376	21,532
Loans and advances to customers	81,321	75,657
Trading assets	11,109	8,068
Derivatives	1,273	1,488
Financial investments	18,170	19,247
Other assets	204	227
Contingent liabilities	12,131	11,856
Commitments	12,517	11,756
Revocable credit lines	14,969	11,992
Reconciliation	5,855	6,491
Total	**185,954**	**168,314**

[1] Adaption of previous year figures due to different allocation.

A more detailed credit portfolio analysis is based on individual customer ratings. Rating models in the main non-retail asset classes – corporates, financial institutions, and sovereigns – provided rank creditworthiness in ten classes. The default probabilities assigned to individual rating grades are, however, estimated for each asset class separately. In other words, the default probability of the same ordinal rating grade (e.g. financial institutions A3 and sovereigns A3) is not the same for these asset classes.

Corporates

The internal rating model for corporates takes into account qualitative factors as well as several business and performance figures (e.g. interest cover, EBT margin, EBITDA margin, equity ratio, return on assets, debt amortization period), which are tailored to the various industries and financial reporting standards and ensure accuracy.

The following table provides a breakdown of the maximum credit exposure according to the internal rating of corporates. The figures shown below refer to the credit exposure: for the overall assessment of credit risk collaterals must also be taken into account.

In € million		30/9/2011	Share	31/12/2010	Share
0.5	Minimal Risk	1,231	1.4%	1,171	1.4%
1.0	Excellent credit standing	8,111	9.0%	7,643	9.4%
1.5	Very good credit standing	8,827	9.8%	7,729	9.6%
2.0	Good credit standing	12,408	13.8%	9,960	12.3%
2.5	Sound credit standing	14,598	16.3%	11,206	13.8%
3.0	Acceptable credit standing	14,125	15.7%	12,314	15.2%
3.5	Marginal credit standing	13,663	15.2%	13,183	16.3%
4.0	Weak credit standing/sub-standard	7,483	8.3%	7,664	9.5%
4.5	Very weak credit standing/doubtful	3,822	4.3%	4,282	5.3%
5.0	Default	4,378	4.9%	4,287	5.3%
NR	Not rated	1,068	1.2%	1,472	1.8%
Total		**89,714**	**100%**	**80,911**	**100.0%**

It should be noticed that the economic rating shown in the table above shows a borrower-specific but not transaction-specific view.

The total corporate exposure increased by € 8,803 million compared with year end 2010. The growth in the segments Group corporates, Central Europe and Russia compensated decreasing exposure in the CIS other segment. The main reasons for this decreasing exposure were on the one hand the restrictive granting of new loans in Ukraine and on the other hand, the price development of foreign currencies, especially the devaluation of the Belarusian and Russian rouble.

Based on the exposure per rating grade there is a general improvement in average creditworthiness. The share in total loans of the medium rating classes 2.0 to 3.0 increased due to new loan business and credit lines as well as improved ratings by 4.5 percentage points to 45.8 per cent. In comparison to the year end 2010 this is an absolute increase of € 7,651 million. While in rating class 2.0 mainly segments Central Europe and Group markets show a rise, half of the increase in rating class 2.5 is caused by new credit lines in Russia. In rating class 3.0 the exposure increased in segment Group corporates. Comparing absolute values the lower ratings remained unchanged compared to the first quarter of 2011, the relative share, however, decreased by 3.9 percentage points to 29 per cent.

The share of credit exposure in default (rating 5.0) decreased by 0.4 percentage points. The part of the credit exposure at default was highest in the segments CIS other, Central Europe and Group corporates. Nevertheless the changes in the business year developed differently and while defaulted exposure declined in Russia, it gained in Southeastern Europe and CIS other.

The following table provides a breakdown by country of risk of the maximum credit exposure for corporate customers structured by regions:

In € million	30/9/2011	Share	31/12/2010	Share
Central Europe	19,446	21.7%	18,469	23.0%
Western Europe	12,130	13.5%	10,965	13.6%
Southeastern Europe	11,915	13.3%	11,467	14.0%
Russia	12,806	14.3%	9,719	12.0%
Austria	17,573	19.6%	16,346	20.2%
CIS other	4,497	5.0%	4,325	5.3%
Asia	7,775	8.7%	5,690	7.0%
Other	3,598	4.0%	3,931	4.9%
Total	**89,714**	**100.0%**	**80,911**	**100.0%**

The table below provides a breakdown of the maximum credit exposure for corporates and project finance selected by industries:

In € million	30/9/2011	Share	31/12/2010	Share
Wholesale and retail trade	22,880	23.7%	20,892	24.0%
Manufacturing	21,082	21.8%	19,553	22.4%
Real estate	9,798	10.2%	12,387	14.2%
Financial intermediation	8,821	9.1%	6,833	7.8%
Construction	7,568	7.8%	4,907	5.6%
Transport, storage and communication	3,796	3.9%	4,799	5.5%
Other industries	22,540	23.4%	17,739	20.4%
Total	**96,485**	**100.0%**	**87,110**	**100.0%**

The rating model for project finance has five different grades and considers borrower specific as well as transaction specific characteristics. The exposure from project finance is shown in the table below:

In € million		30/9/2011	Share	31/12/2010	Share
6.1	Excellent project risk profile – very low risk	2,756	40.7%	2,460	39.7%
6.2	Good project risk profile – low risk	2,468	36.4%	2,035	32.8%
6.3	Acceptable project risk profile – average risk	795	11.7%	912	14.7%
6.4	Poor project risk profile – high risk	406	6.0%	370	6.0%
6.5	Default	339	5.0%	365	5.9%
NR	Not rated	7	0.1%	57	0.9%
Total		**6,771**	**100.0%**	**6,199**	**100.0%**

The credit exposure in project finance rose by 9 per cent compared to the year end 2010. The continuous rise in project finance can be mainly explained by the reclassification of customers, whose credit standing was originally evaluated based on the rating model for corporates. The most significant changes took place in rating classes 6.1 and 6.2, with an increase, compared to the year end 2010, of € 296 million in rating 6.1, mainly in the Group Corporates segment, and of € 433 million in rating 6.2, mainly in the Central Europe segment. Due to the high level of collateralization in specialized lending transactions the ratings are accordingly good.

Retail customers

Retail customers are subdivided into private individuals and small and medium-sized entities (SMEs). For retail customers a two-fold scoring system is used – consisting of the initial and ad-hoc scoring based on customer data and behavioral scoring based on account data. The table below provides a breakdown of the maximum retail credit exposure:

In € million	30/9/2011	Share	31/12/2010	Share
Retail – Private individuals	20,379	88.6%	20,301	88.3%
Retail – SME	2,618	11.4%	2,687	11.7%
Total	**22,997**	**100.0%**	**22,989**	**100.0%**
hereof non-performing loans	2,481	10.8%	2,399	10.4%
hereof individual loan loss provision	1,471	6.4%	1,308	5.7%
hereof portfolio based loan loss provision	357	1.6%	353	1.5%

The total credit exposure of retail customers breaks down by segments as follows:

30/9/2011 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group markets
Retail – Private individuals	9,852	6,146	2,574	1,714	12
Retail – SME	1,587	835	22	151	103
Total	**11,439**	**6,982**	**2,596**	**1,865**	**115**
hereof non-performing loans	973	584	208	710	4
hereof individual loan loss provision	444	379	177	467	4
hereof portfolio based loan loss provision	237	79	9	32	0

31/12/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group markets
Retail – Private individuals	9,794	6,293	2,093	2,062	10
Retail – SME	1,673	802	20	191	0
Total	**11,467**	**7,095**	**2,113**	**2,253**	**10**
hereof non-performing loans	919	544	212	718	0
hereof individual loan loss provision	332	347	178	445	0
hereof portfolio based loan loss provision	199	101	9	45	0

In the first nine months of 2011, the total credit exposure to retail customers remained unchanged at € 22,997 million. Declines occurred above all in the segments Southeastern Europe and CIS other. The drop in CIS other was partly currency-based (the exchange rate of the Belarusian rouble devaluated strongly in the second quarter quarter compared to the euro). In the Southeastern Europe countries the drop was mostly due to a reduced credit demand. Growth was observed in Central Europe, Russia and Group markets segments.

In the table below the retail exposure selected by products is shown:

In € million	30/9/2011	Share	31/12/2010	Share
Mortgage loans	11,836	51%	11,309	49%
Personal loans	5,074	22%	5,218	23%
Car loans	1,912	8%	2,056	9%
Credit cards	1,900	8%	1,635	7%
Overdraft	1,789	8%	1,923	8%
SME Financing	487	2%	848	4%
Total	**22,997**	**100%**	**22,989**	**100%**

The share of foreign currency loans in retail portfolios provides an indication of potential change in default rates if the exchange rate of the domestic currency changes. The internal risk assessment thus not only takes into account the share of foreign currency loans but also the usually stricter lending criteria of loan distribution and – in several countries – the customers ability to match payments with foreign currency income.

In € million	30/9/2011	Share	31/12/2010	Share
Euro	3,250	39.8%	3,011	35.3%
Swiss franc	3,213	39.3%	3,539	41.4%
US dollar	1,510	18.5%	1,741	20.4%
Other foreign currencies	201	2.5%	251	2.9%
Loans in foreign currencies	**8,174**	**100.0%**	**8,542**	**100.0%**
Share of total loans	**36.2%**		**37.2%**	

[1] Adaption of previous year figures due to different allocation.

Financial institutions

The financial institutions asset class mainly contains exposures to banks and securities firms. The internal rating model for financial institutions is based on a peer-group approach that takes both qualitative and quantitative information into account. The final rating for financial institutions is capped by the country rating of the respective home country.

The following table shows the maximum credit exposure by internal rating for financial institutions (excluding central banks). For assessment of credit risk collateral (e.g. financial collaterals of securities transactions) and guarantees (e.g. by central banks) must also be taken into account.

In € million		30/9/2011	Share	31/12/2010	Share
A1	Minimal risk	237	0.6%	246	0.8%
A2	Excellent credit standing	3,633	8.9%	2,173	6.7%
A3	Very good credit standing	24,145	59.0%	18,251	56.4%
B1	Good credit standing	5,636	13.8%	4,498	13.9%
B2	Average credit standing	3,876	9.5%	3,527	10.9%
B3	Mediocre credit standing	1,179	2.9%	1,603	5.0%
B4	Weak credit standing	864	2.1%	893	2.8%
B5	Very weak credit standing	427	1.0%	474	1.5%
C	Doubtful/high default risk	256	0.6%	128	0.4%
D	Default	507	1.2%	383	1.2%
NR	Not rated	157	0.4%	185	0.6%
Total		**40,916**	**100.0%**	**32,360**	**100.0%**

Compared to the year end 2010, credit exposure to credit institutions increased by 26 per cent to € 40,916 million. Due to the business policy of RBI credits and loans to non-Raiffeisen sector members and the holdings of securities of financial institutions dropped continuously. The growth therefore mainly results from extension of short-term positions and repo business (which from risk point of view is fully collateralized). In general this business was performed with banks with of very good credit standing (rating A3) and led to an increased share of this rating grade by 2.6 percentage points to 59 per cent. The volumes of the average credit classes (rating B1 to B3) with € 10,691 million or 26.2 per cent remained stable since year end 2010. The volume of exposures in default rose by € 124 million in comparison to year end 2010. The most significant increase was in Group markets segment in the Middle East and Iceland.

The breakdown shows the total credit exposure of financial institutions (excluding central banks) split by products:

In € million	30/9/2011	Share	31/12/2010	Share
Money market	13,351	33%	11,302	35%
Derivatives	11,151	27%	6,308	19%
Loans	6,878	17%	5,011	15%
Bond	4,888	12%	6,166	19%
Repo	3,505	9%	590	2%
Other	1,142	3%	2,984	9%
Total	**40,916**	**100%**	**32,360**	**100%**

Sovereigns

Another asset class is formed by central governments, central banks, and regional governments as well as other public sector entities. The table below provides a breakdown of the total credit exposure to sovereigns (including central banks) by internal rating:

In € million		30/9/2011	Share	31/12/2010	Share
A1	Minimal risk	8,392	32.8%	8,386	32.4%
A2	Excellent credit standing	731	2.9%	624	2.4%
A3	Very good credit standing	4,205	16.5%	3,927	15.2%
B1	Good credit standing	1,462	5.7%	1,640	6.3%
B2	Average credit standing	786	3.1%	1,399	5.4%
B3	Mediocre credit standing	5,682	22.2%	5,951	23.0%
B4	Weak credit standing	2,363	9.2%	2,097	8.1%
B5	Very weak credit standing	1,613	6.3%	1,692	6.5%
C	Doubtful/high default risk	224	0.9%	0	0.0%
D	Default	88	0.3%	60	0.2%
NR	Not rated	9	0.0%	79	0.3%
Total		**25,556**	**100.0%**	**25,855**	**100.0%**

The volume of the credit exposure to sovereigns was € 25,556 million as of September 30, 2011, and thus slightly below the level as at the year end 2010. The share of the credit exposure with the best rating grade A1 rose by 0.4 percentage points due to higher deposits with the Austrian national bank. The growth in the rating grade A3 was mainly caused by the rating-downgrade of Italy. The credit exposure with average credit standing B2 declined due to the lower volume of Russian state bonds in comparison to year-end 2010 by more than half. The volume in the rating class B3, however, decreased by € 269 million mainly due to a reduction of Hungarian government bonds. The exposure in rating class C arose from the downgrade for/ re-rating of Belarus and consists mainly of loans to the Belarusian Central Bank. RBI has no or only very little sovereign credit exposure to Greece, Portugal and Ireland.

The breakdown below shows the total credit exposure to sovereigns (including central banks) selected by products:

In € million	30/9/2011	Share	31/12/2010	Share
Bond	15,341	60%	15,634	60.5%
Loans	8,387	33%	8,039	31.1%
Derivatives	998	4%	980	3.8%
Other	830	3%	1,203	4.7%
Total	**25,556**	**100%**	**25,855**	**100.0%**

Non-Performing loans

The following table shows the loans included in the statement of financial position under the items loans and advances to banks and loans and advances to customers (excluding off-balance sheet items) and the corresponding share of non-performing-loans, collateral provided and loan loss provisions defined by the seat of the respective Group unit as of 30 September 2011 and as of 31 December 2010:

	NPL		NPL ratio		Coverage ratio	
In € million	30/9/2011	31/12/2010	30/9/2011	31/12/2010	30/9/2011	31/12/2010
Corporate customers	4,326	4,381	7.4%	8.0%	68.1%	64.8%
Retail customers	2,481	2,396	11.6%	11.5%	73.7%	69.3%
Sovereigns	14	12	1.0%	1.1%	254.9%	8.2%
Total nonbanks	**6,821**	**6,790**	**8.4%**	**9.0%**	**70.5%**	**66.3%**
Banks	381	268	1.3%	1.1%	63.2%	95.2%
Total	**7,202**	**7,058**	**6.6%**	**7.1%**	**70.1%**	**67.4%**

The non-performing loans of corporate customers decreased by 1 per cent or € 55 million to € 4,326 million. Significant reductions were observed in Russia by 25 per cent and in the Group corporates segment by 16 per cent. On the other hand the segment Southeastern Europe recorded an increase of 25 per cent. The loan loss provisions increased by 4 per cent or € 108 million to € 2,943 million which resulted in a rise of 3.3 percentage points to 68.1 per cent of the coverage ratio.

In the retail division, non-performing loans rose slightly by 4 per cent to € 2,481 million. The bulk of the increase was in Southeastern Europe with 7 per cent and Central Europe with 6 per cent. The ratio of non-performing loans to credit exposure increased by 0.2 percentage points to 11.6 per cent. The total loan loss provisions for retail customers rose to € 1,828 million, resulting in a coverage ratio increase of 4.4 percentage points to 73.7 per cent.

The financial institutions division recorded an increase in non-performing loans of 42 per cent or € 113 million to € 381 million, whereas the loan loss provisioning for banks was at € 246 million.

In € million	As of 1/1/2011	Change in consolidated group	Exchange differences	Additions	Disposals	As of 30/9/2011
Corporate customers	4,381	0	(93)	900	(861)	4,326
Retail customers	2,396	0	(63)	703	(555)	2,481
Sovereigns	12	0	0	4	(2)	14
Total nonbanks	**6,790**	**0**	**(157)**	**1,606**	**(1,418)**	**6,821**
Banks	268	0	0	126	(12)	381
Total	**7,058**	**0**	**(157)**	**1,732**	**(1,429)**	**7,202**

In € million	As of 1/1/2010	Change in consolidated group	Exchange differences	Additions	Disposals	As of 31/12/2010
Corporate customers	2,576	939	125	1,699	(957)	4,381
Retail customers	1,850	5	63	981	(503)	2,396
Sovereigns	16	0	0	20	(24)	12
Total nonbanks	**4,442**	**944**	**187**	**2,700**	**(1,484)**	**6,790**
Banks	4	573	3	19	(331)	268
Total	**4,447**	**1,517**	**191**	**2,719**	**(1,815)**	**7,058**

30/9/2011 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group corporates	Group markets
Corporate customers						
Non-performing loans	1,375	979	336	718	730	186
of which collateralized	553	453	67	200	110	52
Impairment losses on loans and advances	780	526	398	524	550	165
Loans	15,316	7,664	6,837	3,347	20,146	1,793
NPL ratio	9.0%	12.8%	4.9%	21.5%	3.6%	10.4%
Coverage ratio	56.7%	53.7%	118.3%	72.9%	75.4%	88.6%
Retail customers						
Non-performing loans	973	584	208	710	4	1
of which collateralized	430	159	25	390	0	0
Impairment losses on loans and advances	681	458	186	499	4	0
Loans	10,289	6,848	2,354	1,743	0	44
NPL ratio	9.5%	8.5%	8.8%	40.7%	–	3.2%
Coverage ratio	69.9%	78.5%	89.4%	70.2%	98.7%	8.8%
Sovereigns						
Non-performing loans	14	0	0	0	0	0
of which collateralized	0	0	0	0	0	0
Impairment losses on loans and advances	36	0	0	0	0	0
Loans	337	626	28	0	0	0
NPL ratio	4.1%	–	–	35.9%	–	–
Coverage ratio	255.5%	–	–	100.4%	–	–
Banks						
Non-performing loans	3	0	1	0	1	376
of which collateralized	0	0	0	0	0	111
Impairment losses on loans and advances	2	0	1	0	2	241
Loans	2,582	2,170	2,690	684	1,371	21,917
NPL ratio	0.1%	0.0%	0.0%	0.0%	0.1%	1.7%
Coverage ratio	83.8%	115.4%	84.3%	100.0%	154.4%	64.1%

31/12/2010 In € million	Central Europe	Southeastern Europe	Russia	CIS other	Group corporates	Group markets
Corporate customers						
Non-performing loans	1,357	785	450	710	873	206
of which collateralized	496	443	128	233	239	0
Impairment losses on loans and advances	687	459	443	503	563	183
Loans	14,762	7,305	5,620	3,248	20,157	3,584
NPL ratio	9.2%	10.8%	8.0%	21.8%	4.3%	5.8%
Coverage ratio	50.7%	58.4%	98.4%	70.9%	64.5%	88.8%
Retail customers						
Non-performing loans	917	544	218	718	0	0
of which collateralized	423	166	62	406	0	0
Impairment losses on loans and advances	530	448	187	490	6	0
Loans	10,159	6,714	1,943	2,058	2	42
NPL ratio	9.0%	8.1%	11.2%	34.9%	–	–
Coverage ratio	57.9%	82.3%	85.7%	68.3%	–	–
Sovereigns						
Non-performing loans	12	0	0	0	0	0
of which collateralized	0	0	0	0	0	0
Impairment losses on loans and advances	1	0	0	0	0	0
Loans	296	762	38	0	0	0
NPL ratio	4.0%	–	0.5%	–	–	–
Coverage ratio	8.0%	–	20.9%	–	–	–
Banks						
Non-performing loans	3	0	1	0	1	263
of which collateralized	0	0	0	0	0.0%	0.0%
Impairment losses on loans and advances	2	0	0	0	1	251
Loans	1,387	2,587	1,821	861	2,597	14,125
NPL ratio	0.2%	0.0%	0.1%	0.0%	0.0%	1.9%
Coverage ratio	82.5%	–	35.8%	100.0%	73.9%	95.7%

The following table summarizes the development of impairment losses on loans and advances/loan loss provisions for off-balance sheet obligations during the reporting period by segments:

In € million	As of 1/1/2011	Change in consolidated group	Allocation[1]	Release	Usage [2]	Exchange differences	As of 30/9/2011
Individual loan loss provisions	**4,000**	**(1)**	**1,124**	**(438)**	**(297)**	**(106)**	**4,282**
Central Europe	980	0	560	(175)	(121)	939	1,204
Southeastern Europe	723	0	335	(113)	(107)	711	827
Russia	536	0	90	(89)	(23)	506	485
CIS other	859	0	116	(11)	(27)	833	911
Group corporates	665	17	38	(50)	(18)	662	650
Group markets	238	(18)	(14)	0	(1)	239	205
Corporate center	0	0	0	0	0	0	0
Portfolio-based loan loss provisions	**888**	**(15)**	**385**	**(285)**	**0**	**(29)**	**960**
Central Europe	286	0	239	(138)	0	283	385
Southeastern Europe	206	(15)	38	(64)	0	204	179
Russia	135	0	56	(36)	0	126	146
CIS other	143	0	37	(43)	0	127	121
Group corporates	100	0	17	(15)	0	100	101
Group markets	18	0	9	0	0	18	27
Corporate center	0	0	0	0	0	0	0
Total	**4,888**	**(1)**	**1,510**	**(722)**	**(297)**	**(135)**	**5,242**

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

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

Concentration risk

The credit portfolio of RBI is well diversified in terms of geographical region and industry. Single name concentrations are also actively managed (based on the concept of groups of connected customers) by limits and regular reporting. As a consequence portfolio granularity is high. The regional breakdown of the maximum credit exposure reflects the broad diversification in European markets. The following table shows the regional distribution of the maximum credit exposure from all asset classes by country of risk. The changes in the reporting period are mainly caused by the enlargement of business with financial institutions in Germany.

In € million	30/9/2011	Share	31/12/2010[1]	Share
Austria	**43,178**	**27.3%**	**39,319**	**23.4%**
Central Europe	**43,223**	**22.0%**	**41,525**	**23.8%**
Slovakia	11,671	5.9%	11,834	7.0%
Czech Republic	11,131	5.7%	10,032	6.0%
Hungary	9,922	5.0%	9,938	5.9%
Poland	8,361	4.3%	8,232	4.9%
Other	2,137	1.1%	1,489	0.0%
Southeastern Europe	**26,085**	**13.3%**	**25,436**	**15.1%**
Romania	7,866	4.0%	8,047	4.8%
Croatia	6,278	3.2%	6,190	3.7%
Bulgaria	4,177	2.1%	3,959	2.4%
Serbia	2,370	1.2%	2,557	1.5%
Other	5,394	2.7%	4,684	2.8%
Russia	**17,771**	**9.0%**	**14,453**	**8.6%**
CIS other	**7,869**	**4.0%**	**7,883**	**4.7%**
Ukraine	6,108	3.1%	6,156	3.7%
Other	1,761	0.9%	1,726	1.0%
European Union	**27,582**	**14.0%**	**20,393**	**12.1%**
Germany	7,421	3.8%	5,708	3.4%
Great Britain	7,282	3.7%	4,000	2.4%
Netherlands	2,669	1.4%	2,137	1.3%
Other	10,210	5.2%	8,547	5.1%
Far East	**9,943**	**5.1%**	**7,722**	**4.6%**
China	5,937	3.0%	3,349	2.0%
Other	4,007	2.0%	4,373	2.6%
USA	**4,076**	**2.1%**	**4,369**	**2.6%**
Rest of the world	**6,227**	**3.2%**	**7,215**	**5.1%**
Total	**185,954**	**100.0%**	**168,314**	**100.0%**

[1] Adaption of previous year figures due to different allocation.

Risk policies and credit assessments in RBI take into account the industry class of customers as well. The banking and insurance industry represents the largest industry class, which is mostly attributable to exposures against members of the Austrian Raiffeisen Sector (central liquidity balancing function). The second largest industry class is private households, primarily retail customers in Central and Eastern European countries. The following table shows the maximum credit exposure by industry classification:

In € million	30/9/2011	Share	31/12/2010[1]	Share
Banking and insurance	58,664	31.5%	48,146	28.6%
Private households	20,840	11.2%	22,554	13.4%
Wholesale trade and commission trade (except car trading)	17,392	9.4%	15,217	9.0%
Public administration and defence and social insurance institutions	15,897	8.5%	16,182	9.6%
Real estate activities	10,117	5.4%	12,347	7.3%
Other manufacturing	9,906	5.3%	8,628	5.1%
Construction	7,608	4.1%	4,950	2.9%
Other business activities	7,243	3.9%	6,780	4.0%
Retail trade except repair of motor vehicles	5,481	2.9%	4,087	2.4%
Land transport, transport via pipelines	4,137	2.2%	2,484	1.5%
Electricity, gas, steam and hot water supply	3,474	1.9%	3,516	2.1%
Manufacture of basic metals	3,357	1.8%	2,939	1.7%
Manufacture of food products and beverages	2,638	1.4%	2,987	1.8%
Extraction of crude petroleum and natural gas	1,720	0.9%	1,277	0.8%
Manufacture of chemicals and chemical products	1,709	0.9%	1,757	1.0%
Wholesale and retail trade and repair of motor vehicles and motors	1,633	0.9%	1,796	1.1%
Manufacture of coke and refined petroleum products	1,589	0.9%	1,516	0.9%
Manufacture of machinery and equipment	1,543	0.8%	1,730	1.0%
Other industries	11,007	5.9%	9,420	5.6%
Total	**185,954**	**100.0%**	**168,314**	**100.0%**

[1] Adaption of previous year figures due to a new industry class codification (ÖNACE 2008).

Market risk

RBI developed a new market risk management system in 2008 based on an internal model. The value-at-risk (VaR) is measured based on a hybrid simulation approach (mixture of historical and Monte Carlo simulations where 5,000 scenarios are calculated). The Austrian financial market authority and the Austrian national bank have approved this model so that it can be used for calculating own funds requirement for market risks.

The following tables show risk figures for individual market risk categories of the trading and banking books as of 30 September 2011:

Trading book VaR 99% 1d In € million	**VaR as of 30/9/2011**	**Average VaR**	**Minimum VaR**	**Maximum VaR**	**VaR as of 31/12/2010**
Currency risk	5	6	4	10	8
Interest rate risk	13	7	4	15	7
Credit spread risik	4	3	2	9	2
Share price risk	2	2	1	2	1
Total	21	13	9	21	13

Banking book VaR 99% 1d In € million	**VaR as of 30/9/2011**	**Average VaR**	**Minimum VaR**	**Maximum VaR**	**VaR as of 31/12/2010**
Interest rate risk	59	48	28	87	70
Credit spread risik	40	29	20	43	30
Total	57	50	30	80	66

The following table shows total risk figures for individual market risk categories of the trading and banking books as of 30 September 2011. The VaR is dominated by the exchange rate risk out of long-termed equity positions, structural interest rate risks and credit spread risks of bonds, which are often held as liquidity buffer.

Total VaR 99% 1d in € million	**VaR as of 30/9/2011**	**Average VaR**	**Minimum VaR**	**Maximum VaR**	**VaR[1] as of 31/12/2010**
Currency risk[1]	68	53	37	83	53
Interest rate risk	57	48	26	91	70
Credit spread risik	43	31	22	48	31
Share price risk	2	2	1	2	1
Total	95	76	51	104	87

[1] Exchange rate risk on total bank level also includes equity positions of subsidiaries denominated in foreign currency. The structural exchange rate risk resulting from equity positions is managed independently from the mainly short-term trading positions.

Liquidity risk

The following table shows the liquidity gap and the ratio of expected cash inflows plus counterbalancing capacity to cash outflows (liquidity ratio) for selected maturities on a cumulative basis, taking into account balance sheet items and off-balance-sheet transactions. Based on expert opinions, statistical analyses and country specifics, this calculation also incorporates estimates on the prolongation of defined assets, the so-called sediment of customer deposits, and the liquidity counterbalancing capacity (in particular, assets that are eligible for refinancing at central banks and that can be used as collateral in repo transactions).

In € million	30/9/2011			31/12/2010		
Maturity	1 week	1 month	1 year	1 week	1 month	1 year
Liquidity gap	21,472	19,216	7,062	15,997	13,133	5,994
Liquidity ratio	182%	137%	105%	172%	126%	105%

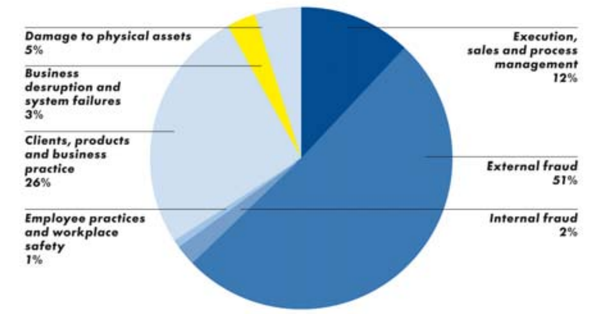
The liquidity position of RBI in short-term maturity bands was further strengthened up to 30 September 2011. The cash flows expected and recoverable within one week exceed the expected outflows by € 21,472 million. Since the beginning of the year, the liquidity gap in this maturity band has increased by € 5.475 million (34 per cent). A slightly higher increase was also achieved for flows within a month, as was done for the liquidity gap within one year. This will ensure that in crisis situations RBI has sufficient liquid resources to meet all short-term payment obligations.

Operational risks

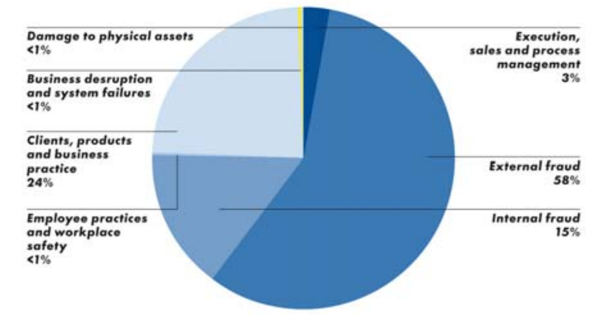
In order to monitor operational risks, loss data is collected in a central database in a structured manner and on a Group-wide basis. Such a loss database is a prerequisite for implementing a statistical loss distribution model and is a minimum requirement for implementing the regulatory standardized approach. Furthermore, loss data (and the collection of near misses) is used as a basis for scenarios for risk identification and for the exchange with international loss data pools in order to develop advanced measurement approaches.

The breakdown of operational loss events according to their event type is shown next:

Breakdown of operational loss events by number of events



Breakdown of operational loss events by loss amount (before risk mitigation)



In the reporting period, both the loss amount and the number of losses have been reduced. The reduction can mainly be related to external fraud events in the lending business.

Additional notes

(31) Contingent liabilities and commitments

In € million	30/9/2011	31/12/2010
Contingent liabilities	**12,131**	**11,856**
Acceptances and endorsements	44	32
Credit guarantees	6,667	6,662
Other guarantees	2,308	2,267
Letters of credit (documentary business)	3,062	2,876
Other contingent liabilities	50	19
Commitments	**12,517**	**11,992**
Irrevocable credit lines and stand-by facilities	12,517	11,992
Up to 1 year	4,767	4,547
More than 1 year	7,750	7,446

The following table contains revocable credit lines which are unweighted according to Basel II:

In € million	30/9/2011	31/12/2010
Revocable credit lines	**14,969**	**11,756**
Up to 1 year	12,250	9,687
More than 1 year	2,718	2,069

(32) Derivatives

The total volume of unsettled financial instruments as of 30 September 2011 breaks down as follows:

	Nominal amount by maturity				Fair values	
In € million	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Total	Positive	Negative
Interest rate contracts	70,653	134,545	79,133	284,331	6,580	(6,316)
Foreign exchange rate and gold contracts	48,810	7,926	2,045	58,782	1,379	(1,631)
Equity/index contracts	1,605	998	340	2,943	223	(724)
Commodities	264	74	15	353	16	(12)
Credit derivatives	777	1,823	1,016	3,616	161	(83)
Precious metals contracts	15	20	14	48	0	(6)

The total volume of unsettled financial instruments as of 31 December 2010 breaks down as follows:

in € Millionen	Up to 1 year	More than 1 year, up to 5 years	More than 5 years	Nominal amount by maturity Total	Fair values Positive	Negative
Interest rate contracts	44,859	98,822	67,761	211,442	4,198	(3,975)
Foreign exchange rate and gold contracts	42,619	7,735	1,795	52,148	741	(1,169)
Equity/index contracts	1,551	699	240	2,490	97	(570)
Commodities	405	101	15	521	17	(3)
Credit derivatives	495	2,338	1,103	3,936	57	(62)
Precious metals contracts	21	0	16	37	2	(16)

(33) 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 Bank International AG. This information is published on the homepage of Raiffeisen Bank International. Further business transactions, especially large banking business transactions with related parties who are natural persons were not concluded in the reporting period.

The following tables show transactions with related companies. Parent companies are Raiffeisen-Landesbanken-Holding GmbH, Vienna and Raiffeisen Zentralbank Österreich Aktiengesellschaft, Vienna.

30/9/2011 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	11,988	181	373	210
Loans and advances to customers	0	1,207	406	337
Trading assets	0	25	18	8
Financial investments	0	276	2	320
Investments in associates	0	0	5	0
Other assets including derivatives	0	10	0	0
Deposits from banks	10,494	248	6,071	137
Deposits from customers	1	596	2	334
Debt securities issued	0	51	0	0
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	16	38	2
Other liabilities including derivatives	0	4	0	0
Guarantees given	0	55	18	21
Guarantees received	0	417	164	2

31/12/2010 In € million	Parent companies	Affiliated companies	Companies valued at equity	Other interests
Loans and advances to banks	7,892	224	274	244
Loans and advances to customers	0	1,113	437	354
Trading assets	0	17	20	19
Financial investments	0	234	2	352
Investments in associates	0	0	5	0
Other assets including derivatives	5	19	0	0
Deposits from banks	7,151	3	6,908	115
Deposits from customers	1	527	2	112
Debt securities issued	0	1	0	0
Provisions for liabilities and charges	0	0	0	0
Trading liabilities	0	23	26	18
Other liabilities including derivatives	0	57	0	0
Guarantees given	0	74	264	5
Guarantees received	0	389	143	1

(34) Fair value of financial instruments reported at fair value

	30/9/2011			31/12/2010		
In € million	Level I	Level II	Level III	Level I	Level II	Level III
Trading assets	**3,446**	**8,397**	**104**	**3,599**	**5,031**	**0**
Positive fair values of derivatives [1]	181	7,640	104	69	4,118	0
Shares and other variable-yield securities	196	67	0	320	110	0
Bonds, notes and other fixed-interest securities	3,070	672	0	3,210	804	0
Call/time deposits from trading purposes	0	19	0	0	0	0
Financial assets at fair value through profit or loss	**5,523**	**2,140**	**122**	**5,613**	**2,302**	**155**
Shares and other variable-yield securities	119	129	1	147	132	1
Bonds, notes and other fixed-interest securities	5,404	2,012	121	5,467	2,170	154
Financial assets available-for-sale	**62**	**0**	**0**	**80**	**0**	**0**
Other interests [2]	62	0	0	80	0	0
Derivatives (hedging)	**0**	**434**	**0**	**0**	**925**	**0**
Positive fair values of derivatives from hedge accounting	0	434	0	0	925	0

[1] Including other derivatives.

[2] Includes only securities traded on the stock exchange.

In € million	30/9/2011 Level I	Level II	Level III	31/12/2010 Level I	Level II	Level III
Trading liabilities	**1,709**	**8,300**	**0**	**1,576**	**4,953**	**0**
Negative fair values of derivatives financial instruments [1]	593	8,126	0	556	4,762	0
Call/time deposits from trading purposes	5	0	0	0	0	0
Short-selling of trading assets	509	0	0	425	1	0
Certificates issued	603	174	0	595	190	0
Liabilities at fair value through profit and loss	**0**	**2,408**	**0**	**0**	**2,557**	**0**
Debt securities issued	0	2,408	0	0	2,557	0
Derivatives (hedging)	**0**	**53**	**0**	**0**	**477**	**0**
Negative fair values of derivatives from hedge accounting	0	53	0	0	477	0

[1] Including other derivatives.

Level I: Quoted market prices

Level II: Valuation techniques based on market data

Level III: Valuation techniques not based on market data

Movements between level I and level II

In the first nine months 2011 the liquidity of the financial instruments in the portfolio was generally very good. On the one hand some of the issued certificates were moved to a price-based valuation (€ 34 million) and on the other hand certificates were entered into a liquid regulated market (€ 50 million).

Movements to and from level III

In the first nine months 2011 there was a change in the positive fair values of derivative financial instruments from level II to level III in the amount of € 104 million. This resulted from exchange positions which are held either strategically or held for liquidity purposes with the Belarusian National Bank, which is the only possible counterparty for such transactions. In June 2011 the Belarusian National Bank stopped entering into new currency transactions of this type. Since the data available to determine the fair value of these derivatives is no longer observable, the fair value is determined by an appropriate valuation method for the particular instrument.

(35) Regulatory own funds

RBI has no credit institution group of its own according to the Austrian Banking Act (BWG) and is thus not subject to regulatory provisions on a consolidated basis as it is part of the RZB credit institution group. The following figures are for information purposes only.

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

In € million	30/9/2011	31/12/2010
Paid-in capital	4,926	4,914
Earned capital	2,477	2,958
Non-controlling interests	1,072	1,003
Hybrid tier 1capital	800	800
Intangible fixed assets	(468)	(469)
Core capital (tier 1 capital)	**8,806**	**9,206**
Deductions from core capital	(21)	(15)
Eligible core capital (after deductions)	**8,784**	**9,191**
Supplementary capital according to Section 23 (1) 5 BWG	600	600
Provision excess of internal rating approach positions	241	231
Hidden reserves	55	55
Long-term subordinated capital	2,364	2,480
Additional own funds (tier 2 capital)	**3,260**	**3,366**
Deduction items: participations, securitizations	(22)	(15)
Eligible additional own funds (after deductions)	**3,238**	**3,351**
Deduction items: insurance companies	(6)	(4)
Tier 2 capital available to be redesignated as tier 3 capital	180	69
Total own funds	**12,196**	**12,608**
Total own funds requirement	**8,068**	**7,585**
Excess own funds	4,128	5,023
Excess cover ratio	51.2%	66.2%
Core tier 1 ratio, total	7.9%	8.9%
Tier 1 ratio, credit risk	10.9%	12.2%
Tier 1 ratio, total	8.7%	9.7%
Own funds ratio	12.1%	13.3%

The total own funds requirement is composed as follows:

In € million	30/9/2011	31/12/2010
Risk-weighted assets according to section 22 BWG	**80,433**	**75,601**
of which 8 per cent minimum own funds for the credit risk according to Sections 22a to 22h BWG	6,435	6,048
Standardized approach	3,221	2,974
Internal rating approach	3,214	3,074
Settlement risk	0	0
Own funds requirement for position risk in bonds, equities and commodities	377	327
Own funds requirement for open currency positions	469	386
Own funds requirement for operational risk	788	824
Total own funds requirement	**8,068**	**7,585**

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

In € million	30/9/2011	31/12/2010
Risk-weighted assets according to section 22 BWG on standardized approach	**40,258**	**37,175**
Central governments and central banks	3,465	3,712
Regional governments	114	95
Public administration and non-profit organisations	36	42
Multilateral development banks	0	0
Banks	936	1,013
Corporates	21,854	18,800
Retail (including small and medium-sized entities)	10,329	10,089
Mutual funds	117	125
Securitisation position	3	18
Other positions	3,405	3,282
Risk-weighted assets on internal rating approach	**40,175**	**38,426**
Central governments and central banks	818	879
Banks	4,653	5,048
Corporates	31,672	29,586
Retail (including small and medium-sized entities)	2,603	2,465
Equity exposures	243	314
Securitisation position	186	135
Total	**80,433**	**75,601**

(36) Average number of staff

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

Full-time equivalents	*1/1-30/9/2011*	*1/1-30/9/2010*
Salaried employees	*59,027*	*57,985*
Wage earners	*979*	*1,058*
Total	***60,006***	***59,043***

Full-time equivalents	*1/1-30/9/2011*	*1/1-30/9/2010*
Austria	*2,687*	*2,767*
Foreign	*57,319*	*56,276*
Total	***60,006***	***59,043***

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